

AUDITORS' REPORT

TO THE MEMBERS OF GMR HYDERABAD MULTIPRODUCT SEZ LIMITED

1. We have audited the attached Balance sheet of M/s. **GMR Hyderabad Multiproduct SEZ Limited** ('the Company') as at 31st 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st 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 31st 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 : 23rd 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 31st 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 : 23rd May, 2011

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED
Balance Sheet as at March 31, 2011

(Amount in Rupees)

	Schedule Ref.	As at March 31, 2011	As at December 31, 2009
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
Capital	1	500,000	500,000
Total		500,000	500,000
II. APPLICATION OF FUNDS			
1. Current Assets, Loans and Advances			
(a) Cash and Bank Balances	2	285,864	348,857
Less: Current Liabilities and Provisions			
(a) Current Liabilities	3	32,575	55,481
Net Current Assets		253,289	293,376
2. Profit and Loss Account		246,711	206,624
Total		500,000	500,000
Significant Accounting Policies and Notes to Accounts	6		

Schedules 1 to 6 referred to above 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 the Board of Directors of
GMR Hyderabad Multiproduct SEZ Ltd.

Sd/-
G. Srinivas
 Partner
 Membership No. 086761
 Place :
 Date : May 23, 2011

Sd/-
Vikram Jaisinghani
 Director
 Place : Hyderabad
 Date : May 23, 2011

Sd/-
G. Radhakrishna Babu
 Director
 Place : Hyderabad
 Date : May 23, 2011

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED
Profit and Loss account for the period ended March 31, 2011

(Amount in Rupees)

Particulars	Schedule Ref	For the period ended	For the Year ended
		March 31, 2011	December 31, 2009
I. Income			
Other Income		-	-
Total Income			
II. Expenditure			
Administrative Expenses	4	40,087	82,651
		40,087	82,651
Total Expenses		40,087	82,651
III. Profit Before Tax		(40,087)	(82,651)
Provision for Taxation			
V. Profit After Taxation		(40,087)	(82,651)
VI. Prior Period Expenses	5	-	123,973
Add: Balance in Profit and Loss Account brought forward from previous year		206,624	-
VII. Available Surplus/(Deficit) Carried to Balance Sheet		(246,711)	(206,624)
Earnings Per Share (Rs.) - Basic & Diluted		(0.80)	(4.13)
Refer Note II (7) of Schedule 6			
Significant Accounting Policies and Notes to Accounts	6		

The Schedules 4 to 6 referred to above 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 Brahmaya & Co.
 Firm Registration No.: 000515S
 Chartered Accountants

For and on behalf of the Board of Directors of
GMR Hyderabad Multiproduct SEZ Ltd.

Sd/-
G. Srinivas
 Partner
 Membership No. 086761
 Place :
 Date : May 23, 2011

Sd/-
Vikram Jaisinghani
 Director
 Place : Hyderabad
 Date : May 23, 2011

Sd/-
G. Radhakrishna Babu
 Director
 Place : Hyderabad
 Date : May 23, 2011

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2011

(Amount in Rupees)

SCHEDULE - 1	As at March 31, 2011	As at December 31, 2009
Capital		
Authorised 1,00,000 Equity Shares of Rs 10/- each	1,000,000	1,000,000
Issued, Subscribed and Paid-up 50,000 Equity Shares of Rs. 10/- each fully paid up (Above shares are held by Holding company-GMR Hyderabad International Airport Limited and its nominees)	500,000	500,000
	500,000	500,000

SCHEDULE - 2	As at March 31, 2011	As at December 31, 2009
Cash and Bank Balances		
Balances with Scheduled Bank - in Current Account	285,864	348,857
	285,864	348,857

SCHEDULE - 3	As at March 31, 2011	As at December 31, 2009
Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors		
- Due to Micro, small and Medium Enterprises*	29,817	49,635
- Others	2,758	5,846
Other Liabilities		
	32,575	55,481
* Refer Note II (10) of Schedule 6		

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED
Schedules forming part of the Profit and Loss account for the period ended March 31, 2011

(Amount in Rupees)

SCHEDULE - 4	For the period ended March 31, 2011	For the Year ended December 31, 2009
Administrative Expenses		
Rates and taxes	6,133	20,550
Consultancy Expenses	6,156	6,309
Remuneration to Auditors	-	
- Audit Fees	27,575	55,150
Finance and other Charges	224	624
Miscellaneous Expenses	-	18
	40,087	82,651

SCHEDULE -5	For the period ended March 31, 2011	For the Year ended December 31, 2009
Prior Period Expenses		
Rates and taxes	-	1,743
Consultancy Expenses	-	18,250
Remuneration to Auditors	-	66,386
Printing and Stationary expenses	-	3,244
Miscellaneous Expenses	-	1,100
Preliminary Expenses	-	33,250
	-	123,973

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED

SCHEDULE-6

Statement on Significant Accounting Policies and Notes to the Accounts

Description of Business

The Company was incorporated on 4th December, 2007 as a wholly owned subsidiary of GMR Hyderabad International Airport Limited. The main objective of the company is to carry on the business of Development of Infrastructure for Special Economic Zones including planning, designing, operating and marketing Aviation Sector related Special Economic Zones and is in the Process of establishing the Infrastructure Facilities for Special Economic Zone.

I. Significant Accounting Policies

1. 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 (2009 - Rs. NIL)

2. The financial statements for the period ended March 31, 2011 is for fifteen months from January 1, 2010 to March 31, 2011. The figures disclosed in the profit and loss account for the current period ending March 31, 2011 are not comparable as current year figures are for fifteen months as against the twelve months figures for the year ending December 31, 2009.

3. The company is in the process of obtaining the government approval for establishing the Multiproduct Special Economic Zone.

4. 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.

5. The Company is in the business of Development of Infrastructure for Special Economic Zones, 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.

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED

SCHEDULE-6

Statement on Significant Accounting Policies and Notes to the Accounts

6 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	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 Airport Handling Services Company Limited GMR Hotels & Resorts Limited

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

(Amount in Rupees)

Related Party Transactions	Period ended	
	March 31, 2011	December 31, 2009
Holding Company - Unsecured Loan Repaid	-	5,000
Reimbursement of expenses incurred by the Related Party on behalf of the company Holding Company - GMR Hyderabad International Airport Ltd	100	-
Balance payable / (receivable) Unsecured Loan	-	-

7. Earnings Per Share (EPS)

(Amount in Rupees)

Particulars	Period ended	
	March 31, 2011	December 31, 2009
a. Profit/(loss) after tax	(40,087)	(206,624)
b. Weighted average number of Equity Shares of Rs. 10 each outstanding during the year.	50,000	50,000
c. Earnings per share- Basic	(0.80)	(4.13)

8. Auditors Remuneration:

(Amount in Rupees)

	Period ended	
	March 31, 2011	December 31, 2009
Audit Fee (inclusive Service Tax)	27,575	55,150
Certification	-	-
	27,575	55,150

9. Since the Company does not have any revenues presently, recognition of deferred taxes for the current year as per the requirements of Accounting Standard (AS) 22 Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, does not arise.

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED

SCHEDULE-6

Statement on Significant Accounting Policies and Notes to the Accounts

10. 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.
11. 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.
12. Previous year figures have been regrouped and reclassified, wherever necessary, to confirm to those of the current period.

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

For and on Behalf of the Board of Directors of
GMR Hyderabad Multiproduct SEZ Ltd.

Sd/-
G. Srinivas
Partner
Membership No. 086761
Place :
Date : May 23, 2011

Sd/-
Vikram Jaisinghani
Director
Place : Hyderabad
Date : May 23, 2011

Sd/-
G. Radhakrishna Babu
Director
Place : Hyderabad
Date : May 23, 2011

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2011

(Amount in Rupees)

	For the period ended March 31, 2011	for the year ended December 31, 2009
A. CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES		
Net Profit Before Tax and Extra Ordinary Items	(40,087)	(82,651)
Add: Prior Period Expenditure		(123,973)
Adjustment for :		
Increase / (Decrease) in Current Liabilities and Provisions	(22,906)	(68,492)
Net Cash Flow From Operating Activities	(62,993)	(275,116)
B. CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES		
Expenditure during Construction period, pending allocation	-	123,973
Net Cash Used in Investing Activities	-	123,973
C. CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES		
Proceeds from Unsecured Loan	-	-
Unsecured Loan repaid	-	(5,000)
Net Cash Flow from Financing Activities	-	(5,000)
Net increase in Cash and Cash equivalents	(62,993)	(156,143)
Cash and Cash equivalents at the beginning of the period	348,857	505,000
Cash and Cash equivalents at the end of the period	285,864	348,857
Notes:		
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.		

For Brahmayya & Co.,
Firm Registration No.: 0005155
Chartered Accountants

For and on behalf of the Board of Directors of
GMR Hyderabad Multiproduct SEZ Ltd.

Sd/-
G. Srinivas
Partner
Membership No. 086761
Place :
Date : May 23, 2011

Sd/-
Vikram Jaisinghani
Director
Place : Hyderabad
Date : May 23, 2011

Sd/-
G. Radhakrishna Babu
Director
Place : Hyderabad
Date : May 23, 2011

GMR HYDERABAD MULTIPRODUCT SEZ LIMITED

Balance Sheet Abstract And Company's General Business Profile

1 Registration Details			
Registration No.	U45209AP2007PLC056527	State Code	01
Balance Sheet Date	March 31, 2011		
2 Capital Raised during the year (Amount in Rs. Thousands)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
3 Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)			
Total Liabilities	500	Total assets	500
Sources of Funds			
Paid - Up Capital	500	Share Application Money	Nil
Reserves & Surplus	Nil	Unsecured Loans	Nil
Secured Loans	Nil	Grant from GOAP	Nil
Application of Funds			
Net Fixed Assets	Nil	Investments	Nil
Net Current Assets	253	Misc. Expenditure	Nil
Accumulated Losses	247		
4 Performance of company (Amount in Rs. Thousands)			
Total Income	0	Total Expenditure	40
5 Generic Names of Three Principal Products / Services of Company (as per monetary terms)			
Item Code No. :	N.A		
Product Description	N.A		

For and on behalf of the Board of Directors of
GMR Hyderabad Multiproduct SEZ Ltd.

Sd/-
Vikram Jaisinghani
 Director

Sd/-
G. Radhakrishna Babu
 Director

Place : Hyderabad
 Date : May 23, 2011

Place : Hyderabad
 Date : May 23, 2011