

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**

1. We have audited the attached Balance sheet of M/s. **GMR Airport Handling Services Company Limited** ('the Company') as at 31<sup>st</sup> March 2011, Profit and Loss Account and also the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 and based on such checks as we considered appropriate and according to the information and explanations given to us, we state our comments on the matters specified in paragraphs 4 and 5 of the said order in the Annexure enclosed.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause(g) of sub-section(1) of section 274 of the Companies Act, 1956; and
- f. In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) In the case of the Profit and Loss Account, of loss for the period ended on that date; and
  - (iii) In the case of Cash Flow Statement, of the Cash Flow for the period ended on the date.

For **Brahmayya & Co.,**  
Firm Reg No.:000515S  
Chartered Accountants

Sd/-  
**G. Srinivas**  
Partner  
Membership No.:086761

Place : Bangalore  
Date : 19<sup>th</sup> May, 2011

## **Annexure to Auditors' Report**

Referred to in paragraph 3 of our report of even date

- i) The Company does not have any fixed assets and accordingly, clauses (i)(a), (i)(b) and (i) (c) of paragraph 4 of the Order are not applicable to the Company for the period.
- ii) The activities of the Company did not involve purchase of inventory and sale of goods during the period covered under in our report and accordingly, clauses (ii)(a), ii(b) and iii(c) of paragraph 4 of the Order are not applicable to the Company for the period.
- iii) (a) The Company has neither granted nor taken any loans, secured or unsecured, to/from any company, firm or other parties listed in the Register maintained under section 301 of the Act. Accordingly, clauses (iii) (b), (iii) (c), (iii) (d), (iii) (e), (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable for the period.
- iv) In our opinion and according to the information and explanations given to us, the Company has adequate internal control system commensurate with size of the Company and nature of its business. The activities of the Company did not involve purchase of inventory and fixed assets and sale of goods and services during the period. Further, on the basis of our examination, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control systems.
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no contracts or arrangements referred to in section 301 of the act during the period to be entered in the register required to be maintained under that section. Accordingly, clause (v) of paragraph 4 of the Order is not applicable to the Company for the period.
- vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public; as such the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, do not apply.
- vii) As the Company is not listed on any stock exchange or paid-up capital and reserves at the commencement of the period did not exceed Rupees Fifty Lakhs or average annual turnover for the period of three consecutive financial years immediately preceding the financial year did not exceed Rupees Five Crores, clause (vii) of paragraph 4 of the Order is not applicable to the Company for the period.

- viii) The Central Government has not prescribed the maintenance of Cost Records under section 209 (1) d of the Companies Act, 1956 for the services rendered by the Company. Accordingly, clause (viii) of the paragraph 4 of the Order is not applicable.
- ix) (a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the extent applicable to it. There are no arrears of outstanding statutory dues as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

- (b) According to the records of the Company and information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty/Cess which have not been deposited on account of dispute;
- x) As the Company is registered for a period less than five years, clause (x) of paragraph 4 of the Order is not applicable to the Company for the period.
- xi) Based on our audit procedures and According to the information and explanations given to us, we are of the opinion that Company has not defaulted in repayment of dues to the financial institutions/ banks. The Company has not issued any debentures.
- xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause (xii) of paragraph 4 of the Order is not applicable for the period.
- xiii) In our opinion and according to the information and explanation given to us, the Company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society. Accordingly, clause (xiii) of paragraph 4 of the Order is not applicable.
- xiv) In our opinion and according to explanations given to us, the Company is not a dealer or a trader in Securities. Accordingly, clause (xiv) of paragraph 4 of the Order is not applicable.

- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, clause (xv) of paragraph 4 of the Order is not applicable for the period.
- xvi) According to the information and explanations given to us, the Company has not obtained any term loans. Accordingly, clause (xvi) of paragraph 4 of the Order is not applicable for the period.
- xvii) Based on the information and explanations given to us and an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause (xviii) of paragraph 4 of the Order is not applicable for the period.
- xix) The Company has not issued debentures during the period and accordingly, clause (xix) of paragraph 4 of the Order is not applicable.
- xx) The Company has not raised any money by public issues during the period and accordingly, clause (xx) of paragraph 4 of the Order is not applicable.
- xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of the fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

For **Brahmayya & Co.,**  
Firm Reg No.:000515S  
Chartered Accountants

Sd/-  
**G. Srinivas**  
Partner  
Membership No.:086761

Place : Bangalore  
Date : 19<sup>th</sup> May, 2011

**GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**  
**Balance Sheet as at March 31, 2011**

(Amount in Rupees)

	Particulars	Schedule Ref.	As at March 31, 2011
<b>I.</b>	<b>SOURCES OF FUNDS</b>		
	<b>1. Shareholders' Funds</b>		
	Share Capital	1	500,000
	<b>Total</b>		<b>500,000</b>
<b>II.</b>	<b>APPLICATION OF FUNDS</b>		
	<b>1. Current Assets, Loans and Advances</b>		
	Cash and Bank Balances	2	446,793
			<b>446,793</b>
	<b>Less: Current Liabilities and Provisions</b>		
	Current Liabilities	3	27,575
			<b>27,575</b>
	<b>Net Current Assets</b>		419,218
	Profit and Loss account (Debit Balance)		80,782
	<b>Total</b>		<b>500,000</b>
	<b>Significant Accounting Policies and Notes to Accounts</b>	6	

The Schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date

**For Brahmayya & Co.,**  
 Firm Registration No.: 000515S  
 Chartered Accountants

For and on behalf of Board of Directors of  
**GMR Airport Handling Services Company Limited**

Sd/-  
 G. Srinivas  
 Partner  
 Membership No. 086761  
 Place : Bangalore  
 Date : May 19, 2011

Sd/-	Sd/-
G. Radhakrishna Babu	Ramesh Krishnamurthy
Director	Director
Place : Hyderabad	Place : Hyderabad
Date : May 19, 2011	Date : May 19, 2011

**GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**  
**Profit and Loss account for the period ended March 31, 2011**

(Amount in Rupees)

Particulars	Schedule Ref.	For the period ended
		March 31, 2011
<b>I. Income</b>		
Other Income		-
<b>Total Income</b>		-
<b>II. Expenditure</b>		
Administration Cost	4	80,506
Finance Charges	5	276
<b>Total Expenses</b>		<b>80,782</b>
<b>III. Profit Before Tax</b>		<b>(80,782)</b>
Current Tax		-
<b>IV. Profit After Taxation</b>		<b>(80,782)</b>
<b>V. Available Surplus/(Deficit) Carried to Balance Sheet</b>		<b>(80,782)</b>
<b>Earnings Per Share (Rs.) - Basic &amp; Diluted</b> (Refer Note II (6) of Schedule 5)		<b>(4.83)</b>
<b>Significant Accounting Policies and Notes to Accounts</b>	6	

The Schedules referred to above and the notes to accounts form an integral part of the profit and loss account.

This is the Profit and Loss Account referred to in our report of even date

For **Brahmayya & Co.,**  
Firm Registration No.: 000515S  
Chartered Accountants

For and on behalf of Board of Directors of  
**GMR Airport Handling Services Company Limited**

Sd/-  
G. Srinivas  
Partner  
Membership No. 086761  
Place : Bangalore  
Date : May 19, 2011

Sd/-  
G. Radhakrishna Babu  
Director  
Place : Hyderabad  
Date : May 19, 2011

Sd/-  
Ramesh Krishnamurthy  
Director  
Place : Hyderabad  
Date : May 19, 2011

**GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**  
**Schedules forming part of the Balance Sheet as at March 31, 2011**

(Amount in Rupees)

SCHEDULE - 1	As at March 31, 2011
<b>Capital</b>	
<b>Authorised</b>	
50,000 Equity Shares of Rs 10/- each	500,000
<b>Issued, Subscribed and Paid-up</b>	
50,000 Equity Shares of Rs. 10/- each fully paid up	500,000
	<b>500,000</b>
(All the above shares are held by Holding Company-GMR Hyderabad International Airport Limited and its nominees)	

(Amount in Rupees)

SCHEDULE - 2	As at March 31, 2011
<b>Cash and Bank Balances</b>	
Cash on Hand	40
Balances with Scheduled Banks	
- in Current Accounts	280,103
- Cheques on hand	166,650
	<b>446,793</b>

(Amount in Rupees)

SCHEDULE - 3	As at March 31, 2011
<b>Current Liabilities and Provisions</b>	
<b>Current Liabilities</b>	
Sundry Creditors	
- Due to Micro, Small and Medium Enterprises*	
- Due to other than Micro, Small and Medium Enterprises	24,817
Other Liabilities	2,758
	<b>27,575</b>
*Refer Note II (9) of Schedule 6	

**GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**  
**Profit and Loss account for the period ended March 31, 2011**

(Amount in Rupees)

SCHEDULE - 4	For the period ended March 31, 2011
<b>Administration Cost</b>	
Consultancy charges	20,000
Rates & Taxes	5,300
Remuneration to auditors	
Audit fees	27,575
Preliminary Expenses	27,631
	<b>80,506</b>

(Amount in Rupees)

SCHEDULE - 5	For the period ended March 31, 2011
<b>Finance Charges</b>	
Bank Charges	276
	<b>276</b>

## GMR AIRPORT HANDLING SERVICES COMPANY LIMITED

### SCHEDULE - 6

#### Significant Accounting Policies and Notes to Accounts

(All amounts in Indian Rupees except as otherwise stated)

#### Description of Business

The Company was incorporated on 30th November, 2010. The company is a wholly owned subsidiary of GMR Hyderabad International Airport Limited. The main objective of the company include the business of Ground and Ramp handling, Passenger and Baggage handling, Aircraft maintenance services, Cargo handling, Forwarding, Clearing and Booking agent for air, railways, shipping and transport companies.

#### I. Significant Accounting Policies

##### 1. Accounting Assumptions

The financial statements are prepared in accordance with the historical cost convention and to comply in all material aspects with the applicable accounting principles in India, the accounting standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 of India (the 'Act') and the other relevant provisions of the Act.

##### 2. Revenue Recognition

The company recognises revenue on accrual basis as per the terms of the agreement and on the basis of services rendered.

##### 3. Earnings per Share

The earnings considered in ascertaining the Company's Earnings per Share(EPS) comprised the net profit/(loss) after tax. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing Diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also the weighted average number of equity shares which could have been issued to the conversion of all dilutive potential equity shares where applicable. Dilutive potential equity shares are deemed to have been converted as of the beginning of the year, unless they have been issued at a later date.

##### 4. Taxes on Income

Current tax is determined based on the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised on timing differences being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are computed on the timing differences applying the enacted tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognized only to the extent that there is virtual certainty evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

#### II. Notes to Accounts

##### 1. (a) Contingent Liabilities : Rs. Nil

(b) Capital commitments : Rs. Nil

Estimated value of contracts remaining to be executed on capital account, not provided for (Net of Advances) Rs. Nil

##### 2. The Company is engaged in Ground and Ramp handling, Passenger and Baggage handling, which in the context of Accounting Standard 17 "Segment Reporting", notified under section 211 (3C) of the Companies Act, 1956 is considered as the only segment. Hence, reporting under the requirements of the said standard does not arise.

##### 3. This being the first profit and loss account of the company is for the period from November 30, 2010 to March 31, 2011.

##### 4. Details of transactions with Related Parties

###### A) Enterprises where control exists

(i) Holding Company	GMR Hyderabad International Airport Limited (GHIAL)
(ii) Holding company's Holding Company	GMR Infrastructure Limited (GIL)
(iii) Ultimate Holding Company	GMR Holdings Private Limited (GHPL)
(iv) Fellow Subsidiaries	GMR Hyderabad Airport Resource Management Limited GMR Hyderabad Aerotropolis Limited Hyderabad Airport Security Services Limited GMR Hyderabad Aviation SEZ Limited GMR Hyderabad Multiproduct SEZ Limited GMR Hotels & Resorts Limited

**GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**

**SCHEDULE - 6**

**Significant Accounting Policies and Notes to Accounts**

(All amounts in Indian Rupees except as otherwise stated)

- B) Disclosure of transactions between the company and related parties and outstanding balances as at the period end:

Related Party Transactions	Period ended
	March 31, 2011
<b>Holding Company - GMR Hyderabad International Airport Ltd.</b>	
Shares Allotted	500,000
<b>Reimbursement of expenses incurred by the Related Party on behalf of the company</b>	
Holding Company - GMR Hyderabad International Airport Ltd.	2,500
<b>Balance recoverable/(payable)</b>	
Holding Company - GMR Hyderabad International Airport Ltd.	-

5. The Company does not have any employees in its payroll. Accordingly, the Company does not have any obligation towards any Defined Benefit Plan or any Defined Contribution Plan as per Accounting Standard (AS) 15 (revised 2005) - Employee Benefits.

6. Earnings Per Share (EPS)

Particulars	Period ended
	March 31, 2011
a. Profit/(loss) after tax	(80,782)
b. Weighted average number of Equity Shares of Rs. 10 each outstanding during the period.	16,712
c. Earnings per share- Basic	-4.83

7. Auditors Remuneration

	Period ended
	March 31, 2011
Audit Fee (Excluding Service Tax)	25,000

9. Based on the information available with the company, there are no micro, small and medium enterprises to whom the company has paid interest or any interest payable on outstandings (under the provisions of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006) during the period ending March 31, 2011.

10. Additional information pursuant to paragraphs 3, 4, 4-C and 4-D of part - II of Schedule VI to the Companies Act, 1956 to the extent either "Nil" or "Not Applicable" has not been furnished.

11. This being the first financial statements of the company for the period from November 30, 2010 to March 31, 2011, previous year figures are not applicable.

In terms of our report of even date

**For Brahmaya & Co.**

Firm Registration No.: 000515S

Chartered Accountants

For and on Behalf of the Board of Directors of

**GMR Airport Handling Services Company Limited**

Sd/-

G. Srinivas

Partner

Membership No. 086761

Place : Bangalore

Date : May 19, 2011

Sd/-

G. Radhakrishna Babu

Director

Place : Hyderabad

Date : May 19, 2011

Sd/-

Ramesh Krishnamurthy

Director

Place : Hyderabad

Date : May 19, 2011

**GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011**

	For the Period ended March 31, 2011
<b>A. CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES</b>	
Net Profit Before Tax	(80,782)
Operating profit before working capital changes	(80,782)
<b>Adjustment for working capital changes :</b>	
(Increase)/Decrease in Sundry debtors	
(Increase) / Decrease in Loans and Advances	
Increase / (Decrease) in Current Liabilities and Provisions	27,575
Cash generated from Operations	(53,207)
Taxes Paid/payable	-
<b>Net Cash Flow from Operating Activities</b>	<b>(53,207)</b>
<b>B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES</b>	
<b>Net Cash Flow from Investing Activities</b>	<b>-</b>
<b>C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES</b>	
Proceeds from Issue of Share Capital	500,000
<b>Net Cash Flow from Financing Activities</b>	<b>500,000</b>
<b>Net increase in Cash and Cash Equivalents during the Period</b>	<b>446,793</b>
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	<b>-</b>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>446,793</b>
<b>Notes:</b>	
1. The above cash flow statement has been prepared under the ' Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.	

In terms of our report of even date  
**For Brahmaya & Co.,**  
Firm Registration No. 000515S  
Chartered Accountants

For and on behalf of Board of Directors of  
**GMR Airport Handling Services Company Limited**

Sd/-  
G. Srinivas  
Partner  
Membership No. 086761  
Place : Hyderabad  
Date : May 19, 2011

Sd/-  
G. Radhakrishna Babu  
Director  
Place : Hyderabad  
Date : May 19, 2011

Sd/-  
Ramesh Krishnamurthy  
Director  
Place : Hyderabad  
Date : May 19, 2011

**GMR AIRPORT HANDLING SERVICES COMPANY LIMITED**

**Balance Sheet Abstract And Company's General Business Profile**

<b>1 Registration Details</b>			
Registration No.	U63013AP2010PLC071453	State Code	04
Balance Sheet Date	Mar 31, 2011		
<b>2 Capital Raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>3 Position of Mobilisation and Development of Funds ( Amount in Rs. Thousands)</b>			
Total Liabilities	500	Total assets	500
<b>Sources of Funds</b>			
Paid - Up Capital	500	Share Application Money	Nil
Reserves & Surplus	Nil	Unsecured Loans	Nil
Secured Loan	Nil	Grant from GOAP	Nil
<b>Application of Funds</b>			
Net Fixed Assets	0	Investments	Nil
Net Current Assets	419	Misc. Expenditure	Nil
Accumulated Losses	81		
<b>4 Performance of company ( Amount in Rs. Thousands)</b>			
Total Income	-	Total Expenditure	81
<b>5 Generic Names of Three Principal Products / Services of Company (as per monetary terms)</b>			
Item Code No. :	N.A		
Product Description	N.A		

For and on behalf of Board of Directors of  
GMR Airport Handling Services Company Limited

Sd/-  
G. Radhakrishna Babu  
Director

Sd/-  
Ramesh Krishnamurthy  
Director

Place : Hyderabad  
Date : May 19, 2011

Place : Hyderabad  
Date : May 19, 2011