

## Auditors' Report

To

**The Members of GMR Hotels and Resorts Limited  
(Formerly known as GMR Airport Handling Services Limited)**

1. We have audited the attached Balance Sheet of GMR Hotels and Resorts Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the cash flow statement for the year 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 conducted our audit in accordance with auditing standards generally accepted in India. Those 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 a 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 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 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. 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 those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. 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;
  - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
  - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

**For S.R. Batliboi & Co.**  
Firm registration number: 324982E  
Chartered Accountants

Sd/-  
**per Sunil Bhumralkar**  
Partner  
Membership No.: 035141

Place: Bangalore  
Date: May 20, 2011

**Annexure referred to in paragraph 3 of our report of even date  
Re: GMR Hotels and Resorts Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and *material discrepancies were identified* on such verification. These have been properly dealt with in the books of accounts.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause (iii) (b) to (iii) (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause (iii) (e) to (iii) (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, there have been no contracts or arrangements referred to in section 301 of the Companies Act, 1956 during the year to be entered into the register maintained under that section. Accordingly, the provisions of clause (v) (b) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty and cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*. The provisions relating to investor education and protection fund and excise duty are not applicable to the Company.

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 information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of provident fund, employees' state insurance, income tax, sales-tax, service tax, wealth tax, customs duty and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year..
- (xi) Based on our audit procedures and as per the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution or banks.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (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.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For S.R. Batliboi & Co.**

Firm registration number: 324982E

Chartered Accountants

Sd/-

**per Sunil Bhumralkar**

Partner

Membership No.: 035141

Place: Bangalore

Date: May 20, 2011

**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)  
Balance Sheet as at March 31, 2011

(Amount in Rupees)

	Schedules	As at March 31, 2011	As at March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Share Capital	1	1,096,589,160	500,000
<b>2. Loan Funds</b>			
Secured Loans	2	1,377,000,000	-
Unsecured Loans	3	226,397,937	6,600,000
		<b>2,699,987,097</b>	<b>7,100,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	4	2,456,706,834	-
b) Less: Accumulated Depreciation		260,612,672	-
c) Net block		<b>2,196,094,162</b>	-
d) Capital Work in Progress		8,239,270	-
		2,204,333,432	-
<b>2. Investments</b>			
	5	3,512,431	-
<b>3. Current Assets, Loans and Advances</b>			
a) Inventories	6	8,387,038	-
b) Sundry debtors	7	50,356,513	-
c) Cash and bank balances	8	25,930,840	6,956,421
d) Loans and advances	9	26,554,483	-
		<b>111,228,874</b>	<b>6,956,421</b>
<b>Less: Current Liabilities and Provisions</b>			
a) Current liabilities	10	55,375,523	34,645
b) Provisions	11	3,049,702	-
		<b>58,425,225</b>	<b>34,645</b>
<b>Net Current Assets</b>		<b>52,803,649</b>	<b>6,921,776</b>
<b>4. Profit and Loss Account (Debit Balance)</b>			
		439,337,585	178,224
		<b>2,699,987,097</b>	<b>7,100,000</b>
Notes to Accounts	19		

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 S.R.Batliboi & Co.  
Firm registration number: 324982E  
Chartered Accountants

Sd/-

per Sunil Bhumraikar  
Partner  
Membership No.: 035141

Place: Bangalore  
Date: May 20, 2011

For and on behalf of the Board of Directors of  
**GMR Hotels and Resorts Limited**

Sd/-                      Sd/-

S.G.K. Kishore              Vikram Jaisinghani  
Director                      Director

Place: Hyderabad  
Date: May 20, 2011

**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)  
Profit and Loss Account for the period ended March 31, 2011

(Amount in Rupees)

	Schedules	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>I. Income</b>			
Income from Hotel operations	12	407,805,566	-
Other Income	13	1,807,504	-
		<b>409,613,070</b>	<b>-</b>
<b>II. Expenditure</b>			
Personnel Cost	14	92,575,257	-
Operating Expenditure	15	186,593,605	-
Administrative Expenses	16	61,403,754	67,565
Interest and Finance Charges	17	146,163,935	5,798
Depreciation	4	136,649,030	-
		<b>623,385,581</b>	<b>73,363</b>
<b>III. Loss before taxation and Prior Period Items</b>			
		<b>(213,772,511)</b>	<b>(73,363)</b>
Provision for taxation - Current Tax		-	-
<b>IV. Loss after taxation and Prior period items</b>			
		<b>(213,772,511)</b>	<b>(73,363)</b>
<b>V. Prior Period Items</b>			
	18	-	104,861
<b>VI. Loss after taxation</b>			
		<b>(213,772,511)</b>	<b>(178,224)</b>
Add: Balance in Profit and Loss Account brought forward from the previous year		(178,224)	-
Less: Adjustment on account of merger [Refer Note II (4 (e)) of Schedule 19]		(225,386,850)	-
<b>VII. Deficit carried to Balance Sheet</b>			
		<b>(439,337,585)</b>	<b>(178,224)</b>
<b>Earnings Per Share:</b>			
Basic and Diluted Refer Note II (9) of Schedule 19		(3.87)	(3.56)
Nominal Value per share		10	10
Notes to Accounts	19		

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 S.R.Batliloi & Co.  
Firm registration number 324982E  
Chartered Accountants

Sd/-

per Sunil Bhumratkar  
Partner  
Membership No : 035141

Place Bangalore  
Date: May 20, 2011

For and on behalf of the Board of Directors of  
**GMR Hotels and Resorts Limited**

Sd/-                      Sd/-

S.G.K. Kishore                      Vikram Jaisinghani  
Director                                      Director

Place: Hyderabad  
Date: May 20, 2011



**GMR Hotels and Resorts Limited**  
 (Formerly known as GMR Airport Handling Services Limited)  
 Schedules forming part of Balance Sheet as at March 31, 2011

(Amount in Rupees)

SCHEDULE - 1	As at March 31, 2011	As at March 31, 2010
<b>Share Capital</b>		
<b>Authorised</b>		
110,000,000 (March 31, 2010: 50,000) Equity Shares of Rs. 10/- each	1,100,000,000	500,000
<b>Issued, Subscribed and Paid-up</b>		
109,658,916 (March 31, 2010: 50,000) Equity Shares of Rs. 10/- each fully paid up	1,096,589,160	500,000
	<b>1,096,589,160</b>	<b>500,000</b>
(Above shares are held by Holding Company - GMR Hyderabad International Airport Limited and its nominees)		

SCHEDULE - 2	As at March 31, 2011	As at March 31, 2010
<b>Secured Loans</b>		
<b>Term Loan from Banks</b>		
(Repayable within one year -Rs. Nil)	1,377,000,000	-
[Term loan from banks is secured by first pari-passu charge on the whole of stocks of raw materials, goods-in-process, semi-finished goods and finished goods, consumable stores and spares, book debts, bills, movable plant and machinery, machinery spares, tools and accessories and other movables, whole of equipments including its spares, tools and accessories, software, whether installed or not and whether in the possession or under the control of the company or not, all the Bank Accounts (whether escrow and no lien or otherwise) and all estate, rights, title, interest, benefits, claims and demands, trade receivables, all cash flows and receivables and proceeds]		
	<b>1,377,000,000</b>	<b>-</b>

SCHEDULE - 3	As at March 31, 2011	As at March 31, 2010
<b>Unsecured Loans</b>		
<b>Unsecured loan from Holding Company</b>		
(Repayable within one year - Rs Nil (March 31, 2010: Rs. Nil))	226,397,937	6,600,000
	<b>226,397,937</b>	<b>6,600,000</b>

**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)  
Schedules forming part of Balance Sheet as at March 31, 2011

Schedule 4-Fixed Assets:

(Amounts in Rupees)

Description	Gross Block					Depreciation					Net Block
	As at April 1, 2010	Acquired under Scheme of Arrangement*	Additions	Deletions	As at March 31, 2011	As at April 1, 2010	On assets acquired under Scheme of Arrangement*	Depreciation for the year	On Deletions	As at March 31, 2011	As at March 31, 2011
Roads	-	2,265,039	1,019,264		3,284,303	-	36,920	64,922		101,842	3,182,461
Buildings	-	1,504,388,667	17,879,082		1,522,267,749	-	59,965,677	51,534,878		102,440,555	1,419,827,194
Electrical Installations	-	188,898,472	1,828,248		190,726,720	-	9,205,180	9,245,302		18,450,482	172,276,238
Plant and Machinery	-	260,273,824	7,838,451	563,555	267,548,720	-	12,319,103	15,618,525	54,859	27,882,769	239,665,951
Office Equipment	-	36,894,080	45,987	45,203	36,893,964	-	1,860,196	5,720,585	4,395	7,576,386	29,317,578
Computers	-	99,190,225	888,694	31,252	100,047,670	-	16,930,505	17,954,052	11,024	34,873,533	65,174,137
Furniture and Fixtures	-	338,015,335	4,044,018	8,847,275	333,212,078	-	34,368,484	36,284,205	1,763,675	68,889,014	264,323,064
Vehicles	-	1,847,858	877,792		2,725,650	-	171,530	226,561		398,091	2,327,559
<b>Total</b>	-	<b>2,431,773,483</b>	<b>34,420,636</b>	<b>9,487,285</b>	<b>2,456,706,834</b>	-	<b>125,797,595</b>	<b>136,649,030</b>	<b>1,833,953</b>	<b>260,612,672</b>	<b>2,196,094,162</b>
Capital Work-in-progress											<b>8,239,270</b>
<b>March 31, 2010</b>											

\* Represents amounts against assets acquired as per Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh vide Order dated June 22, 2010. Refer Note II (4 (d)) of Schedule 19



**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)  
Schedules forming part of Balance Sheet as at March 31, 2011

(Amount in Rupees)

SCHEDULE - 8	As at March 31, 2011	As at March 31, 2010
<b>Cash and Bank Balances</b>		
Cash on hand	510,205	-
Balances with Scheduled Banks - on Current Accounts*	25,420,635	6,956,421
	<b>25,930,840</b>	<b>6,956,421</b>
* [includes balance in current account with a bank pending transfer in company name pursuant to demerger amounting to Rs. 9,960,366 (March 31, 2010: Rs Nil)]		

SCHEDULE - 9	As at March 31, 2011	As at March 31, 2010
<b>Loans and Advances</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	7,302,725	-
Balances with Customs, Excise, etc	543,862	-
Advance tax (net of provisions)*	18,707,896	-
	<b>26,554,483</b>	<b>-</b>
* [includes Rs. 3,407,873 is receivable from the holding company on receipt of refund from the income tax department]		

(Amount in Rupees)

SCHEDULE - 10	As at March 31, 2011	As at March 31, 2010
<b>Current liabilities</b>		
Sundry Creditors		
- Due to Micro, small and Medium Enterprises (Refer Note II (11) of Schedule 19)	-	-
- Due to other than Micro, small and Medium Enterprises	49,495,150	24,817
	49,495,150	24,817
Interest accrued but not due	-	4,970
Other liabilities	5,880,373	4,858
	<b>55,375,523</b>	<b>34,645</b>

(Amount in Rupees)

SCHEDULE - 11	As at March 31, 2011	As at March 31, 2010
<b>Provisions</b>		
For Compensated absences (Refer Note II (8 (c)) of Schedule 19)	1,873,058	-
For Gratuity (Refer Note II (8 (a)) of Schedule 19)	1,176,644	-
	<b>3,049,702</b>	<b>-</b>

**GMR Hotels and Resorts Limited**  
**(Formerly known as GMR Airport Handling Services Limited)**  
**Schedules forming part of Profit and Loss Account for the year ended March 31, 2011**

(Amount in Rupees)

<b>SCHEDULE - 12</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
<b>Income from Hotel Operations</b>		
Room Rent	277,158,363	-
Food and Beverages	105,020,159	-
Other operating services	25,627,044	-
	<b>407,805,566</b>	-

<b>SCHEDULE - 13</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
<b>Other Income</b>		
Profit on Sale of Mutual Fund	343,008	-
Liabilities no longer required written back	1,400,846	-
Miscellaneous Income	63,650	-
	<b>1,807,504</b>	-

<b>SCHEDULE - 14</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
<b>Personnel cost</b>		
Salaries, Bonus and Other Allowances	63,177,999	-
Contribution to Provident fund (Refer Note II (8 (b)) of Schedule 19)	3,370,296	-
Contribution to Gratuity fund (Refer Note II (8 (a)) of Schedule 19)	124,957	-
Staff welfare expenses	24,140,302	-
Training Expenses	1,761,703	-
	<b>92,575,257</b>	-

<b>SCHEDULE - 15</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
<b>Operating Expenditure</b>		
Operators' Fees	22,113,922	-
Food and Beverages Consumed	42,503,181	-
Other Operating and Maintenance Expenses	25,231,836	-
Power, Fuel and Water Charges	44,683,110	-
Operations, Manpower Outsourcing Charges	15,032,676	-
Security Charges	4,359,418	-
Guest Transportation	9,680,615	-
Insurance	2,669,881	-
Repairs and Maintenance		
Building	5,134,131	-
Plant and Machinery	9,472,121	-
Others	5,712,714	-
	<b>186,593,605</b>	-

**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)  
Schedules forming part of Profit and Loss Account for the year ended March 31, 2011

(Amount in Rupees)

SCHEDULE - 16	For the year ended 31-Mar-11	For the year ended 31-Mar-10
<b>Administrative Expenses</b>		
Rent	11,211,702	-
Rates and taxes	17,661,444	10,733
Advertisement	5,871,154	-
Consultancy Expenses	3,022,107	24,352
Remuneration to Auditors (Refer Note II (12) of Schedule 19)		
Audit fee	330,900	27,575
Certification	-	1,654
Printing and Stationary expenses	2,672,593	3,251
Travelling and Conveyance	4,177,497	-
Communication Expenses	3,565,172	-
Recruitment Charges	208,971	-
Business Promotion	4,915,116	-
Exchange Loss (net)	15,606	-
Fixed Assets written off	7,460,132	-
Miscellaneous Expenses	291,360	-
	<b>61,403,754</b>	<b>67,565</b>

SCHEDULE - 17	For the year ended 31-Mar-11	For the year ended 31-Mar-10
<b>Finance charges</b>		
Interest on		
Fixed Period Loans from Banks	45,411,617	5,522
Others	96,566,397	-
Bank Charges	4,185,921	276
	<b>146,163,935</b>	<b>5,798</b>

SCHEDULE - 18	For the year ended 31-Mar-11	For the year ended 31-Mar-10
<b>Prior Period Items</b>		
Rates and taxes	-	1,793
Remuneration to Auditors		
Audit fee	-	66,386
Printing and Stationary expenses	-	2,401
Bank / other finance charges	-	391
Preliminary expenses	-	33,890
	<b>-</b>	<b>104,861</b>

**GMR Hotels and Resorts Limited**  
**(Formerly known as GMR Airport Handling Services Limited)**

**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
**(All amounts in Indian Rupees except as otherwise stated)**

**Description of business**

GMR Hotels and Resorts Limited ("the Company") was incorporated on September 08, 2008 as a wholly owned subsidiary of GMR Hyderabad International Airport Limited. The main objective of the Company is to carry on the business of running hotels, resorts, restaurants, lodging house, swimming pools, night clubs, exhibition halls, entertainment centers, amusement parks, wine, beer shops and departmental stores, discotheques, clubs, skating halls, boating and padding pools, gymnasiums and race courses.

**I Statement of Significant Accounting Policies**

**1. Accounting Assumptions:**

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements are prepared in accordance with the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2. Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**3. Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- a) Revenue from hotel operations comprises income by way of hotel room rent, sale of food, beverages and allied services relating to hotel and is recognised net of taxes and discounts as and when the services are provided.
- b) The company recognises revenue on accrual basis as per the terms of the agreement and on the basis of services rendered.

**4. Fixed Assets:**

Fixed Assets are stated at cost net of cenvat credit less accumulated depreciation. Cost of acquisition is inclusive of freight duties levies and all incidental expenditure attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Assets under installation or under construction as at the balance sheet date are shown as capital work in progress.

**GMR Hotels and Resorts Limited**  
**(Formerly known as GMR Airport Handling Services Limited)**

**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
**(All amounts in Indian Rupees except as otherwise stated)**

**5. Depreciation:**

Depreciation is provided on straight line method at the rates based on the estimated useful lives of the assets or those prescribed under Schedule XIV of the Companies Act 1956, whichever is higher. Individual assets costing less than Rs. 5000 are fully depreciated in the year of purchase.

**6. Intangibles:**

Cost relating to software licenses, which are acquired, are capitalized and amortized on a straight – line basis over their useful life not exceeding six years.

**7. Impairment:**

All fixed assets are assessed for any indication of impairment at each balance sheet date based on internal / external factors. On any such indication the impairment loss (being the excess of carrying value over the recoverable value of the asset) is immediately charged to the Profit and Loss Account. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**8. Inventories:**

Inventories are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis.

**9. Foreign Currency Transactions:**

**Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, at the exchange rates prevailing on the date of the transaction.

**Conversion**

Foreign currency monetary items are reported using closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**Exchange Differences**

Exchange differences arising on the settlement of monetary items, or on reporting such monetary items of company at rate different from those at which they were initially recorded during the year, or reported in previous financial statements are recognized as income or as expense in the year in which they arise.

**GMR Hotels and Resorts Limited**  
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**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
**(All amounts in Indian Rupees except as otherwise stated)**

**10. Investments:**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Long-term investments are stated at cost except where there is a diminution in value other than temporary, in which case the carrying value is reduced to recognize the decline. Current investments are valued at lower of cost and fair value determined on an individual investment basis.

**11. Retirement and Other Employee Benefits:**

- a) Retirement benefits in the form of Provident Fund and Superannuation Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.
- b) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- d) Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.

**12. Borrowing Costs:**

Borrowing costs that are attributable to acquisition construction or production of a qualifying asset are capitalized as a part of cost of such asset. All other borrowing costs are recognized as an expense in the year in which they are incurred.

**13. Earnings per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

**14. Taxes on Income:**

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be

**GMR Hotels and Resorts Limited**  
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available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes – down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**15. Operating Leases:**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease payments under operating lease are recognised as an expense in the Profit and Loss Account on straight line basis over the lease term.

**16. Provisions:**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**17. Cash and Cash Equivalents:**

Cash and cash equivalents for the purposes of cash flow statement comprise of cash at bank and in hand and short-term investments with an original maturity of three months or less.

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**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)

**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
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**II NOTES TO ACCOUNTS:**

1. Contingent Liabilities not provided for:
  - a) Bank Guarantee outstanding in respect of customs and others Rs. Nil.
  - b) Differential amount of custom duty on assets imported under EPCG Scheme amounts to Rs. 40,489,075 (March 31, 2010: Rs. 40,489,075). Based on Internal assessment carried out and future projections of the operations, Management is confident that the Company would be able to meet the export obligation within the time frame as per the scheme and hence no provision is required to be made as at March 31, 2011.
2. Capital Commitments:  
Estimated Value of contracts remaining to be executed on capital account not provided for (Net of Advances) Rs. 936,952 (March 31, 2010: Rs. Nil).
3. The Company has recorded a net loss after tax of Rs. 439,159,361 for the year and has accumulated losses of Rs. 439,337,585 as at March 31, 2011, resulting in substantial erosion of the net worth. However, based on the future business plan, Management is confident that the Company will be able to generate sufficient profits in future years and would meet its financial obligations as they arise. Accordingly, the accompanying financial statements have been prepared on a going concern basis.
4. **Scheme of Arrangement for Merger of Hotel Division with the Company:**
  - a) In accordance with the Scheme of Arrangement under Section 391 to 394 of the Companies Act, 1956, as approved by the Hon'ble High Court of Andhra Pradesh vide order dated June 22, 2010, the Hotel division of GMR Hyderabad International Airport Limited (GHIAL), the holding company has been transferred to and vested with the company with effect from appointed date i.e April 1, 2009. The said order has been filed with the Registrar of Companies, Andhra Pradesh on September 25, 2010. The scheme has accordingly been given effect to in these accounts.

**Statement of Value of Net Assets of the Hotel Division as at April 01, 2009 (i.e. Appointed Date) based on which equity shares have been issued to GHIAL**

Particulars	Amount in Rs.
<b>A. Fixed Assets:</b>	
Net Block	2,386,558,933
Capital Work in progress	3,176,603
<b>B. Current Assets, Loans and Advances:</b>	
Inventories	4,915,711
Sundry Debtors	16,998,897
Cash and Bank Balances	5,942,257
Loans and Advances	7,665,253
<b>C. Current Liabilities and Provisions:</b>	
Current Liabilities	29,168,494
<b>Net Assets [A+B-C]</b>	<b>2,396,089,160</b>
<b>Less: Unsecured Loan</b>	<b>1,300,000,000</b>
<b>Balance for which Equity Shares have been issued</b>	<b>1,096,089,160</b>

**GMR Hotels and Resorts Limited**  
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- b) The merger has been accounted for using the purchase method as prescribed under Accounting Standard 14 issued by the Institute of Chartered Accountants of India. Accordingly, the assets and liabilities of the erstwhile Hotel Division have been taken over at their respective book values.
- c) Since the high court order was received and filed with ROC during the year, the net loss for the previous year has been adjusted in the profit and loss account. The condensed profit and loss account relating to the Hotel division for the period from April 1, 2009 to March 31, 2010 for which the impact has been given during the year is as under

Particulars	Amount (Rs.)
<b>Income</b>	
Income from Hotel Operations	312,504,747
Other Income	4,528,337
<b>Total Income</b>	<b>317,033,084</b>
<b>Expenditure</b>	
Personnel Cost	94,942,923
Operating Expenditure	141,537,964
Administrative Expenses	35,544,821
Interest and Finance Charges	2,189,240
Depreciation / Amortisation	125,797,595
<b>Total Expenditure</b>	<b>400,012,543</b>
<b>Net Loss</b>	<b>(82,979,459)</b>

- d) The carrying amounts of assets and liabilities of the Hotel Division acquired as at March 31, 2010 which have been included in the financial statements as on the reporting date are as under:

Assets	Amount (Rs.)
<b>Fixed Assets</b>	
Gross Block	2,431,773,483
Less: Accumulated Depreciation / Amortisation	125,797,595
Net Block	<b>2,305,975,888</b>
Current Assets	68,346,231
<b>Total Assets (A)</b>	<b>2,374,322,119</b>
<b>Liabilities</b>	
Sundry Creditors	42,292,939
Other liabilities	5,508,508
Provision for gratuity	1,051,687
<b>Total Liabilities (B)</b>	<b>48,853,134</b>
<b>Net Assets (A – B)</b>	<b>2,325,468,985</b>

**GMR Hotels and Resorts Limited**  
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**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
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e) Loss for the year ended March 31, 2010 in respect of merger of Hotel Division:

Particulars	Amount (Rs.)
Loss of Hotel Division transferred to the Company pursuant to merger (as per Note 4 (c) above)	82,979,459
Add: Interest payable on unsecured Loan pursuant to merger for the year 2009-10	132,340,000
Add: Lease rent payable on land for the year 2009-10	10,067,391
<b>Net adjustment on merger in the Profit and Loss account</b>	<b>225,386,850</b>

f) Consequent to the merger of Hotel Division, the figures for the current year are not comparable with the corresponding figures of the previous year.

5. Details of Investments (current - other than trade - unquoted) purchased and sold during the year:

Description	Cost of Acquisition		Sales	
	Units	Amount	Units	Amount
Birla Sun Life Cash Plus Institutional Premium – Growth	2,482,706	38,500,000	2,258,523	35,330,577
	(-)	(-)	(-)	(-)
<b>Total</b>	<b>2,482,706</b>	<b>38,500,000</b>	<b>2,258,523</b>	<b>35,330,577</b>
	(-)	(-)	-	(-)

Notes: a) Previous year figures are mentioned in brackets.

6. The Company is in the business of Hotel, 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.

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**GMR Hotels and Resorts Limited**  
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Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)

7. Details of transactions with Related Parties:

**A. Names of related parties and description of relationship:**

(i)	Holding Company	GMR Hyderabad International Airport Limited (GHIAL) –
(ii)	Holding company's Holding Company	GMR Infrastructure Limited (GIL)
(ii)	Ultimate Holding Company	GMR Holdings Private Limited (GHPL)
(iv)	Fellow Subsidiaries (i.e. Enterprises under Common control of holding company)	Hyderabad Menzies Air Cargo Private Limited 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 Airport Handling Services Company Limited Hyderabad Duty Free Retail Limited
(v)	Fellow Subsidiary of Holding Company	GMR Airport Developers Limited GMR Airport Holdings Limited Delhi International Airport Private Limited GMR Aviation Private Limited
		GMR Jadcheria Expressways Private Limited GMR Hyderabad Vijayawada Expressways Private Limited GMR Rajahmundry Energy Limited GMR Chhattisgarh Energy Limited GMR Kamalanga Energy Limited GMR Energy Limited GMR Krishnagiri SEZ Limited GMR Corporate Affairs Private Limited

**B. Summary of Transactions with related parties is as follows:**

Sl. No.	Related Party Transactions	April 01, 2010 to March 31, 2011	April 01, 2009 to March 31, 2010
(i)	Shares Allotted: i. GMR Hyderabad International Airport Limited	1,096,089,160	-
(ii)	Services received: i. GMR Hyderabad Airport Resource Management Limited ii. GMR Hyderabad International Airport Limited iii. GMR Airport Developers Limited	22,348,483 20,305,696 1,046,282	- - -
(iii)	Services rendered: i) GMR Hyderabad International Airport Limited ii) GMR Airport Holdings Limited iii) GMR Infrastructure Limited iv) GMR Hyderabad Aviation SEZ Limited v) GMR Hyderabad Aerotropolis Limited vi) GMR Hyderabad Menzies Aviation Private Limited vii) GMR Aviation Private Limited viii) GMR Krishnagiri SEZ Limited ix) GMR Kamalanga Energy Limited	13,981,702 369,465 549,253 82,146 9,01,587 914,898 417,928 53,732 63,446	- - - - - - - - -

**GMR Hotels and Resorts Limited**  
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**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
(All amounts in Indian Rupees except as otherwise stated)

Sl. No.	Related Party Transactions	April 01, 2010 to March 31, 2011	April 01, 2009 to March 31, 2010
	x) GMR Chhattisgarh Energy Limited	16,921	-
	xi) GMR Jadcherla Expressways Private Limited	5,571	-
	xii) Delhi International Airport Private Limited	818,331	-
	xiii) GMR Corporate Affairs Limited	213,383	-
	xiv) GMR Hyderabad Vijayawada Expressways Private Limited	7,366	-
	xv) GMR Rajahmundry Energy Limited	4,963	-
(iv)	Unsecured Loan taken i. GMR Hyderabad International Airport Limited (includes Rs. 1,300,000,000 pursuant to merger)	1,350,774,283	6,600,000
(v)	Interest on Unsecured Loan taken i. GMR Hyderabad International Airport Limited	228,906,398	5,522
(vi)	Unsecured Loan repaid i. GMR Hyderabad International Airport Limited	1,357,374,283	-
(vii)	Reimbursement of expenses claimed from the Company during the year by its related parties i. GMR Hyderabad International Airport Limited	42,622,162	-
(viii)	Reimbursement of expenses claimed by the Company during the year from its related parties i. GMR Hyderabad International Airport Limited	6,000	-
(ix)	Corporate Guarantee availed from the Holding Company against loan taken from bankers: i. GMR Hyderabad International Airport Limited	1,400,000,000	-
(x)	Bank Guarantee availed from the Holding Company: i. GMR Hyderabad International Airport Limited	40,000,000	-

**C. Outstanding balances as at the end of the year:**

Sl. No.	Particulars	As at March 31, 2011	As at Mar 31, 2010
(i)	Balance Recoverable / (Payable): i. GMR Hyderabad International Airport Limited ii. Delhi International Airport Private Limited iii. GMR Krishnagiri SEZ Limited iv. GMR Corporate Affairs Private Limited v. GMR Aviation Private Limited vi. GMR Energy Limited vii. GMR Chhattisgarh Energy Limited viii. GMR Airport Developers Limited	(19,828,654) 664,696 11,321 8,598 32,770 9,250 4,090 (941,653)	5,522 - - - - - - -
(ii)	Unsecured Loans from Holding Company i. GMR Hyderabad International Airport Limited	226,397,937	6,600,000
(iii)	Corporate Guarantee availed from the Holding Company against loan taken from bankers: i. GMR Hyderabad International Airport Limited	1,400,000,000	-
(iv)	Bank Guarantee availed from the Holding Company: i. GMR Hyderabad International Airport Limited	40,000,000	-

**GMR Hotels and Resorts Limited**  
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Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011  
(All amounts in Indian Rupees except as otherwise stated)

**8. Employee Benefits:**

**a) Defined Benefit Plans:**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. Gratuity plan is not funded.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and amounts recognised in the balance sheet for the gratuity plan.

**Profit and Loss account:**

Net employee benefit expense (recognised in Employee Cost)

	For the year ended March 31, 2011	For the year ended March 31, 2010
Current service cost	103,429	-
Interest cost on benefit obligation	42,067	-
Net actuarial (gain) /loss recognised in the year	(20,539)	-
<b>Net benefit expense</b>	<b>124,957</b>	<b>-</b>

Changes in the present value of the defined benefit obligation are as follows:

	For the year ended March 31, 2011	For the year ended March 31, 2010
Opening defined benefit obligation	-	-
Add: Transfer pursuant to merger	1,051,687	-
Net Opening defined benefit obligation	1,051,687	-
Interest cost	42,067	-
Current service cost	103,429	-
Actuarial (gains) / losses on obligation	(20,539)	-
<b>Closing defined benefit obligation</b>	<b>1,176,644</b>	<b>-</b>

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

	For the year ended March 31, 2011	For the year ended March 31, 2010
Discount rate	8%	-
Expected rate of return on assets	8.50%	-
Rate of compensation increase	6%	-
Employee turnover	5%	-

**b) Defined contribution plans:**

In respect of the Defined Contribution Plans contribution to provident funds under personnel cost is as under:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Contribution to provident fund	3,370,296	-

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- c) Leave encashment liability provided based on actuarial valuation amounts to Rs. 1,873,058 (March 31, 2010: Rs. Nil) as at March 31, 2011.

9. Earnings Per Share (EPS):

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
a. Loss after Tax	213,772,511	178,224
b. Weighted average number of Equity Shares of Rs.10 each outstanding during the year.	55,304,906	50,000
c. Earnings Per Share - Basic and Diluted	(3.87)	(3.56)

10. Deferred Tax:

The company has not recognised the deferred tax asset on unabsorbed depreciation and carried forward losses as at March 31, 2011, on the basis of prudence. Accordingly, there is no impact on the Profit and Loss Account for the current year.

11. The Company has not dealt with any party as defined under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 during the year.

12. Auditors Remuneration (including service tax):

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Statutory Audit fee	330,900	27,575
Other Services	-	1,654
<b>Total</b>	<b>330,900</b>	<b>29,229</b>

13. Expenditure in Foreign Currency (on Accrual basis):

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Professional Charges	2,193,774	-
Operator Fee	7,248,662	-
Others	7,346,112	-
<b>Total</b>	<b>16,788,548</b>	<b>-</b>

14. Earnings in Foreign Currency:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Revenue from Hotel Operations	98,969,492	-
<b>Total</b>	<b>98,969,492</b>	<b>-</b>

**GMR Hotels and Resorts Limited**  
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**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
**(All amounts in Indian Rupees except as otherwise stated)**

15. C.I.F Value of Imports:

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Capital Goods	-	-
Stores, spares and consumables	1,757,451	-
<b>Total</b>	<b>1,757,451</b>	<b>-</b>

16. Consumption of Stores and Spares:

Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010	
	%	Value	%	Value
Imported	1.81	1,633,269	-	-
Indigenous	98.19	88,542,561	-	-
<b>Total</b>	<b>100.00</b>	<b>90,175,830</b>	<b>-</b>	<b>-</b>

It is not practicable to furnish quantitative information in view of the considerable number of items with diverse size and nature.

17. The Company has not appointed any managing or whole-time director or manager during the year as required under section 269 of the Companies Act, 1956.
18. 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.
19. Previous year figures have been regrouped and reclassified, wherever necessary, to conform to those of the current year.
20. The previous year figures for the year ended March 31, 2010 were audited by a firm of Chartered Accountants other than S.R.Batliboi & Co.

Signature to Schedule 1 to 19  
As per our report of even date

**For S.R.Batliboi & Co.**  
Firm Registration No: 324982E  
Chartered Accountants

Sd/-

**Per Sunil Bhumralkar**  
Partner  
Membership No.: 035141

Place: Bangalore  
Date: May 20, 2011

**For and on behalf of the Board of Directors of**  
**GMR Hotels and Resorts Limited**

Sd/-

**S.G. K. Kishore**  
Director

Sd/-

**Vikram Jaisinghani**  
Director

Place: Hyderabad  
Date: May 20, 2011

**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)

**Schedule 19: Notes annexed to and forming part of the accounts as at and for the year ended March 31, 2011**  
(All amounts in Indian Rupees except as otherwise stated)

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Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Capital Goods	-	-
Stores, spares and consumables	1,757,451	-
<b>Total</b>	<b>1,757,451</b>	<b>-</b>

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Particulars	For the year ended March 31, 2011		For the year ended March 31, 2010	
	%	Value	%	Value
Imported	1.81	1,633,269	-	-
Indigenous	98.19	88,542,561	-	-
<b>Total</b>	<b>100.00</b>	<b>90,175,830</b>	<b>-</b>	<b>-</b>

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20. The previous year figures for the year ended March 31, 2010 were audited by a firm of Chartered Accountants other than S.R.Batliloi & Co.

Signature to Schedule 1 to 19  
As per our report of even date

**For S.R.Batliloi & Co.**  
Firm Registration No: 324982E  
Chartered Accountants

*Sd/-*

**Per Sunil Bhumralkar**  
Partner  
Membership No.: 035141

Place: Bangalore  
Date: May 20, 2011

**For and on behalf of the Board of Directors of  
GMR Hotels and Resorts Limited**

*Sd/-*

**S.G. K. Kishore**  
Director

*Sd/-*

**Vikram Jaisinghani**  
Director

Place: Hyderabad  
Date: May 20, 2011

**GMR Hotels and Resorts Limited**  
(Formerly known as GMR Airport Handling Services Limited)

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

<b>1 Registration Details</b>			
Registration No.	U74900AP2008PLC060866	State Code	01
Balance Sheet Date	31-Mar-11		
<b>2 Capital Raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	10,96,089
<b>3 Position of Mobilisation and Development of Funds ( Amount in Rs. Thousands)</b>			
Total Liabilities	26,99,987	Total assets	26,99,987
<b>Sources of Funds</b>			
Paid - Up Capital	10,96,589	Share Application Money	Nil
Reserves & Surplus	Nil	Unsecured Loans	2,26,398
Secured Loan	13,77,000	Grant from GOAP	Nil
<b>Application of Funds</b>			
Net Fixed Assets	2,204,333	Investments	3,512
Net Current Assets	52,804	Misc. Expenditure	Nil
Accumulated Losses	4,39,338		
<b>4 Performance of company ( Amount in Rs. Thousands)</b>			
Total Income	4,09,613	Total Expenditure	6,23,386
<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 the Board of Directors of  
**GMR Hotels and Resorts Limited**

Sd/-  
S.G.K. Kishore  
Director

Sd/-  
Vikram Jaisinghani  
Director

Place: Hyderabad  
Date: May 20, 2011