S. R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
Oval office, 18, iLabs Centre,
Hitech City, Madhapur,
Hyderabad – 500 081

Brahmayya & Co.,
Chartered Accountants
Khivraj Mansion,
10/2, Kasturba Road,
Bengaluru – 560 001

INDEPENDENT AUDITOR'S REPORT

To the Members of GMR Hyderabad International Airport Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GMR Hyderabad International Airport Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and joint controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

BRAHMAYYA & CO. Chartered Accountants BENGALURU

internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion

As detailed in Note 48 to the accompanying consolidated financial statements for the year ended March 31, 2016, the Company has Goodwill amounting to Rs. 362,687,309 arising on additional investment by Holding Company in a subsidiary Company GMR Aerospace Engineering Limited (GAEL). GAEL has a wholly owned subsidiary GMR Aero Technic Limited (GATL), whose accumulated losses have fully eroded its net worth as at March 31, 2016. Based on the reasons fully explained in the aforesaid note, the management is of the view that there is no provision for impairment in the carrying value of goodwill at this juncture. However, in view of the current financial position of the step down subsidiary company and in the absence of sufficient appropriate audit evidence to support the key assumptions made by the management in the business plan, we are unable to comment on the carrying value of the goodwill including adjustments, if any, that may be required to be made to such carrying amount of goodwill.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated the state of affairs of the Group, and jointly controlled entities as at March 31, 2016, of their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

a. With regard to note 42 to the consolidated financial statements, the Holding Company has accrued Rs. 24,750,000 during the year ended March 31, 2016 towards the remuneration to its Managing director, which includes Rs. 8,366,228 in excess of the limits specified in Sub Section (3) of Section 197 read with Schedule V of the Companies Act, 2013. Further, for the year ended March 31, 2015, the Holding Company had accrued Rs. 18,989,329 including Rs. 10,473,439 in excess of the limits specified in Sub Section (3) of Section 197 read with Schedule V of the Companies Act, 2013. The approval in respect of the aforesaid matter is awaited from the Central Government. The ultimate outcome of the matter cannot be presently determined. Pending the final outcome, no adjustments have been made in this regard in the financial statements.

b. We draw attention to note 33 (b) (d) to the consolidated financial statements regarding the costs related to residential quarters for Central Industrial Security Force (CISF) deployed at the Rajiv Gandhi International Airport, Hyderabad and other costs which continue to be adjusted against PSF (SC) fund pending the final decision from the Honourable High Court at Hyderabad for the State of Telangana and for the State of Andhra Pradesh and consequential instructions from the MoCA.

Our opinion is not qualified in respect of the aforesaid matters.

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Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, to the extent applicable, we report that:

(a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) The matter described in the Basis for Qualified Opinion paragraph and note (b) under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies and jointly controlled entities incorporated in India, none of the directors of the Group's companies and jointly controlled entities incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

(h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and jointly controlled entities incorporated in India, refer to our separate report in "Annexure 1" to this report;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and jointly controlled entities - Refer Note 33 and 35 to the consolidated financial statements;

   ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses in long-term contracts including derivative contracts and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and jointly controlled entities incorporated in India.

Other Matters

(a) The accompanying consolidated financial statements include total assets of Rs 6,341,539,113 (March 31, 2015: Rs.6,555,228,225) as at March 31, 2016, and total revenues (including other income) and net cash inflows of Rs 3,122,810,830 (March 31, 2015: Rs.2,469,620,790) and Rs. 2,671,655 (March 31, 2015: Rs. 2,786,585) for the year ended on that date, in respect of 12 subsidiaries, and 1 jointly controlled entity, which have been audited by one of us in individual capacity.

(b) The accompanying consolidated financial statements include total assets of Rs 186,462,811 as at March 31, 2016, and total revenues and net cash outflows of Rs. 209,073,358 and Rs. 6,885,328 for the year ended on that date, in respect of 1 jointly controlled entity, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entity, is based solely on the report of such other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

per Shankar Srinivasan
Partner
Membership Number: 213271

Place: Hyderabad
Date: July 18, 2016

For Brahmayya & Co
ICAI Firm Registration Number: 00051S
Chartered Accountants

per G.Srinivas
Partner
Membership Number: 086761

Place: Hyderabad
Date: July 18, 2016

BRAHMAYYA & CO. Chartered Accountants BENGALURU

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GMR HYDERABAD INTERNATIONAL AIRPORT LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of GMR Hyderabad International Airport Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of GMR Hyderabad International Airport Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and jointly controlled entities, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

BRAHMAYYA & CO. Chartered Accountants BENGALURU

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of subsidiary companies and jointly controlled entities, which are companies incorporated in India, the following material weakness have been identified as at March 31, 2016:

a. The Holding Company has designed internal financial controls over estimation of impairment of goodwill, however, in case of such assessment with respect to the goodwill on acquisition of a subsidiary company, as more fully explained in note 48 to the consolidated financial statements as at March 31, 2016, the absence of sufficient appropriate audit evidence to support the key assumptions made by the management in the business plan, could potentially result in the Company not providing for adjustments, if any, that may be required to be made to such carrying amounts of goodwill.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, the Holding Company, its subsidiary companies and jointly controlled entities which are companies incorporated in India, have,, in all material respects, maintained adequate internal financial controls over financial reporting as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the internal financial controls over financial reporting were operating effectively in the Holding Company, its subsidiary companies and jointly controlled entities which are companies incorporated in India as of March 31, 2016.

BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

BRAHMAYYA & CO. Chartered Accountants BENGALURU

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 12 subsidiary companies and 2 jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated July 18, 2016 expressed a qualified opinion.

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership Number: 213271

Place: Hyderabad
Date: July 18, 2016

For Brahmayya & Co
ICAI Firm Registration Number: 00051S
Chartered Accountants

per G.Srinivas
Partner
Membership Number: 086761

Place: Hyderabad
Date: July 18, 2016

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Consolidated Balance Sheet as at March 31, 2016

(Amount in Rupees)

	Notes	March 31, 2016	March 31, 2015
Equity and Liabilities			
Shareholders' funds			
Equity share capital	3	3,780,000,000	3,780,000,000
Reserves and surplus	5	(2,868,818,250)	(2,574,512,160)
		911,181,750	**1,205,487,840**
Preference share capital issued by subsidiary	4	180,000,000	180,000,000
Minority interest		248,942,760	215,204,880
Non-current liabilities			
Long-term borrowings	6	25,009,133,081	24,529,809,884
Deferred tax liability (net)	7	-	14,870,096
Other long term liabilities	8	2,541,029,288	2,152,581,116
Long term provisions	9	16,574,766	15,044,760
		27,566,737,135	**26,712,305,856**
Current liabilities			
Short-term borrowings	10	276,555,106	274,204,507
Trade Payables	11		
Total outstanding dues of micro enterprises and small enterprises		-	534,972
Total outstanding dues of creditors of other than micro enterprises and small enterprises		894,272,843	675,410,893
Other current liabilities	12	1,652,795,776	1,307,947,810
Short-term provisions	9	123,156,043	97,502,632
		2,946,779,768	**2,355,600,814**
TOTAL		**31,853,641,413**	**30,668,599,390**
Assets			
Non-current Assets			
Fixed assets			
Tangible assets	13.1	22,967,128,395	23,648,270,891
Intangible assets	13.2	561,891,909	643,910,100
Capital work-in-progress		699,737,166	555,067,076
Deferred tax assets (net)	7	378,604,023	-
Long term loans and advances	14	2,297,687,715	3,237,057,234
Other non-current assets	15.2	45,053,770	66,298,698
		26,950,102,978	**28,150,603,999**
Current Assets			
Current investments	16	2,235,713,662	294,217,614
Inventories	17	485,672,603	440,049,949
Trade receivables	15.1	1,349,543,577	884,019,243
Cash and bank balances	18	522,957,817	537,357,127
Short-term loans and advances	14	158,016,439	252,751,463
Other current assets	15.2	151,634,337	109,599,995
		4,903,538,435	**2,517,995,391**
TOTAL		**31,853,641,413**	**30,668,599,390**
Summary of significant accounting policies	2.1		

The accompanying notes form an integral part of the Consolidated Financial Statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No.: 213271

Place: Hyderabad
Date: July 18, 2016

For Brahmayya & Co.,
ICAI Firm registration number: 000515S
Chartered Accountants

per G. Srinivas
Partner
Membership No.: 86761

For and on behalf of the Board of Directors of

GMR Hyderabad International Airport Limited

Srinivas Bommidala
Managing Director
DIN: 00061464

RSSLN Bhaskarudu
Director
DIN: 00058527

Anup Kumar Samal
Company Secretary

Rajesh Arora
Chief Financial Officer

Place: Hyderabad
Date: July 18, 2016

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Consolidated Statement of Profit and Loss for the year ended March 31, 2016

(Amount in Rupees)

	Notes	For the year ended March 31, 2016	For the year ended March 31, 2015
Income			
Revenue from operations	19	8,834,596,158	6,263,231,820
Other income	20	262,727,752	245,497,408
Total (A)		9,097,323,910	6,508,729,228
Expenses			
Concession fees		257,851,718	177,242,398
Purchase of traded goods		361,848,032	274,070,320
Increase in traded goods	21	(25,943,105)	(14,855,110)
Employee benefits expense	22	1,208,342,915	1,084,886,702
Other expenses	23	2,695,304,187	2,495,278,664
Total (B)		4,497,403,747	4,016,622,974
Earning before interest, tax, depreciation and amortization (EBITDA) (A) - (B)		4,599,920,163	2,492,106,254
Finance cost	24	2,453,379,817	2,465,530,132
Depreciation and amortisation expenses	25	2,541,735,612	2,488,664,129
Loss before tax expense, exceptional items and minority interest		(395,195,266)	(2,462,088,007)
Exceptional Items (Net)		27,706,758	-
Loss before tax expenses and minority interest		(422,902,024)	(2,462,088,007)
Tax expenses			
Current tax		117,923,720	83,695,015
Minimum alternate tax credit entitlement		(8,122,142)	-
Deferred tax		(393,474,119)	(103,380,536)
Tax of earlier year		639,798	(4,791,127)
Minimum alternate tax credit entitlement of earlier years		-	4,607,164
Total tax expense		(283,032,743)	(19,869,484)
Loss after tax expenses and before minority interest		(139,869,281)	(2,442,218,523)
Minority interest - share of profit		106,405,507	87,541,190
Loss for the year		(246,274,788)	(2,529,759,713)
Earnings per equity share (Rs.)	26		
Basic and diluted		(0.65)	(6.69)
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration
101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No.: 213271

Place: Hyderabad
Date: July 18, 2016

For Brahmayya & Co.,
ICAI Firm registration number:
number: 000515S
Chartered Accountants

per G. Srinivas
Partner
Membership No.: 86761

For and on behalf of the Board of Directors of
GMR Hyderabad International Airport Limited

Srinivas Bommidala
Managing Director
DIN: 00061464

RSSLN Bhaskarudu
Director
DIN: 00058527

Anup Kumar Samal
Company Secretary

Rajesh Arora
Chief Financial Officer

Place: Hyderabad
Date: July 18, 2016

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Consolidated Cash flow Statement for the year ended March 31, 2016

(Amount in Rupees)

	Particulars	March 31, 2016	March 31, 2015
A.	**Cash flow from Operating Activities**		
	Loss before tax expense and minority interest	(422,902,024)	(2,462,088,007)
	Adjustments for:		
	Depreciation and amortisation expenses	2,541,735,612	2,488,664,129
	Profit on sale of current investments (net)	(92,034,739)	(76,183,634)
	Adjustment due to conversion from Jointly controled entitity to subsidiary	-	(34,870,718)
	Contingent provisions against standard assets written back	-	(1,275,369)
	Liabilities/provisions no longer required, written back	(16,869,732)	(7,685,503)
	Diminution in value of inventory	4,812,613	3,476,366
	Interest income	(103,620,097)	(115,041,777)
	Profit on sale of fixed assets	(1,254,765)	(369,336)
	Fixed assets written off	120,693	11,345,896
	Transfer of travel/Consultancy expenditure from capital work in progress	27,706,758	2,274,431
	Bad debts /advances /deposit written off	545,640	830,295
	Provision for doubtful advances and trade receivable	903,795	13,195,283
	Interest expense	2,453,379,817	2,382,389,953
	Unrealized foreign exchange loss/(gain)	1,264,427	(3,699,845)
		4,393,787,998	**2,200,962,164**
	Operating profit before working capital changes		
	Increase/(Decrease) in trade payables	217,062,551	(809,468,168)
	Increase in other liabilities	492,471,931	280,954,934
	(Increase)/Decrease in trade receivable	(467,630,051)	1,650,028,630
	(Increase)/Decrease in inventories	(50,435,267)	7,444,263
	Decrease in loans and advances	214,824,356	247,894,523
	Increase in provisions	29,934,390	21,868,567
	Increase in other assets	(30,400,663)	(97,220,736)
	Cash generated from Operations	4,799,615,244	3,502,464,177
	Direct taxes paid	(103,679,715)	(300,865,674)
	Net Cash from Operating Activities (A)	**4,695,935,529**	**3,201,598,503**
B.	**Cash flows from Investing Activities**		
	Purchase of fixed assets (Net)	(781,581,426)	(480,991,287)
	Proceeds from sale of fixed assets	2,946,742	710,599
	Investment in /Loans to subsidiaries	-	1,000,000,000
	Purchase of non-current investments	-	(62)
	Proceeds from sale/maturity of current investments	12,126,453,701	10,006,502,271
	Purchase of current investments	(14,067,949,749)	(9,737,169,552)
	Investment in deposits with original maturity of more than three months	(66,278,749)	(264,994,137)
	Proceeds from withdrawal of deposits more than 3 months	24,977,698	415,621,065
	Income from investment	92,034,739	76,183,634
	Interest received	93,785,117	260,548,204
	Cash flows from Investing Activities (B)	**(2,575,611,927)**	**1,276,410,735**
C.	**Cash flows from Financing Activities**		
	Dividend paid to minority/preference shareholders	(45,461,234)	(94,379,436)
	Minority Interest Movement	(72,667,627)	-
	Proceeds from borrowings	1,104,368,844	62,039,716
	Repayment of borrowings	(1,045,511,162)	-
	Interest and finance costs paid	(2,136,855,295)	(2,009,638,727)
	Net Cash flow used in investing activities (C)	**(2,196,126,474)**	**(4,514,262,554)**
	Net Decrease in Cash and Cash equivalents (A+B+C)	**(75,802,872)**	**(36,253,316)**
	Cash and Cash equivalents as at the beginning of the year	336,111,800	370,487,191
	Effects of exchange differences on cash & cash equivalents held in foreign currency	656,281	1,877,925
	Cash and Cash equivalents as at the end of the year	**260,965,209**	**336,111,800**

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

BRAHMAYYA & CO. Chartered Accountants BENGALURU

GMR HYDERABAD INTERNATIONAL AIRPORT LTD. HYDERABAD

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2016

1. **Corporate information**

GMR Hyderabad International Airport Limited ('GHIAL' or 'the Company') and its subsidiaries, joint controlled entities (hereinafter collectively referred to as 'the Group') are mainly engaged in construction and maintenance of airport and various related activities.

GMR Hyderabad International Airport Limited ('GHIAL' or 'the Company'), was incorporated on December 17, 2002, for managing the operations of Rajiv Gandhi Hyderabad International Airport.

Airport Sector

Majority of the entities of the Group are engaged in operation of airport infrastructure and other allied service such as cargo handling, development of airport city and SEZ area near airport, flight training, trading of goods in duty free area of airport, security services and maintenance, repair and overhaul facility(MRO) of aircraft at near and around the airport etc.

Other Sector

Operation of hotel sector has been covered under other sector.

2. **Basis of preparation of Consolidated Financial Statements**

The Consolidated Financial Statements include accounts of the company, its subsidiaries (accounted as per Accounting Standard ('AS') 21) and jointly controlled entities (accounted as per AS 27). Subsidiary undertakings are those companies in which Company, directly or indirectly, has an interest of more than one half of its voting power or otherwise control the composition of Board of directors so as to obtain economic benefits from its activities. Subsidiaries are Consolidated from the date on which effective control is transferred to the Group till the date such control ceases. The Consolidated Financial Statements has been prepared in all material respect with the accounting standard notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of Companies (Accounts) rules 2014. The Consolidated Financial Statements have been prepared under the historical cost convention. The accounting policies have been consistently applied by the Group.

The results of operations of a subsidiary are included in the Consolidated Financial Statements from the date on which the parent subsidiary relationship came into existence.

The Consolidated Financial Statements are prepared as a line-by-line basis by adding together the value of like items of assets, liabilities, income and expenses after fully eliminating intra group balances, intra group transactions and unrealized profit or loss on transaction between the entities in the Group, unless cost cannot be recovered.

Minorities' interest in net profits/losses of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.

The difference between the cost to the Group of investment in subsidiaries and joint controlled entities and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be. Goodwill arising on consolidation is tested for impairment annually.

The gain or losses arising from dilution of interest on issue of additional shares to third parties is recorded as Capital Reserve/Goodwill as the case may be. Gains or losses arising on the direct sale by the Company of its investment in its subsidiaries to third parties are transferred to the Statement of Profit and Loss. Such gains or

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losses are the difference between the sales proceeds and the net carrying value of the investment on the date of sale.

The Consolidated Financial Statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

Investments in the Jointly Controlled Entities have been accounted using proportionate consolidation method whereby the Group includes its share of assets, liabilities, income and expenses of jointly controlled entities in its Consolidated Financial Statements as per AS 27 on 'Financial Reporting of Interest in Joint Ventures' after elimination of intra- group balances, intra- group transactions and unrealized profit and losses on the transactions between the group companies to the extent of the Company's proportionate share except where the cost cannot be recovered.

The Consolidated Financial Statements for the year ended March 31, 2016 have been prepared on the basis of the financial statements of the following subsidiaries and Joint Controlled Entities:

Sl. No.	Name of the Company	Relationship as at reporting date	Percentage of effective ownership interest held directly or indirectly as at March 31,2016	Percentage of effective ownership interest held directly or indirectly as at March 31,2015
1	Hyderabad Menzies Air Cargo Private Limited (HMACPL)	Subsidiary	51%	51%
2	Hyderabad Airport Security Services Limited (HASSL)	Subsidiary	100%	100%
3	GMR Hyderabad Airport Resource Management Limited (GHARML)	Subsidiary	100%	100%
4	GMR Hyderabad Aerotropolis Limited (GHAL)	Subsidiary	100%	100%
5	GMR Hyderabad Aviation SEZ Limited (GHASL)	Subsidiary	100%	100%
6	GMR Hyderabad Multipurpose SEZ Limited (GHMSL)	Subsidiary	100%	100%
7	Hyderabad Duty Free Retail Limited (HDFRL)	Subsidiary	100%	100%
8	GMR Airport Handling Services Co. Limited (GAHSCL)	Subsidiary	100%	100%
9	GMR Hyderabad Airport Power Distribution Limited (GHAPDL)	Subsidiary	100%	100%
10	GMR Hotels and Resorts Limited (GHRL)	Subsidiary	100%	100%
11	GMR Aerospace Engineering Limited (GAEL)	Subsidiary	100%	100%
12	GMR Aero Technic Limited (GATL)	Subsidiary	100%	100%
13	Asia Pacific Flight Training Academy Limited (APFTAL)	Jointly controlled entity	39.66%	39.66%
14	Laqshya Hyderabad Airport Media Private Limited (LHAMPL)	Jointly controlled entity	49%	49%

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2.1 Statement of significant accounting policies

a. Change in accounting policies:

The Group, wherever applicable, has adopted component accounting as required under Schedule II to the Companies Act, 2013 from April 1, 2015. The Group was previously not identifying components of fixed asset separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

Due to application of Schedule II to the Companies Act, 2013, the Group has changed the manner of depreciation for its fixed asset. Now, the Group identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Group has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., April 1, 2015, its carrying amount, after retaining any residual value, is charged to the statement of profit and loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on April 1, 2015, is depreciated over their remaining useful lives.

The Group has also changed its policy on recognition of cost of major inspection/ overhaul. Earlier the Group used to charge such cost directly to statement of profit and loss. On application of component accounting, the major inspection/ overhaul is identified as a separate component of the asset at the time of purchase of new asset and subsequently. The cost of such major inspection/ overhaul is depreciated separately over the period till next major inspection/ overhaul. Upon next major inspection/ overhaul, the costs of new major inspection/ overhaul are added to the asset's cost and any amount remaining from the previous inspection/ overhaul is derecognized.

The Group, based on technical review, has assessed the components except in case of Runways and Taxiways which is pending issuance of final notification by Airport Economic Regulatory Authority (AERA).

Had the Group continued to use the earlier policy of depreciating fixed asset, its financial statements for the year would have been impacted as below:

Depreciation for the current year would have been lower by Rs. 145,856,266 Profit before tax for the current year would have been higher by Rs. 145,856,266 and fixed assets would correspondingly have been higher by Rs. 145,856,266.

On the date of component accounting becoming applicable, i.e., April 1, 2015, there was no component having zero remaining useful life.

b. Use of estimates:

The preparation of Consolidated Financial Statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at 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.

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c. Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Airport Sector Business:

i. Revenue from Airport Operations i.e. Aeronautical and Non-Aeronautical Operations are recognized on an accrual basis, net of service tax and applicable discounts, when services are rendered and it is possible that an economic benefit will be received which can be quantified reliably. Revenue from Aeronautical operations includes landing and parking charges of aircraft, operation and maintenance of passenger boarding and other allied services. Revenue from Non-aeronautical operations include granting rights to use land and space primarily for catering to the needs of passengers, air traffic services and air transport services.

ii. In case of cargo handling revenue, revenue from outbound cargo is recognised at the time of acceptance of cargo with respect to non-airline customers and at the time of departure of aircraft with respect to airline customers and revenue from inbound cargo is recognised at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers.

iii. Revenue from commercial property development rights granted to concessionaires is recognised on accrual basis, as per the terms of the agreement entered into with the customers.

iv. Revenue from sale of goods at the duty free outlets operated by the Group is recognised at the time of delivery of goods to customers which coincides with transfer of risks and rewards to its customers. Sales are stated net of returns and discounts.

v. Revenue from sale of fuel is recognised when fuel is transferred to the customers and is measured based on the consideration received or receivable, net of returns and trade discounts.

vi. Revenue from developing, operating, maintaining and managing the sites at the airport for display of advertisements is recognised over the period of display of advertisements, net of taxes, rebates and discounts.

vii. Revenue from flight training operations related to aircraft flying hour's fee is recognized on accrual basis based on actual flying hours of flying training imparted during the period and revenue from fees for other training courses is recognized on accrual basis across the training period on straight line basis.

viii. Revenue from Maintenance contacts is recognised as and when services are rendered.

ix. Revenue earned in excess of billings has been included under 'other assets' as unbilled revenue and billings in excess of revenue has been disclosed under 'other liabilities' as unearned revenue.

Other Sector Business:

Revenue from hotel operations comprises of income by way of hotel room rent, sale of food, beverages and allied services relating to the hotel and is recognised net of taxes and discounts as and when the services are provided and products are sold.

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Others:

i. Dividend income is recognised when the right to receive dividend is established by the reporting date.
ii. Interest on delayed receipts from customers is recognised on acceptance.
iii. Income from management / technical services is recognised as per the terms of the agreement on the basis of services rendered.
iv. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.
v. On disposal of current investments, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

d. Concession fee:

Concession Fee is computed as a percentage of gross income pursuant to the terms and conditions of the relevant agreement for development, construction, operation and maintenance of the airport and is recognized as 'Concession Fees' to the statement of profit and loss.

e. Tangible fixed assets:

Tangible fixed assets are stated at cost net of Cenvat credit and other duty drawbacks less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repairs and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

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

The Group adjusts exchange differences arising on translation / settlement of the long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

f. Depreciation on tangible fixed assets:

Depreciation on tangible fixed assets is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the Management, which coincide with the lives prescribed under Schedule II to the Companies Act, 2013. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

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In case of LHAMPL, depreciation on tangible assets except media assets and electrical fittings of media assets is provided under written down value method based on the useful lives of the assets as prescribed under Part C of the Schedule II of the Companies Act, 2013. The depreciation charges of the assets deprecated on written down value method is not significant in context of Consolidated Financial Statements.

The Group has used the following useful lives to provide depreciation on its fixed assets (other than Components of the fixed assets):

Particulars	Useful lives estimated by the management (years)	Useful lives estimated by the management (years)
	2015-16	2014-15
Improvements to leasehold land	15-30	15-30
Runways and taxiways	30	30
Roads- Other than RCC*	10	10
Other Buildings	30-60	Not Applicable
Buildings on lease hold land	10-30	27-30
Electrical installations*	10-15	10-15
Advertising Media	7-20	7-20
Plant and machinery	3-15	3-15
Office Equipment	5	5
Computer equipment and IT systems	3 – 6	3 – 6
Furniture and fixtures	8 -10	8 -10
Vehicles	8– 10	8– 10

*The management has estimated, supported by technical evaluation and past experience, the useful lives of the following classes of assets:

- The useful lives of internal roads – other than RCC and certain electrical installations (transformers) are estimated as 10 years and 15 years respectively. These lives are longer than those indicated in schedule II.

- On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has issued a consultation paper viz.05/2014-15 in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports wherein it, interalia, mentioned that the Authority proposes to lay down, to the extent required, the depreciation rates for airport assets, taking into account the provisions of the useful life of assets given in Schedule II of the Companies Act, 2013, for such assets that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector. The Authority has initiated the process to enable it to issue a notification as appropriate, pursuant to the provisions of Part B of Schedule II of the Companies Act, 2013 for this purpose. Pending issuance of final notification by AERA of the useful lives of airport specific assets i.e. Runways, Taxiways and Apron, the Company, in the absence of any specific mention of useful lives of these assets in Schedule II to the Companies Act, 2013, has continued to depreciate these assets over their estimated useful lives as determined by the Management based on a technical evaluation. The impact, if any, based on the useful lives as may be notified by the Authority will be considered as per the order of the Authority.

- Advertising Media assets are depreciated over a period of 20 years based on internal assessment and independent technical evaluation carried out by external valuers and electrical fittings of media assets grouped under Advertising Media are depreciated over a period of 7

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years based on the internal assessment of useful life by the management. Management believes that the useful lives of media assets and electrical fittings as given above best represent the period over which management expects to use these assets.

- In case of GAEL, Buildings on leasehold land are amortized on a straight line basis over the period of lease i.e., 27 years.

Leasehold Improvements are amortised over shorter of estimated useful lives or lease period.

Individual assets costing less than Rs. 5,000 are fully depreciated. In case of GAEL (Subsidiary) tools and equipment, where such individual items constitute more than 10% of the total cost of Tools and equipment normal useful lives have been considered.

Depreciation on adjustment to the historical cost of the assets on account of foreign exchange fluctuation, if any, is provided prospectively over the residual useful life of the asset.

g. Intangible assets:

Goodwill arising on consolidation is not amortized but tested for impairment.

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Intangible assets are amortized on a straight - line basis over their useful life not exceeding six years. However, in case of GATL (Subsidiary) software is amortised over a period of five years and technical know-how is amortised over three years to five years from the date of issuance of certificate from competent authority.

The amortization period and amortization methods are reviewed at the end of each financial year. If the expected useful life of the asset is significantly different from the previous estimates, the amortization period is changed accordingly. If there has been a significant change in the pattern of the economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

Research and development cost:

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an intangible asset when the group can demonstrate all the following:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale
ii. The Group's intention to complete the asset
iii. The Group's ability to use or sell the asset
iv. The asset will generate future economic benefits
v. The availability of adequate resources to complete the development and to use or sell the asset
vi. The ability to measure reliably the expenditure attributable to the intangible asset during development.

h. Impairment of tangible and intangible assets:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units ('CGU') net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a

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pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses including impairment on inventories are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

i. Investments :

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the Consolidated Financial Statements at lower of cost or fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in nature in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Inventories

Food and beverages, stores and spares and traded goods are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

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k. **Foreign currency transactions:**

(i) **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(iii) **Exchange differences**

The Group accounts for exchange difference arising or translation / settlement of foreign currency monetary items as below:

- Exchange difference arising on the settlement of monetary items, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year are recognized as income or expense in the year in which they arise.

- Exchange difference arising on long term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

- Exchange difference arising on other long term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

- All other exchange difference is recognized as income or as expenses in the period in which they arise.

- For the purpose of above, the Group treats foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

(iv) **Forward exchange contracts not intended for trading or speculations purposes**

The premium or discount arising at the inception of the forward exchange contracts is amortized as expenses or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenses for the year.

l. **Government grant:**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with. Government grant in the nature of capital subsidy is treated as capital reserve.

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m. Retirement and other employee benefits:

a) Retirement benefit in the form of provident fund and superannuation fund are defined contribution schemes. The contributions are charged to the statement of profit and loss for the year when the contributions are due. The Group has no obligation, other than the contribution payable to the funds.

b) The Group operates a defined benefit plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at the end of each year. Actuarial valuation is carried out for the plan using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which it occurs in the statement of profit and loss.

c) Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

d) The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. However, the Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

n. Borrowing costs:

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

o. Earnings per share:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events such as bonus issue, bonus element in a rights issue, Share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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.

p. 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.

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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 recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Group 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 Group 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 such 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.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

q. Leases:

For lessee:

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

For lessor:

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

r. Provisions:

A provision is recognized when an enterprise has a present obligation as a result of past event and 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

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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.

s. 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.

t. Derivative instruments:

The Group enters into arrangements of interest rate swaps to hedge its risk on variable rate currency loans as an underlying hedge item or highly probable forecast transaction. Such derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect of hedge item is charged to the income statement. Net gains are ignored.

u. Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

v. Corporate Social Responsibility (CSR) expenditure:

The Group has opted to charge its CSR expenditure during the year to the statement of profit and loss.

w. Measurement of EBIDTA

The Group has elected to present earnings before interest, tax, depreciation and amortization (EBIDTA) as a separate line item on the face of the statement of profit and loss. The Group measures EBIDTA on the basis of profit / (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expenses, finance cost and tax expense.

x. Segment Reporting Policies

Identification of Segments:

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment accounting policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

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3 **Share capital**

(Amount in Rupees)

	March 31, 2016	March 31, 2015
Authorized shares (No.)		
400,000,000 (March 31, 2015: 400,000,000) equity shares of Rs. 10 each	4,000,000,000	4,000,000,000
	4,000,000,000	4,000,000,000
Issued, subscribed and fully paid-up shares (No.)		
Equity Share Capital		
378,000,000 (March 31, 2015: 378,000,000) equity shares of Rs.10 each fully paid up	3,780,000,000	3,780,000,000
Total issued, subscribed and fully paid-up share capital	3,780,000,000	3,780,000,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	March 31, 2016		March 31, 2015	
	No.	Rs	No.	Rs
Equity Share Capital				
At the beginning of the year	378,000,000	3,780,000,000	378,000,000	3,780,000,000
Outstanding at the end of the year	378,000,000	3,780,000,000	385,700,000	3,857,000,000

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.Further, all the shareholders will have their representative in Board of Directors of the Company as per the terms of the agreement.

(c) Shares held by holding/ ultimate holding company

Out of equity shares issued by the Company, shares held by it's holding company and ultimate holding company are as below.

	March 31, 2016		March 31, 2015	
GMR Airports Limited, holding company	No.	Rs	No.	Rs
238,139,000 (March 31, 2015: 238,139,000) Equity shares of Rs. 10 each fully paid-up	238,139,000	2,381,390,000	238,139,000	2,381,390,000
GMR Infrastructure Limited, ultimate holding company				
1,000 (March 31, 2015: 1,000) Equity shares of Rs. 10 each fully paid-up	1,000	10,000	1,000	10,000

(d) Details of shareholders holding more than 5% shares in the Company	March 31, 2016		March 31, 2015	
Equity shares of Rs. 10 each fully paid	No.	% holding	No.	% holding
GMR Airports Limited, holding company	238,139,000	63.00%	238,139,000	63.00%
Airports Authority of India	49,140,000	13.00%	49,140,000	13.00%
Government of Telangana	49,140,000	13.00%	49,140,000	13.00%
MAHB (Mauritius) Private Limited	41,573,540	11.00%	41,573,540	11.00%

As per records of the Company, including its register of shareholders/ members, the above shareholding represent both legal and beneficial ownership of shares.

4 **Preference share capital issued by subsidiary**

(Amount in Rupees)

	March 31, 2016	March 31, 2015
Authorized share capital (No.)		
18,450 (March 31, 2015: 18,450) preference shares of Rs. 10,000 each	184,500,000	184,500,000
	184,500,000	184,500,000
Issued, subscribed and fully paid-up shares		
18,000 (March 31, 2015: 18,000) preference shares of Rs. 10,000 each	180,000,000	180,000,000
Total issued, subscribed and fully paid-up share capital	180,000,000	180,000,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the period	March 31, 2016		March 31, 2015	
	No.	Rs.	No.	Rs.
At the beginning of the year	18,000	180,000,000	18,000	180,000,000
Outstanding at the end of the year	18,000	180,000,000	18,000	180,000,000

(b) Details of shareholders holding more than 5% shares in the Company	March 31, 2016		March 31, 2015	
	No.	Rs.	No.	Rs.
Menzies Aviation cargo (Hyderabad) Limited (Mauritius)	18,000	100%	18,000	100%

(c) Terms of conversion/redemption of Cumulative Compulsory Convertible Preference Shares (CCCPS)

One of the Subsidiary of the GHAIL(Holding Company), HMACPL has issued 18,000 (March 31, 2015: 18,000) fully paid up CCCPS of Rs. 10,000/- each. CCCPS carries cumulative dividend @ 11.97% and the HMACPL declares the dividend in Indian Rupees. CCCPS shall be compulsorily converted into equity shares of Rs. 10/- each at the rate of one equity shares for each CCCPS as the case may be, after the expiry of the concession period.

Other than the right to receive the dividends and preference rights on voluntary winding up, the CCCPS shall not have any rights including but not limited to the voting rights. These preference shares shall rank pari-passu for the all the rights other than the par value of each share and the dividends thereon.

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5 **Reserve & Surplus** *(Amount in Rupees)*

		March 31, 2016	March 31, 2015
Capital Reserve			
At the beginning of the year		1,070,000,000	1,070,000,000
Closing Balance	(A)	**1,070,000,000**	**1,070,000,000**
Deficit in the statement of profit and loss			
Opening balance		(3,644,512,164)	(1,075,440,374)
Adjustments in opening balance of Statement of Profit & Loss			
Add:- Profit/(loss) for the year		(246,274,788)	(2,529,759,713)
Less: Dividend on Preference Share		21,546,000	21,551,606
Less: Tax on dividend on Preference Shares		4,390,824	4,170,301
Less: Tax on dividend declared by subsidiary		22,094,478	13,590,170
Net deficit in the statement of profit and loss	(B)	**(3,938,818,254)**	**(3,644,512,164)**
Total reserves and surplus	(A+B)	**(2,868,818,250)**	**(2,574,512,160)**

6 **Long term borrowings** *(Amount in Rupees)*

	Non-current portion		Current portion	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee term loan from banks (secured)	12,652,615,783	11,814,510,088	360,501,767	238,800,000
Foreign currency loan from banks (secured)	4,884,225,500	5,177,226,000	597,591,500	564,387,000
Indian rupee term loan from a financial institution (secured)	4,207,925,000	4,250,000,000	42,075,000	-
Loans from others				
Government of Telangana (unsecured)	3,150,500,000	3,150,500,000	-	-
Loans from related party (unsecured)	107,866,798	129,573,796	21,707,000	15,484,000
Inter-corporate deposits (unsecured)	6,000,000	8,000,000	1,000,000	1,000,000
	25,009,133,081	**24,529,809,884**	**1,022,875,267**	**819,671,000**
The above amount includes				
Secured borrowings	21,744,766,283	21,241,736,088	1,000,168,267	803,187,000
Unsecured borrowings	3,264,366,798	3,288,073,796	22,707,000	16,484,000
Amount disclosed under the head "other current liabilities" (Refer note 12)	-		(1,022,875,267)	(819,671,000)
Net	**25,009,133,081**	**24,529,809,884**	**-**	**-**

Term Loans

I) Indian rupee term loan from banks (secured)

a) Term loan of GHIAL for Rs 8,242,602,734 (March 31, 2015 Rs. 7,342,702,734) from banks carries interest at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate during the year ranges from 10.80% to 11.25% p.a (March 31,2015 11.20% to 11.40% p.a .) During the previous year, the Indian Rupee term loan from banks(secured) were refinanced and the loans are repayable over 52 quarterly instalments beginning from July 31, 2016.

b) Term loan of GHASL of Rs 551,981,589 (March 31 Rs. 497,822,704) is the restructured from the bank at an interest rate of 11% p.a.against the earlier rate of interest of 12%. Due to restructuring, the company got the additional term loan facility by way of additional Funded Interest Term Loan (FITL) over a period of two years from March 1, 2015. Further, the company also got the the moratorium of two years in repayment of loans (term loan and FITL) repayable over 32 unequal quarterly instalments beginning from June 2017 against earlier repayment term of over 40 unequal quarterly instalments beginning from November 2013. The Term loan is secured by mortgage of Leasehold rights, title, interest and benefit in respect of Leasehold Land and exclusive charge on all movable and immovable assets, operating cash flows, book debts, receivables, commissions, revenue of whatsoever nature, both present and future, and an exclusive charge on all the bank accounts of the Project, including TRA, Escrow account.etc.

c) Term Loan of GAEL of Rs 2,819,870,817 (March 31 2015 Rs. 2,575,322,510) from banks (secured) carry interest rate at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate during the year was 11% p.a . (March 31, 2015 : 11% p.a.) . During the year, the Indian rupee term loans from banks (secured) were restructured with a moratorium period of two years in repayment of loans beginning from May 2014 post repayment of first instalment of February 2014. The Loans are repayable in 40 quarterly unequal instalments beginning from June 2016 as against the earlier repayment term of 40 quarterly unequal instalments beginning from February 2014. Further, the interest for a period of 25 months commencing from March 2014 has been converted into Funded Interest Term Loan(FITL). FITL is repayable in 28 quarterly unequal instalments beginning from June 2016 and carry interest rate at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate during the year was 11% p.a. (March 31, 2015 : 11% p.a.)

The Indian rupee term loans from banks are secured by:
(a) First pari-passu charge by way of equitable mortgage of leasehold rights of land (of the Company and the subsidiary, GATL) to the extent of 16.46 acres on which MRO facilities are constructed with all the buildings, structures etc. on such land.
(b) First charge (pari-passu) by way of hypothecation of all the movable assets of the Company and the subsidiary, GATL, but not limited to plant & machinery, machinery spares, tools & accessories, current assets.
(c) First charge (pari-passu) on book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and wherever arising, present and future of the Company and the subsidiary, GATL.

Indian rupee term loans from banks and FITL, post restructuring, are further secured by:
(a) First charge (pari-passu) on all rights, title, interests, benefits, claims and demands whatsoever of the Company and the subsidiary, GATL with respect to the insurance contracts.
(b) First charge (pari-passu) on all the bank accounts of the Company and the subsidiary, GATL.
(c) Pledge of 51% of paid up share capital (i.e. 124,389,000 shares) (March 31, 2015: 121,329,000) of the Company held by Holding Company, GMR Hyderabad International Airport Limited. Out of which, the Company has pledged 121,329,000 shares as at March 31, 2016 (March 31, 2015 : Pledge of 110,619,000 shares) and is in the process of getting the balance shares , i.e. 3,060,000 shares (March 31, 2015 : 10,710,000 which were issued on March 27, 2015) pledged, which were issued on March 31,2016.
(d) Un-conditional and irrevocable Corporate Guarantee of GHIAL pari passu among the Lenders for their respective Term Loans and Funded Interest Term Loans.

The Company GAEL has entered into an agreement with a bank to obtain Loan Equivalent Risk (LER) facility for the cross currency arrangement, which is secured by a second charge over the fixed and current assets of the Company, both present and future. Out of the long term borrowings stated above (Note 29)
(a) Rs. 641,200,000 of term loan of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the principal of Rs. 641,200,000 has been swapped for an equivalent USD 9,516,883.12 and interest on such loan from 11.00 % p.a. to 5.215 % p.a. on the applicable USD amount.
(b) Rs. 236,500,000 Funded Interest Term Loan (FITL) of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the principal of Rs. 236,500,000 has been swapped for an equivalent USD 3,510,204.08 and interest on such loan from 11.00 % p.a. to 5.215 % p.a. on the applicable USD amount.
(c) for Rs. 1,649,800,000 term loan other than (a) above, the interest on such loan of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the interest of 11.00 % p.a. has been swapped to 9.78% p.a. on the applicable equivalent USD 24,486,827.46 on such effective date.
(d) for Rs. 256,324,000 Funded Interest Term Loan (FITL) other than (b) above, the interest on such loan of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the interest of 11.00 % p.a. has been swapped to 9.78% p.a. on the applicable equivalent USD 3,804,437.85 on such effective date.

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d) Term Loan of GHRL of Rs 1,247,862,140 (March 31,2015 Rs. 1,317,862,140) from banks carry interest at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate during the year is 12.20% (March 31, 2015 : 12.75%) . The loan is repayable in 48 unequal quarterly instalment beginning from December 31, 2012. The loan is secured by first pari passu charge by way of equitable mortgage of the immovable properties pertaining to the Hotel Project (including assignment of leasehold rights in the case of leasehold land, if any) and assets of the project consisting of land measuring 5.37 acres together with all the buildings, structures etc on such land, 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 equipment's 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. Also the above loan is secured by corporate guarantee given by the Holding Company (GHIAL).

II) Foreign currency loan from banks (secured)

Foreign currency loan of GHIAL for Rs.5,481,817,0000 (March 31,2015 : Rs 5,741,613,000) from bank carries interest @ LIBOR plus agreed spread, however the Company had entered into an Interest Rate Swap (IRS) arrangement to convert floating rate of interest into fixed rate of interest, as per the terms of the loan agreement. The effective weighted average interest rate is 8.295% p.a (March 31 2015 8.295%). The loan is repayable in 56 quarterly instalments beginning from July 01, 2010.

III) Indian rupee term loan from financial institutions (secured)

Term loan of GHIAL of Rs 4,250,000,000 (March 31,2015 Rs. 4,250,000,000) from financial institutions carries interest at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate during the year ranges from 10.50% to 10.90% p.a (March 31 2015 10.90% to 11.20% p.a.) During the year, the term loans from financial institutions were refinanced and the loan is now repayable in 52 quarterly instalments beginning from July 31, 2016.

Indian rupee loans, foreign currency loan including the IRS arrangement and loan from financial institution are secured by mortgage of leasehold right, title, interest and benefit in respect of leasehold land (to an extent of 2136.455 acres [March 31, 2015: 2044 acres and 29 guntas]) , freehold land of 8.824 acres (March 31, 2015: Nil) and first pari-passu charge on all movable and immovable assets, operating cash flows, book debts, receivables, intangibles and revenues, both present and future, as well as assignment of all right, title, interest, benefits, claims and demands available under the concession agreement and other project documents, security interest in the Trust and Retention account, Debt service reserve account and further secured by pledge of 164,123,514 (March 31, 2015: 164,123,514) and 28,656,486 (March 31, 2015: 28,656,486) equity shares, both present and future, held or to be held, upto 51% of the paid up share capital of the Company, as the case may be, by both, the holding company and MAHB (Mauritius) Private Limited respectively.

Loan from Government of Telangana (unsecured)

Interest free loan of GHIAL Rs. 3,150,500,000 received from the Government of Telangana is repayable in five equal instalments commencing from 16th anniversary from the date of commercial operations (March 23, 2008).

Loan from related Party (unsecured)

Loan from related party (unsecured) Rs. 129,573,798 (March 31 Rs.145,057,796) are the interest free loans taken by LHAMPL from its holding company M/s Laqshya Media Private Limited. The loan is repayable in unequal instalments over a period of six years starting from the financial year 2015-16.

Inter-corporate deposits (unsecured)

The inter-corporate deposit of HMACPL for Rs. 7,000,000 is interest free and is repayable in 15 equal instalments of Rs. 1,000,000 from April 1, 2009.

7	Deferred tax		*(Amount in Rupees)*
		March 31, 2016	March 31, 2015
7.1	**Deferred tax liability**		
	Impact of difference between tax depreciation and Financial book depreciation	1,829,875,099	2,158,097,827
	Gross deferred tax liability	1,829,875,099	2,158,097,827
7.2	**Deferred tax asset**		
	Carry forward losses and unabsorbed depreciation under tax laws	1,930,172,408	1,875,350,907
	Expenditure allowed under tax on payment basis	28,530,184	249,987,173
	Others	249,776,530	17,889,651
	Gross deferred tax asset	2,208,479,122	2,143,227,731
	Net deffered tax liability/(assets)	(378,604,023)	14,870,096

Note:

In case of GHIAL, it is entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2007-08, under Section 80-IA of the Income Tax Act, 1961, with regard to income from airport operations. Considering the unabsorbed depreciation of Rs. 5,608,859,250 and other items of Rs. 898,462,443 as at March 31, 2016 under Income Tax Act, 1961, the management based on the projected future taxable income, expects to avail such tax holiday from the assessment year 2018-19.

The management based on internal assessment, believes that there is a virtual certainty with convincing evidence of availability of such future taxable income as it is entitled to levy regulated charges at the airport as per the concession agreement read along with Order Nos. 13 and 14/2010-11 and Direction 5/2010-11 of Airports Economic Regulatory Authority which ensure a reasonable rate of return to the airport operator, considering the fair rate of return on regulatory assets base, operations and maintenance expenses, depreciation and taxes. Accordingly, during the current year, the Company has recognised deferred tax asset on unabsorbed depreciation and carried forward losses as at March 31, 2016, after considering the timing differences originating on or before the balance sheet date and not reversing within the tax holiday availability period till financial year 2021-22.

As at March 31, 2015, the Company had recognised deferred tax asset on unabsorbed depreciation and carried forward losses, only to the extent of deferred tax liability on depreciation as a matter of prudence.

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8 **Other long-term liabilities** *(Amount in Rupees)*

	March 31, 2016	March 31, 2015
Deferred obligation - concession fee payable *	1,836,700,880	1,578,849,162
Unearned revenue	126,981,143	159,041,952
Deposit from concessionaires	460,880,270	389,566,651
Retention money - Non trade	4,751,331	603,626
Advance from customers	27,889,586	24,519,725
Others	83,826,079	-
Total	2,541,029,288	2,152,581,116

* In case of GHIAL, concession fees is payable to Ministry of Civil Aviation in respect of first 10 years in 20 equal half yearly instalments commencing from the 11th anniversary of the commercial operations date (March 23, 2008). Concession fee from the 11th year is payable on half yearly basis.

9 **Provisions** *(Amount in Rupees)*

	Long-term		Short Term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits				
Provision for gratuity	16,525,020	15,044,760	5,702,309	1,982,982
Provision for leave benefits	49,746		78,914,738	71,144,861
Provision for super annuation fund	-		1,181,795	1,124,427
	16,574,766	15,044,760	85,798,842	74,252,270
Other provisions				
Provision for taxation (net)	-		-	6,123,888
Provision for wealth tax	-		-	11,920
Provision for Mark to market loss (gain) on derivative instruments			17,672,579	
Provision for equity dividend	-		-	10,624,742
Provision for tax on proposed equity dividend	-		13,194,810	-
Provision for preference dividend	-		6,489,812	5,392,106
Provision for tax on proposed preference dividend	-		-	1,097,706
	-	-	37,357,201	23,250,362
Total	16,574,766	15,044,760	123,156,043	97,502,632

10 **Short-term borrowings** *(Amount in Rupees)*

	March 31, 2016	March 31, 2015
Cash credit from banks (secured)	276,555,106	274,204,507
	276,555,106	274,204,507

Cash credit from banks

a) Cash credit of HDFRL of Rs. 188,198 from a bank is secured on a paripassu basis with the security available for term loans from a bank.For security details refer note 6 above.

b) Cash credit facility of GATL of Rs 234,155,106 (March 31 2015 Rs 224,079,264) is secured by way of first charge on entire current assets and cash flows including stocks, receivables, bank balances etc., (Paripassu charge with existing loan taken from its Holding company (GAEL)), first paripassu charge by way of extension of equitable mortgage of leasehold rights of land to the extent of 16.46 acres standing in the name of its Holding company (GAEL), in Sy.No.99/1, Mamidipally village, Saroor Nagar Mandal, RR Dist, Telangana on which MRO facilities have been created along with all the buildings, structures (presently charged to term lenders of GAEL); first pari passu charge by way of hypothecation of all the movable assets belonging to GATL and its Holding Company (GAEL) and including but not limited to plant and machinery, machinery spares, tools & accessories. (Paripassu charge with existing loan taken from its Holding company (GAEL)) and Corporate guarantee from its Holding company (GAEL). The Cash credit facility is repayable on demand and carries interest of base rate plus 3.95%.(Presently 13.75%) (March 31, 2015 14.20%).

c) Cash credit facility of GHRL of Rs 42,40,000 (March 31,2015 Rs 49,600,000) is secured by way of first paripassu charge on entire current assets and cash flows including stocks, receivables, bank balances etc. with existing term lenders and collateral first paripassu charge by way of extension of equitable mortgage of the immovable properties and assets pertaining to the Hotel Project (including assignment of leasehold rights in the case of leasehold land, if any) and assets of the project consisting of land admeasuring 5.37 acres together with all the buildings, structures etc. on such land. The cash credit is repayable on demand and carries interest @ 2.50% above such bank's base rate .The interest rate is in the range of 13.55%-14%(March 31, 2015: 12.75%-14%).

11 **Trade payables** *(Amount in Rupees)*

	March 31, 2016	March 31, 2015
Total outstanding dues of micro enterprises and small enterprises	-	534,972
Total outstanding dues of creditors of other than micro enterprises and small enterprises	891,272,843	675,410,893
Total	891,272,843	675,945,865

12 **Other current liabilities** *(Amount in Rupees)*

	March 31, 2016	March 31, 2015
Current maturities of long-term borrowings (Refer note 6)	1,022,875,267	819,671,000
Unearned revenue	41,860,451	104,819,387
Interest accrued but not due on borrowings	3,010,048	2,865,567
Non trade payables	130,828,004	22,455,170
Deposits from customers	154,687,937	135,849,196
Advances received from customers	22,821,159	17,153,357
Retention money	86,682,790	78,172,496
Capital creditors	117,584,841	69,201,461
Others payable	1,229,045	1,075,572
Statutory dues	71,216,234	56,684,604
Total	1,652,795,776	1,307,947,810

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GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2016

13.1 Tangible Assets

Description	Buildings	Free Hold Land	Plant & Machinery	Runways and taxiways	Electrical installations	Leasehold improvements	Roads	Computer	Furniture and fixtures	Office Equipment	Advertising media assets	Vehicles	Total
Cost													
At 01 April 2014	13,367,939,245	-	6,374,489,444	4,314,115,274	2,587,119,274	1,484,340,190	1,397,659,966	1,832,058,670	898,457,434	380,350,554	200,299,370	103,077,587	32,939,907,008
Acquisition through merger	-		-	-	-	-	-	-	-	-	-	-	-
Additions	76,698,007	-	54,754,367	-	6,574,633	1,713,877	-	50,923,188	10,516,984	4,287,249	-	3,441,328	208,909,633
Disposals/ written off	(41,142,808)	-	(5,870,318)	-	-	(813,935)	-	(182,263,599)	(27,091,439)	(10,698,045)	-	(262,768)	(268,142,912)
Additions on account of conversion of JV into Subsidiary **	693,321,595	-	438,162,282	-	-	-	-	5,300,983	13,710,764	17,320,975	-	815,759	1,168,632,358
AS-11-Exchange Differences	99,576,920	-	49,635,475	39,499,471	20,819,963	-	12,827,139	15,716,841	4,807,279	2,882,017	-	-	245,765,105
Other adjustments	-	-	-	-	-	-	-	-	-	(53,545)	-	-	(53,545)
At 31 March 2015	14,196,392,959	-	6,911,171,250	4,353,614,745	2,614,513,870	1,485,240,132	1,410,487,105	1,721,736,083	900,401,022	394,089,205	200,299,370	107,071,906	34,293,017,647
Additions	820,517,685	161,346,840	275,557,201	-	90,358,880	4,839,106	24,195,802	58,031,754	19,431,774	5,770,078	94,812	1,900,000	1,462,043,133
Disposals/ written off	(9,243,052)	-	(1,657,972)	(5,951)	(14,666)	(39,380)	-	(2,274,891)	(4,042,764)	(400,784)	(576,093)	(7,401,369)	(25,656,922)
AS-11-Exchange Differences	133,736,676	-	66,644,114	52,681,296	27,848,022	-	17,108,239	19,342,770	6,218,227	3,733,575	-	-	327,312,919
At 31 March 2016	15,141,404,268	161,346,840	7,251,714,593	4,406,290,090	2,732,705,306	1,490,039,858	1,451,791,146	1,796,835,716	922,008,259	403,192,074	199,818,089	101,570,537	36,058,716,777
Depreciation													
At 01 April 2014	2,321,382,409	-	1,797,377,447	808,091,336	646,910,447	159,469,448	128,923,054	1,703,863,457	391,727,037	119,541,199	89,158,427	55,715,434	8,222,159,695
Adjustments	-	-	-	-	-	-	-	338,171	-	-	-	-	338,171
Charge for the year (refer note 25)	480,666,156	-	508,962,718	146,873,911	441,270,084	60,919,093	314,863,724	63,956,138	134,227,941	249,316,783	12,899,025	20,587,293	2,434,542,866
Charge to reserves	-		-	-	-	-	-	-	-	-	-	-	-
Disposals/ written off *	(49,271)	-	(1,602,330)	-	-	(813,935)	-	(130,694,225)	(17,783,948)	(10,663,591)	-	(205,512)	(161,812,812)
Additions on account of conversion of JV into Subsidiary **	74,206,476	-	63,782,449	-	-	-	-	3,804,517	4,668,231	4,822,794	-	234,369	151,518,836
AS-11-Exchange Differences	-		-	-	-	-	-	-	-	-	-	-	-
At 31 March 2015	2,876,205,770	-	2,368,520,284	954,965,247	1,088,180,531	219,574,606	443,786,778	1,641,268,058	512,839,261	363,017,185	102,057,452	76,331,584	10,646,746,756
Adjustments		-											
Charge for the year (refer note 25)	553,777,961	-	668,329,000	149,027,133	457,888,478	60,570,193	323,173,084	65,500,665	133,465,833	20,919,157	8,055,657	17,191,490	2,457,898,651
Disposals/ written off	-	-	(822,486)			(39,380)		(2,100,086)	(2,335,476)	(371,314)	(576,093)	(6,812,190)	(13,057,025)
At 31 March 2016	3,429,983,731	-	3,036,026,798	1,103,992,380	1,546,069,009	280,105,419	766,959,862	1,704,668,637	643,969,618	383,565,028	109,537,016	86,710,884	13,091,588,382
Net block													
At 31 March 2015	11,320,187,189	-	4,542,650,966	3,398,649,498	1,526,333,339	1,265,665,526	966,700,327	80,468,025	387,561,761	31,072,020	98,241,918	30,740,322	23,648,270,891
At 31 March 2016	11,711,420,537	161,346,840	4,215,687,795	3,302,297,710	1,186,636,298	1,209,934,439	684,831,284	92,167,079	278,038,642	19,627,046	90,281,073	14,859,653	22,967,128,395

Notes:

1. Disposals include reversal of outstanding liabilities amounting to Rs.10,907,920 (March 31, 2015: Rs. 94,645,828) which are no longer payable now. The reversal for depreciation thereon amounting to Rs. 1,731,644 (March 31, 2015: 56,266,365) has been included under depreciation charge of the year.

2. Disposals include fixed assets written off which have been identified as unusable based on physical verification carried out by the group during the year having a gross book value of Rs 7,264,349 (March 31, 2015 Rs 2,239,656) and written down value of Rs. 1,269,619 (March 31, 2015 Rs. 57,707).

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13.2 Intangible Assets

Description	Computer software	Goodwill on Consolidation	Technical Know How	Total
Cost				
At 01 April 2014	268,853,888	147,224,072	170,254,991	586,332,951
Additions	4,088,331	-	5,752,776	9,841,107
Disposals	(6,308)	-	(38,519,146)	(38,525,454)
Additions on account of conversion of JV into Subsidiary	42,658,216	362,687,309	176,007,767	581,353,292
At March 31, 2015	315,594,127	509,911,381	313,496,388	1,139,001,896
Additions	1,824,024	-	-	1,824,024
Disposals	-	-	-	-
At March 31, 2016	317,418,151	509,911,381	313,496,388	1,140,825,920
Depreciation				
At 01 April 2014	221,229,410	-	89,868,253	311,097,663
Charge for the year (refer note 25)	26,145,840	-	27,980,543	54,126,383
Disposals	(3,422)	-	-	(3,422)
Additions on account of conversion of JV into Subsidiary	24,041,765	-	105,818,196	129,859,961
Other adjustments	11,211	-	-	11,211
At March 31, 2015	271,424,804	-	223,666,992	495,091,796
Charge for the year (refer note 25)	22,670,608		61,166,353	83,836,961
Disposals	-	-	-	-
Other adjustments	5,254	-	-	5,254
At March 31, 2016	294,100,666	-	284,833,345	578,934,011
Net Block				
At March 31, 2015	44,169,323	509,911,381	89,829,396	643,910,100
At March 31, 2016	23,317,485	509,911,381	28,663,043	561,891,909

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14 Loans and advances *(Amount in Rupees)*

		Non-current		Current	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital advances					
Unsecured, considered good		38,337,169	844,731,807	-	-
	(A)	38,337,169	844,731,807	-	-
Less: provision for doubtful capital advances		-	-	-	-
		38,337,169	844,731,807	-	-
Security deposit					
Unsecured, considered good		210,358,419	219,754,580	5,101,601	561,690
Doubtful		3,479,432	3,079,432	-	-
		213,837,851	222,834,012	5,101,601	561,690
Less: provision for doubtful deposits		3,479,432	3,079,432	-	-
	(B)	210,358,419	219,754,580	5,101,601	561,690
Loan and advances to related parties					
Unsecured, considered good		37,893,002	45,543,000	7,962,637	5,457,000
Doubtful		-	-	-	-
	(C)	37,893,002	45,543,000	7,962,637	5,457,000
Less: provision for doubtful advances		-	-	-	-
		37,893,002	45,543,000	7,962,637	5,457,000
Advances recoverable in cash or kind			-		
Passenger service fee (Security component)		613,396,765	800,315,552	-	-
Others		80,847,003	81,423,413	23,357,750	40,397,234
Doubtful		-	-	-	-
	(D)	694,243,768	881,738,965	23,357,750	40,397,234
Less: provision for doubtful advances		-	-	-	-
		694,243,768	881,738,965	23,357,750	40,397,234
Other loans and advances					
Unsecured considered good					
Advance income-tax (net)		549,136,701	481,016,116	22,121,919	111,250,195
MAT credit entitlement		675,872,209	667,750,067	-	-
CENVAT receivable		-	-	1,334,505	1,217,451
Prepaid expenses		75,093,028	81,393,942	53,737,216	60,105,905
Insurance Claim Receivable		-	-	198,313	-
Loans to employees					
Considered good		403,415	671,585	401,804	501,257
Considered doubtful		-	-	-	13,807
Balances with statutory / government authorities		16,350,004	14,457,172	43,800,694	33,260,731
		1,316,855,357	1,245,288,882	121,594,452	206,349,346
Less: provision for doubtful advances		-	-	-	13,807
	(E)	1,316,855,357	1,245,288,882	121,594,452	206,335,539
Total (A+B+C+D+E)		2,297,687,715	3,237,057,234	158,016,439	252,751,463

15 Trade receivables and other assets

15.1 Trade receivable *(Amount in Rupees)*

		Non-current		Current	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise					
Outstanding for a period exceeding six months from the date they are due for payment					
Unsecured, considered good		-	-	436,297,821	22,407,384
Doubtful		3,360,955	9,743,609	5,396,571	4,803,507
		3,360,955	9,743,609	441,694,392	27,210,891
Less: provision for doubtful trade receivables		(3,360,955)	(9,743,609)	(5,396,571)	(4,803,507)
	(A)	-	-	436,297,821	22,407,384
Outstanding for a period less than six months from the date they are due for payment					
Unsecured, considered good		-	-	913,245,756	861,611,859
	(B)	-	-	913,245,756	861,611,859
Total (A+B)		-	-	1,349,543,577	884,019,243

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15.2 **Other assets** *(Amount in Rupees)*

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Non-current bank balances (refer note 18)	45,053,770	64,500,000	-	-
(A)	45,053,770	64,500,000	-	-
Others				
Interest accrued on bank deposits	-	1,798,698	17,336,381	5,702,703
Grant receivable from authorities	-	-	400,000	400,000
Unbilled revenue	-	-	19,144,272	48,801,223
Non trade Receivable	-	-	92,324,592	47,089,397
Other receivable	-	-	22,429,092	7,606,672
(B)	-	1,798,698	151,634,337	109,599,995
Total (A+B)	45,053,770	66,298,698	151,634,337	109,599,995

16 **Current Investments** *(Amount in Rupees)*

	March 31, 2016	March 31, 2015
Current Investments (valued at lower of cost and fair value)		
Other than Trade, Unquoted		
i) Investment in Mutual funds		
Birla Sunlife Cash Plus Institutional Premium - Growth		
2,357,042.67 units (March 31, 2015 : 10,68,507.421 units) of face value of Rs. 100 each	571,500,000	239,309,205
SBI Premier Liquid Fund Regular Plan - Growth		
200,030.28 units (March 31, 2015 : 2507.8380 units) of face value of Rs. 1000 each	474,500,171	54,908,409
ICICI Prudential Liquid Regular Plan- Growth		
2,853,371.61 units (March 31, 2015 : Nil) of face value of Rs. 100 each	638,000,000	-
Axis Liquid Institutional -Growth Option		
138,293.031 units (March 31, 2015 : Nil) of face value of Rs. 1000 each	231,515,564	-
Kotak Liquid Fund Institutional Premium-Growth @ 1000 Each		
55,500.10 units (March 31, 2015 : Nil) of face value of Rs. 1000 each	170,120,721	-
Sundaram Money Fund Regular-Growth		
4,711,319.747 units (March 31, 2015 : Nil) of face value of Rs. 10 each	150,077,206	-
	2,235,713,662	294,217,614
Aggregate Net Asset Value of Unquoted Investments	2,238,604,146	294,603,394

17 **Inventories (valued at lower of cost and net realizable value)** (Amount in Rupees)

	March 31, 2016	March 31, 2015
Traded goods (Retail merchandise)	99,924,117	73,981,012
Food and beverages	4,423,842	4,431,876
Stores and spares	381,324,644	361,637,061
Total	485,672,603	440,049,949

18 **Cash and bank balances** *(Amount in Rupees)*

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and cash equivalents				
Cheques, credit card collection and drafts in hand	-	-	3,146,381	1,260,183
Cash in hand	-	-	5,541,951	6,181,314
Balances with banks:				
- On current accounts	-	-	138,927,789	67,718,152
- In exchange earner foreign currency account	-	-	43,814,148	52,140,051
- Deposits with original maturity less than 3 months	-	-	69,534,940	208,812,100
	-	-	260,965,209	336,111,800
Other bank balances				
- Margin money deposits*	45,053,770	-	3,085,211	8,616,679
- Deposits with original maturity more than 12 months	-	64,500,000	-	152,828,648
- Deposits with remanining maturity less than 12 months	-	-	258,907,397	39,800,000
	45,053,770	64,500,000	261,992,608	201,245,327
Margin money deposit is given as lien against bank guarantee given to customers.				
Amount disclosed under 'Other assets - Non-Current' (refer note 15.2)	45,053,770	64,500,000	-	-
Total	-	-	522,957,817	537,357,127

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Revenue from operations			(Amount in Rupees)
		March 31, 2016	March 31, 2015
Airports segment:			
Sale of services			
Aeronautical		2,874,361,768	797,861,150
Non - Aeronautical		3,795,694,668	3,666,211,277
Cargo operations		805,199,637	713,884,097
	(A)	7,475,256,073	5,177,956,524
Traded goods			
Duty free items		799,693,911	589,319,140
	(B)	799,693,911	589,319,140
Others segment:			
Income from hospitality services		559,646,174	495,956,156
	(C)	559,646,174	495,956,156
Revenue from operations		8,834,596,158	6,263,231,820

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Other income		(Amount in Rupees)
	March 31, 2016	March 31, 2015
Interest income on		
Bank deposits	43,343,718	39,499,102
Delayed payment from customer	7,333,632	13,390,643
Others	52,942,747	61,466,461
Foreign exchange gain (net)	22,469,203	20,416,674
Dividend	-	-
Profit on sale of current investments	92,034,739	76,183,634
Contingent provisions against standard assets written back	-	1,275,369
Profit on sale of fixed assets	1,254,765	369,336
Liabilities/provisions no longer required, written back	16,869,732	7,598,729
Miscellaneous income	26,479,216	25,297,460
Total	262,727,752	245,497,408

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Increase in traded goods		(Amount in Rupees)
	March 31, 2016	March 31, 2015
Opening stock of traded goods	73,981,012	59,125,902
Closing stock of traded goods	99,924,117	73,981,012
Increase in traded goods	(25,943,105)	(14,855,110)

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Employee benefits expense		(Amount in Rupees)
	March 31, 2016	March 31, 2015
Salaries, wages and bonus	1,033,263,021	898,512,793
Contribution to provident and other funds	66,791,014	59,548,901
Gratuity expense [refer note 29(b)]	13,759,506	19,645,342
Staff welfare expenses	94,529,374	107,179,666
Total	1,208,342,915	1,084,886,702

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Other expenses		(Amount in Rupees)
	March 31, 2016	March 31, 2015
Rent	52,349,344	12,070,597
Rates and taxes	97,245,160	130,657,279
Insurance	51,096,043	50,084,463
Repairs and Maintenance		
Plant and machinery	157,771,087	146,244,808
Buildings	52,824,758	48,418,207
IT	114,433,038	103,909,320
Other	80,843,486	52,828,332
Operations , maintenance & manpower outsourcing expenses	382,732,230	339,843,281
Advertisement and business promotion	45,284,412	47,611,923
Stores and spares parts consumed	298,083,787	270,899,994
Travelling and conveyance	105,837,688	121,140,510
Communication expenses	30,345,227	22,760,204
Printing and stationery	8,617,300	8,230,852
Legal and professional fees	122,503,882	113,621,242
Management fees	175,108,544	173,101,120
Foods and beverages consumed	59,738,002	53,457,861
Directors' sitting fee	3,414,589	1,152,000
Power, water and fuel charges	342,268,338	312,393,131
Provision of doubtful advances and trade receivables	903,795	13,195,283
Bad debts /advances /deposit written off	545,640	830,295
Fixed assets written off	120,693	11,345,896
Diminution in value of inventory	4,812,613	3,561,171
Membership fees	3,572,500	1,730,065
Security charges	124,231,582	111,782,805
Office maintenance	23,680,388	24,963,357
House keeping charges	105,355,971	93,903,080
CSR expenditure	9,524,062	25,690,240
License fees	32,006,583	18,328,139
Operator fee	46,702,446	41,479,734
Donations	9,500,000	18,100,000
Cargo handling	27,300,367	22,089,527
Technical fees	70,193,417	60,640,991
Miscellaneous	56,357,215	39,212,957
Total	**2,695,304,187**	**2,495,278,664**

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Finance costs		(Amount in Rupees)
	March 31, 2016	March 31, 2015
Interest on borrowings	2,370,756,741	2,368,900,703
Interest others	11,665,020	12,516,216
Mark to market loss (gain) on derivative instruments	17,672,579	-
Other borrowing costs	27,468,788	62,748,972
Bank charges	25,816,689	21,364,241
Total	**2,453,379,817**	**2,465,530,132**

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Depreciation and amortization expenses		(Amount in Rupees)
	March 31, 2016	
Depreciation on tangible assets (refer note 13.1)	2,457,898,651	2,434,542,866
Amortization on intangible assets (refer note 13.2)	83,836,961	54,121,263
Total	**2,541,735,612**	**2,488,664,129**

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26. Earnings per share (EPS)

The following reflects the profit and shares data used in the basic and diluted EPS calculations:

(Amount in Rs)

Particulars	March 31, 2016	March 31, 2015
Loss for the year	(246,274,788)	(2,529,759,713)
Net profit for calculating basic and diluted EPS	**(246,274,788)**	**(2,529,759,713)**
Weighted average number of equity shares for calculating basic and diluted EPS	378,000,000	378,000,000
Basic and diluted EPS (Rs.)	(0.65)	(6.69)

Since the Group and its joint controlled entities have incurred loss during the year ended March 31, 2016, the allotment of shares against CCPS has been ignored for the purpose of calculation of diluted earnings per share.

27. Corporate Social Responsibility (CSR) expenditure:

(a) Gross amount required to be spent by the group during the year: Rs. 9,455,959 (March 31 2015: Rs. 25,690,240)

(b) Amount spent during the year under Corporate Social Responsibility expenditure includes donation to GMR Varalakshmi Foundation Rs. 9,524,062 (March 31, 2015: Rs. 17,867,745) and on other activities such as food distribution, medical care for the elderly and promoting education for the under privileged etc., amounting to Rs. Nil (March 31 2015: Rs. 12,822,945) as approved by the CSR committee of the group.

28. Details of transactions with Related Parties:

A. Names of related parties and description of relationship:

Sl. No.	Relationship	Related party Name
(i)	Holding company	GMR Airports Limited
(ii)	GAL's holding company	GMR Infrastructure Limited
(iii)	Ultimate holding company	GMR Holdings Private Limited
(iv)	Fellow Subsidiary Companies	GMR Aviation Private Limited
		GMR Krishnagiri SEZ Limited
		GMR Energy Limited
		GMR Tambaram-Tindivanam Expressways Limited
		GMR Tuni-Anakapalli Expressways Limited
		Delhi International Airport Private Limited
		GMR Bijoli Holi Hydropower Private Limited
		GMR (Badrinath)Hydro Power Generation Private Limited
		GMR Corporate Affairs Private Limited
		GMR Hyderabad Vijayawada Expressways Private Limited
		GMR Rajahmundry Energy Limited
		EMCO Energy Limited
		GMR Chhattisgarh Energy Limited
		GMR Airport Developers Limited
		GMR Projects Private Limited
		GMR Power Corporation Limited
		GADL International Limited
		Kakinada SEZ Private Limited
		GMR Energy Trading Limited

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		Raxa Security Services Limited
		GMR Highways Limited
		GMR Vemagiri Power Generation Limited
		Geokno India Private Limited
		GMR Sports Private Limited
		GMR Infrastructure (Singapore) Pte Limited
(v)	Shareholders having significant influence	Government of Telangana
		Airports Authority of India
		MAHB (Mauritius) Private Limited
		Menzies Aviation Cargo (Hyderabad) Limited, Mauritius
		Malaysian Aerospace Engineering Sdn. Bhd.
		Laqshya Media Private Limited
		Menzies Aviation (India) Private Limited
		Laqshya Event IP Private Limited
		Menzies Aviation Plc (UK)
		Malaysia Airports Holding Berhad
		Asia Pacific Flight Training Sdn. Bhd.
(vi)	Key management personnel	Mr. Srinivas Bommidala - Managing Director
(vii)	Private company having common directors (Section 8 Company)	GMR Varalakshmi Foundation

B. Summary of transactions with related parties is as below:

Sl. No.	Related Party Transactions	March 31, 2016	March 31, 2015
A	*Remuneration to Key Management Personnel*		
	Managing Director- Mr. Srinivas Bommidala	24,750,000	19,787,129
B	*Services received:*		
	Holding Company		
	GMR Infrastructure Limited	95,259,385	104,762,761
	GMR Airports Limited	82,845,576	70,840,521
	Fellow Subsidiaries		
	Raxa Security Services Limited	109,949,388	96,610,187
	GMR Aviation Private Limited	31,579,794	42,348,440
	GMR Airport Developers Limited	180,069,388	132,724,271
	GMR Krishnagiri SEZ Ltd	222,567	-
	GMR Corporate Affairs Private Limited	5,497,417	9,137,655
	Shareholders having significant influence		
	Airports Authority of India	275,108	140,000
	Menzies Aviation Plc (UK)	76,408,821	67,054,698
	Government of Telangana	31,197,232	764,384
	Malaysian Aerospace Engineering Sdn. Bhd. (liability w/back)	-	38,519,146
	Asia Pacific Flight Training Sdn. Bhd.	3,234,691	8,785,828
	Laqshya Media Private Limited	3,969,000	4,214,284

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	Laqshya Event IP Private Limited	475,837	692,465
C	*Income from Operations*		
	Holding Company		
	GMR Infrastructure Limited	1,988,363	2,647,433
	GMR Airports Limited	4,985,267	2,160,575
	Fellow Subsidiaries		
	GMR Sports Private Limited	228,817	9,673
	GMR Aviation Private Limited	508,572	579,712
	Delhi International Airport Private Limited	59,663	-
	Kakinada SEZ Private Limited	3,627,295	3,359,076
	GMR Airport Developers Limited	1,384,246	1,438,081
	GMR Bijoli Holi Hydropower Private Limited	-	4,385
	GMR (Badrinath)Hydro Power Generation Private Limited	-	5,244
	GMR Tuni Anakapalli Expressways Private Limited	-	17,715
	GMR Tambaram Tindivanam Expressways Private Limited	-	15,495
	GMR Power Corporation Ltd.	-	327,683
	Raxa Security Services Limited	212,289	33,680
	Laqshya Media Private Limited	46,720,240	-
	GMR Energy Limited	-	6,603
	GMR Energy Trading Limited	126,563	-
	GMR Highways Pvt Limited	2,411,736	-
	Private Companies having common directors		
	GMR Varalakshmi Foundation	3,576,685	1,960,723
	Shareholders having significant influence		
	Airports Authority of India	29,404,929	30,209,203
	Laqshya Media Private Limited	-	34,302,572
D	*Dividend Declared & Paid*		
	Shareholders having significant influence		
	Menzies Aviation Cargo (Hyderabad) Limited, Mauritius	83,021,400	71,526,000
E	*Unsecured Loan availed during the year*		
	Holding Company		
	GMR Airport Limited	-	30,000,000
F	*Unsecured Loan repaid during the year:*		
	Holding Company		
	GMR Airport Limited	-	230,000,000
	Shareholders having significant influence		
	Menzies Aviation (India) Private Limited	-	1,000,000
	Laqshya Media Private Limited	15,484,000	-
G	*Interest paid on Short-term borrowings availed during the year:*		
	Holding Company		
	GMR Airport Limited	-	19,785,207

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H	*Unsecured Loan received back:*		
	Fellow Subsidiaries		
	GMR Energy Limited	-	1,000,000,000
	Shareholders having significant influence		
	Menzies Aviation (India) Private Limited	2,000,000	-
I	*Interest on Unsecured Loan given*		
	Fellow Subsidiaries		
	GMR Energy Limited	-	38,356,164
J	*Interest on Delayed payments from customers*		
	Fellow Subsidiaries		
	GMR Highways Limited	88,760	-
K	*Sale of Asset:*		
	Fellow Subsidiaries		
	Delhi International Airport Ltd	42,183	-
	Kakinada SEZ Private Limited	44,969	-
	Shareholders having significant influence		
	Laqshya Media Private Limited	303,800	-
L	*Purchase of Asset:*		
	Holding Company		
	GMR Airport Limited	35,490	-
	Fellow Subsidiaries		
	GMR Airport Developers Limited	293,180	90,995
	Raxa Security Services Limited	-	567,721
	Geokno India Private Limited	300,000	-
M	*Corporate Guarantee taken by the Company on behalf of its banks and financial institutions against the loan taken:*		
	Holding Company		
	GMR Airport Limited	1,310,000,000	-
	GMR Infrastructure Limited	899,900,000	7,670,798,000
N	*Reimbursement of expenses claimed by the Company during the year from its related parties:*		
	Holding Company		
	GMR Infrastructure Limited	268,138	283,412
	GMR Airports Limited	2,253,549	326,723
	Fellow Subsidiaries		
	Kakinada SEZ Private Limited	808,500	808,677
	Delhi International Airport Private Limited	390,805	1,159,993
	GMR Sports Private Limited	-	568,900
	GMR Chhatisgarh Energy Limited	-	23,599
	EMCO Energy Limited	-	22,186
	GMR Hyderabad Vijayawada Expressway Limited	9,581	38,751
	GMR Vemagiri Power Generation Ltd	6,777	-
	GMR Airport Developers Limited	4,383,173	4,318,665
	Raxa Security Services Limited	40,024	9,207

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	GMR Projects Private Limited	-	94,598
	GMR Power Corporation Ltd.	11,240	28,104
	GMR Energy Limited	-	21,995
	GMR Energy Trading Limited	21,415	-
	GMR Infrastructure (Singapore) Pte Limited	-	3,218,455
	GMR Highways Limited	467,914	-
	Private Companies having common directors		
	GMR Varalakshmi Foundation	566,097	364,300
	Shareholders having significant influence		
	Airports Authority of India	30,599,423	27,672,407
	Menzies Aviation (India) Private Limited	-	1,790,245
	Menzies Aviation Plc (UK)	-	746,650
	Asia Pacific Flight Training Sdn. Bhd.	151,917	9,794,489
	Laqshya Media Private Limited	15,478	232
O	*Reimbursement of expenses claimed from the Company during the year by its related parties:*		
	Holding Company		
	GMR Airports Limited	316,550	-
	GMR Infrastructure Limited	60,000	-
	Fellow Subsidiaries		
	Delhi International Airport Private Limited	2,163,247	1,201,737
	GMR Airport Developers Limited	-	2,107
	Shareholders having significant influence		
	Menzies Aviation (India) Private Limited	2,025,006	-
	Menzies Aviation Plc (UK)	750,000	-
	Laqshya Media Pvt. Ltd.	524,958	45,794

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

Sl. No.	Related Party Transactions	March 31, 2016	March 31, 2015
A	*Balance Recoverable / (Payable):*		
	Holding Company		
	GMR Airports Limited	(22,857,521)	(8,671,667)
	GMR Infrastructure Limited	(18,911,205)	(11,005,875)
	Fellow Subsidiaries		
	Raxa Security Services Limited	(13,212,896)	(13,476,084)
	Delhi International Airport Private Limited	(1,534,167)	(1,726,140)
	GMR Rajahmundry Energy Limited	407,847	407,847
	GMR Hyderabad Vijayawada Expressways Limited	56,136	56,136
	GMR Holdings Private Limited	59,831	59,831
	GMR Aviation Private Limited	(653,058)	(6,091,087)
	GMR Airport Developers Limited	(33,747,246)	(8,836,468)
	GADL International Limited	-	(718,991)
	Kakinada SEZ Private Limited	156,085	253,764
	GMR Energy Limited	154,457	28,598
	EMCO Energy Limited	-	22,186
	GMR Krishnagiri SEZ Limited	(200,310)	-

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	GMR Power Corporation Limited	-	21,885
	GMR Corporate Affairs Private Limited	(836,620)	(1,013,798)
	GMR Chhatisgarh Energy Limited	-	52,034
	GMR Highways Private Limited	37,980	-
	GMR Infrastructure (Singapore) PTE.	-	(3,218,455)
	GMR Vemagiri Power Generation Ltd.	6,777	-
	Private Companies having common directors		
	GMR Varalakshmi Foundation	138,468	183,221
	Shareholders having significant influence		
	Airports Authority of India	26,187,774	12,446,938
	Government of Telangana	(31,961,616)	
	Menzies Aviation Plc (UK)	8,020,127	(6,040,521)
	Menzies Aviation (India) Private Limited	8,700	(154,406)
	Asia Pacific Flight Training Sdn Bhd	(3,134,242)	79,722
	Laqshya Media Private Limited	19,483,353	19,059,121
	Laqshya Event IP Private Limited	(237,919)	(439,347)
B	*Security Deposit received/(Paid) :*		
	Holding Company		
	GMR Infrastructure Limited	440,896	440,896
	Fellow Subsidiaries		
	Raxa Security Services Limited	(17,494,000)	(17,494,000)
	Shareholders having significant influence		
	Asia Pacific Flight Training Sdn Bhd	401,848	-
	Private Companies having common directors		
	GMR Varalakshmi Foundation	1,469,100	-
C	*Interest free Loans:*		
	Shareholders having significant influence		
	Menzies Aviation (India) Private Limited	7,000,000	9,000,000
	Laqshya Media Private Limited	129,573,797	145,057,797

D . Outstanding guarantees/pledge of equity shares as at the end of the year:

Sl. No.	Related Party Transactions	March 31, 2016	March 31, 2015
A	*Pledge of equity shares by the Shareholders having significant influence in the Company, with bankers against the loan taken:*		
	GMR Airports Limited	1,641,235,140	1,641,235,140
	Malaysia Airports Holding Berhad (along with its associate)	286,564,860	286,564,860
B	*Corporate Guarantee taken by the Company on behalf of its banks and financial institution against the loan taken:*		
	GMR Infrastructure Limited	12,492,600,000	11,592,700,000
	GMR Airport Limited	1,310,000,000	-

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29. Retirement and other employee benefits:

a. Defined contribution plan

Contribution to provident and other funds under employee benefits expense **(Note 22)** are as under:

(Amount in Rupees)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Contribution to provident fund	46,812,375	40,155,703
Contribution to ESI	2,284,646	1,519,741
Contribution to Labour Welfare Fund	3,106	3,017
Contribution to Superannuation fund	17,679,578	17,870,440
Total	**66,779,704**	**59,548,901**

b. Defined benefit plans

The Group 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 last drawn salary for each completed year of service.

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of Profit and Loss

Net employee benefit expense *(Amount in Rupees)*

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Current Service Cost	12,928,101	10,439,154
Interest cost on benefit obligation	4,604,697	3,875,578
Expected return on plan assets	(4,509,322)	(4,106,762)
Net actuarial (gain)/loss recognized in the year	581,875	9,437,372
Net benefit expense* (Post Acquisition)	**13,605,351**	**19,645,342**
Actual return on plan assets	4,509,322	3,682,757

Details of provision for gratuity: *(Amount in Rupees)*

Particulars	March 31, 2016	March 31, 2015
Defined benefit obligation	(72,820,612)	(61,937,732)
Fair value of plan assets	53,695,782	43,994,990
Plan asset / (liability)	**(19,124,830)**	**(17,942,742)**

Balance Sheet

Changes in the present value of the defined benefit obligation are as follows: *(Amount in Rupees)*

	March 31, 2016	March 31, 2015
Opening defined benefit obligation	61,875,995	40,536,063
Acquisition Cost	-	2,878,094
Interest cost	4,604,697	3,875,578
Current service cost	12,928,101	10,610,373
Benefits paid	(5,919,422)	(2,887,160)
Actuarial losses/(gains) on obligation	(51,723)	6,628,953
Adjustment on transfer from subsidiary	(617,036)	295,688
Closing defined benefit obligation	**72,820,612**	**61,937,732**

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Changes in the fair value of Plan Assets are as follows:

(Amount in Rupees)

Particulars	March 31, 2016	March 31, 2015
Opening fair value of plan assets	45,102,864	41,788,475
Acquisition Cost	154,040	2,183,989
Expected return on plan assets	4,509,322	4,106,762
Contributions by employer	10,168,751	686,362
Benefits paid	(5,561,656)	(1,960,305)
Actuarial gains /(losses)	(677,539)	(2,810,292)
Closing fair value of plan assets	**53,695,782**	**43,994,990**

The group expects to contribute Rs. 10,168, 751 (March 31, 2015 : Rs. 686,362) towards gratuity fund in 2015-16

The major category of plan assets as a percentage of the fair value of total plan assets is as follows:

Particulars	March 31, 2016	March 31, 2015
Investments with insurer managed funds	100%	100%

The Principal assumptions used in determining gratuity for the Group's plan are shown below:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount rate	7.46%-7.80%	7.77% - 7.80%
Expected rate of return on assets	9.40%	9.00% - 9.40%
Expected rate of increase in compensation level	6.00% - 12.00%	6.00% - 10.00%
Employee Turnover	2.00% - 20.00%	2.00% - 20.00%

Notes:

i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the group policy for plan asset management

The amounts for the current and previous years are as follows:

	March 31, 2016	March 31, 2016
Defined benefit obligation	72,820,612	61,937,732
Plan assets	53,695,782	43,994,990
Surplus / (deficit)	(19,124,830)	(17,942,598)
Experience adjustments on plan liabilities	501,853	1,888,380
Experience adjustments on plan assets	(677,539)	(2,810,292)
Actuarial (loss)/gain due to change on assumptions	(450,160)	(6,448,051)

c) Liability towards leave encashment is provided based on actuarial valuation amounts to Rs. 79,222,641 (March 31, 2105: Rs.71,574,731)

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30. The Group had taken residential and office premises under cancellable operating leases. The rental expenses under such operating lease during the year is Rs. 924,540 (March 31, 2015: Rs. 30,719,169).

31. Derivative instruments and un-hedged foreign currency exposure:

(a) There are no outstanding derivative contracts as at March 31, 2016 other than interest rate swap as referred in note 32.

(b) Particulars of unhedged foreign currency exposure are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount (in original currency)	Amount (in Rupees)	Amount (in original currency)	Amount (in Rupees)
Receivables				
USD	2,031,832	135,665,288	92,774	5,850,314
Euro	1,099	82,635	1,179	79,050
CHF	7,154	493,626	9,135	587,250
Payables				
USD	1,780,946	118,913,646	862,734	54,403,869
GBP	236,794	24,247,706	101,283	9,373,302
SGD	7,290	354,086	6,790	308,556
CHF	24,076	1,661,244	17,629	1,133,293
Euro	122,052	9,177,213	162,501	10,895,403
Advance given to suppliers				
USD	217	14,489	13,251	835,606
CHF	277	19,113	-	-
Euro	-	-	2,446	164,000
Loan taken				
USD	82,100,000	5,481,817,000	91,050,000	5,741,598,828
Bank Balances				
USD	679,038	45,339,322	624,248	39,364,982
Foreign Currency in Hand				
USD	43,118	2,878,986	68,895	4,344,508
GBP	5	512	438	40,535
SGD	35	1,700	687	31,219
CHF	7	483	7	450
AUD	241	12,261	1,408	66,906
Euro	178	13,384	228	15,287
AED	2,720	49,053	4,395	74,772
CAD	60	3,053	135	6,600
HKD	28	239	28	226
JPY	42	25	42	22
KWD	21	4,712	131	27,214
MYR	2	34	383	6,463
NZD	8	368	8	374
OMR	-	-	40	6,494

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QAR	130	2,365	320	5,493
SAR	2,134	37,702	5,006	83,225
THB	87	164	3,287	6,311

32. In case of GHIAL, as per the conditions precedent to disbursement of foreign currency loan, the GHIAL has entered interest rate swap (IRS) agreement from floating rate of interest to fixed rate of interest against its foreign currency loan of USD 125 million covering the loan period. The outstanding balance as at March 31, 2016 is Rs. 5,741,613,000 (March 31, 2015: Rs 5,741,613,000). Since the critical terms of the IRS and the principal term loan are same, based on the internal assessment carried out by the management, the net impact of the marked to market valuation of the IRS, net of gain / loss on the underlying loan, is not expected to be material and accordingly no adjustment has been made in these consolidated financial statements.

33. Litigation and Contingent liabilities:

a. Litigations provided for:

i. Matter related to service tax notices/ orders referred in point (e) below, for which an amount of Rs. 8,087,907 (March 31, 2015: Rs. 8,087,907) has been provided for in the books of GHIAL.

ii. A search operation under section 132 of the Income Tax Act, 1961 was carried out at the premises of the GHIAL by the Income Tax authorities on October 11, 2012 followed by another search closure visit on November 10, 2012, to check the compliance with the provisions of the Income Tax Act, 1961. During the year, block assessment in respect of Assessment Years 2007-08 to 2012-13 was completed and the group received the assessment orders, which disallowed certain expenses and made few additions to the income resulting in reduction of carried forward loss amounting to Rs.1,094,397,461 and no additional tax liability was assessed to be payable by the Company. The Company has filed an appeal with the Commissioner of Income Tax (Appeals), Bengaluru against the said block assessment orders.

b. Contingent Liabilities not provided for:

a. GHIAL has received a notice from the office of the Joint Commissioner of Labour for payment of Building and other construction workers' welfare cess @ 1% of the cost of construction of Hyderabad Airport amounting to Rs. 252,026,054 (March 31, 2015: Rs. 252,026,054) GHIAL had received the stay order against the above said order in the earlier years.

b. GHIAL has received a notice dated January 19, 2013, from Hyderabad Metropolitan Water Supply & Sewerage Board for disconnection of water connection due to non-payment of sewerage cess arrears. GHIAL has filed a writ petition against the notice and received stay order from the Hon'ble High Court of Andhra Pradesh on February 5, 2013. The sewerage cess outstanding including interest thereon as on March 31, 2016 amounted to Rs. 36,281,297(March 31, 2015 : 33,155,336)..

c. Fuel surcharge adjustments (FSA) in GHIAL of Rs. 20,522,143 (March 31, 2015: Rs. 20,522,143) are for the period April 2008 to March 2010.

d. Recovery from PSF (SC) Escrow account:

i. In case of GHIAL, the Ministry of Civil Aviation (MoCA) had issued the order vide order no. AV 13024 /03/2011-AS (Pt. I) dated February 18, 2014 requiring the Airport Operators to reverse the expenditure incurred, since inception till date, towards procurement and maintenance of security systems/equipment and on creation of fixed assets out of PSF (SC) escrow account opened and maintained by the Airport Operator in a fiduciary capacity. GHIAL had incurred Rs 922,902,329 (March 31,2015: Rs.912,560,400) towards capital expenditure (excluding related maintenance expense and interest thereon) till March 31, 2016

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out of PSF (SC) escrow account as per SOPs, guidelines and clarification issued by the MoCA from time to time on the subject of utilization of PSF (SC) funds.

As the above order is contrary to and inconsistent with SOPs, guidelines and clarification issued by the MoCA from time to time in this regard, the Company had challenged the said order before Hon'ble High court of Andhra Pradesh. The Honorable Court, vide its order dated March 3, 2014 followed by further clarifications dated April 28, 2014 and December 24, 2014, stayed the MoCA order with an undertaking that, in the event the decision of the writ petition goes against the Company, it shall reverse all the expenditure incurred from PSF (SC).

Accordingly, the GHIAL is continuing to incur the procurement and maintenance cost of security systems / equipment from PSF (SC) escrow account and during the year ended March 31, 2016 incurred an amount of Rs.26,601,502 (March 31, 2015: Rs. 24,956,622) on maintenance of security systems / equipment from the PSF (SC) escrow account.

ii. As per the advice from the Ministry of Home Affairs and the SOP issued by the MoCA on March 06, 2002, GHIAL, through its wholly owned subsidiary, Hyderabad Airport Security Services Limited (HASSL) constructed the residential quarters for Central Industrial Security Force (CISF) deployed at the airport. After completion of such construction, the total construction cost including the cost of land amounting to Rs. 699,167,310 (March 31, 2015: Rs. 699,167,310) was debited to the Passenger Service Fee (Security Component) Fund [PSF (SC) Fund] with intimation to the MoCA. The Comptroller & Auditor General, during their audits of PSF (SC) Fund, observed that, the Company had not obtained prior approval from the MoCA for incurring such cost from the PSF (SC) Fund as required by the guidelines dated January 8, 2010 and April 16, 2010 issued by the MoCA. However, Management of the GHIAL is of the opinion that these guidelines were issued subsequent to the construction of the said residential quarters and approached the MoCA for approval of such debit notes to the PSF (SC) Fund account and also, made an application for an increase in PSF (SC) tariff to recover these dues and to meet the shortfall in discharging other liabilities from PSF (SC) fund. During the year, the MoCA responded that, it is not in a position to consider the request for enhancement in the PSF (SC) tariff. As a result, the GHIAL has requested the MoCA to advice the Airport Economic Regulatory Authority (AERA) for considering the cost of construction, land and other related costs with regard to the aforesaid residential quarters in determination of Aeronautical Tariff for the airport. Pending final instructions from the MoCA, residential quarters continue to be accounted under the PSF (SC) Fund and no adjustments have been made to these Consolidated financial statements.

e. Matters relating to indirect taxes and duties under dispute:

i. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated January 29, 2010 on irregular availment of the Cenvat amounting to Rs.245, 433, 347 (March 31,2015: Rs.245, 433, 347). The order also includes penalty of Rs. 311,100,000 (March 31, 2015: Rs. 311,100,000). The Company had received stay order from CESTAT modified by High Court of Andhra Pradesh against the said order subject to pre-deposit of Rs. 122,037,582 (March 31, 2015: Rs. 122,037,582) and accordingly, the Company had deposited the same with the service tax department within the stipulated time.

ii. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated October 28, 2009, as per which GHIAL is liable to pay an amount of Rs. 74,300,000 (March 31,2015: Rs. 74,300,000) towards penalty on delay in payment of service tax on the User Development Fee (UDF). The Company had received stay order against the said order in the earlier years.

iii. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated November 25, 2013 on non- payment of service tax on recovery of

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electricity and water charges from its concessionaires and irregular availment of Cenvat amounting to Rs. 15,319,655 (March 31, 2015: Rs. 15,319,655), including penalty of Rs. 16,662,816 (March 31, 2015: Rs. 16,662,816). . During the year, the Company had received a stay subject to pre-deposit of Rs. 1,535,000 and accordingly, the Company had deposited Rs. 1,535,000 within the stipulated time.

iv. GHIAL had received Show Cause Notice dated June 17, 2013 from the Office of Commissioner of Customs, Central Excise and Service Tax on non- payment of service tax on import of service amounting to Rs. 3,263,003 (March 31, 2015: Rs. 3,263,003). . The Notice also included penalty of Rs. 4,057,766.(March 31, 2015: Rs. 4,057,766).

v. GHIAL had received the Show Cause Notice dated October 23, 2013 from the Office of Deputy Commissioner of Customs, Central Excise and Service Tax followed by another show cause notice dated April 22, 2015 from the Office of Assistant Commissioner of Customs, Central Excise and Service Tax on irregular availment of cenvat credit amounting to Rs. 1,744,828 (March 31, 2015: 712,373). The notice also includes interest payable thereon and penalty of Rs. 1,744,828 (March 31, 2015: Rs. 712,373).

vi. GHIAL had received Show Cause Notice dated April 23, 2014 from the Office of Commissioner of Customs, Central Excise and Service Tax on irregular availment of cenvat credit amounting to Rs.6,181,976 (March 31, 2015: 6,181,976). The notice also included interest payable thereon and penalty of Rs. 6,181,976 (March 31, 2015: Rs. 6,181,976). During the year, the Company received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated June 11, 2015 confirming the demand of Rs. 6,181,977. The order also included penalty of Rs. 6,181,976. The Company has filled the appeal before the Customs, Excise and Service Tax Appellate Tribunal and deposited an amount of Rs. 463,468 with the service tax department as part of requirement to file the appeal.

vii. HMACPL accrued customs officers' salaries stationed at Air Cargo Terminal based on debit notes raised by the customs department on GHIAL as the ultimate cost has to be borne by the custodian i.e. the Company. GHIAL filed a writ petition under article, 226 of the constitution of India in the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised. During the previous year, GHIAL had received an order from the Honorable High court of Andhra Pradesh (Single Judge), stating that the grounds on which the levy was made by customs department were wholly unsustainable and accordingly the Company had reversed the accrued customs cost amounting to Rs. 140,209,924 (March 31, 2015: Rs. 140,209,924) for the period from March 23, 2008 to March 31, 2012 as provision no longer required written back and included the same in other income.

Subsequent to the above order, the customs department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Honorable High Court of Andhra Pradesh passed an order for interim suspension of the said order passed by the Honorable Single Judge. Management, based on internal assessment/legal opinion, is confident that there is no financial impact of this interim suspension order and accordingly, no adjustment has been made in these Consolidated financial statements.

viii. HMACPL has rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which the Company has not paid service tax in view of the exemption available under cargo handling services. The Company received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring the Company to show cause as to why the services rendered during March 2008 to June 2010 should be not be classified under the "Airport Services" and "Storage and Warehousing Services" ("Taxable Service").

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On May 3, 2013, the Company received an order from Commissioner of Customs, Central Excise and Service tax. As per the said order, the commissioner had concurred with departments view and classified the services of cargo handling for export cargo as Taxable Service. As a result of which, there was a demand levied of Rs.18,864,466 (March 31, 2015: Rs.18,864,466) as service tax for the period March 2008 to June 2010 under Airport Services and Rs. 10,735,260 (March 31, 2015: Rs. 10,735,260) service tax for the period March 2008 to June 2010 on Storage and Warehousing Services along with applicable interest and a penalty.

Subsequently, the Customs, Excise & Service Tax Appellate Tribunal (CESTAT) in its order dated October 25, 2013 has mentioned that X-ray Screening, Terminal Storage and Processing, Unitization and Demurrage would be incidental and ancillary in relation to cargo handling service. As a result, there shall be a waiver of pre deposit of the dues and stay against recovery during pendency of the appeal.

ix. HMACPL had availed CENVAT credit on capital goods during the period April 2007 to March 2012 amounting to Rs.734,097, the department is of the view that HMACPL has irregularly claimed input credit on ineligible items and raised a demand of Rs. 734,097 (March 31, 2015: Rs. 734,097) along with applicable interest and penalty. The Commissioner (Appeals) has upheld the order issued by the Additional Commissioner against the claim by the HMACPL. Aggrieved by the said order, HMACPL has paid an amount of Rs. 734,097 (March 31, 2015: Rs. 734,097) under protest as per the stay application hearing with Commissioner (Appeals) and an appeal have been filed with CESTAT. CESTAT has passed the stay order on August 1, 2014 from payment of interest and penalty.

x. In GHRL Value Added Tax dispute of Rs. 2,446,723 (March 31, 2015: Rs. 2,446,723).. GHRL received notices of demand from commercial taxes department, levying Value Added Tax on service tax collected from customers and disallowing input credit on complementary food and beverages provided to guests and employees. GHRL has replied to the said department against the said notices of demand.

xi. GHASL has filed an appeal against the order No.41/2014-R-ST Div 1 dated May 27, 2014 from the office of Deputy Commissioner, Customs, Central Excise and Service Tax wherein service tax refund claim of Rs 53,142 (March 31, 2015: Rs 53,142) has been denied.

xii. GHAL had received a show cause notice No O.R.No.79/2014 -Adj.(Commr) from Commissioner of Customs, Central Excise & Service Tax dated April 23,2014 on irregular availment of the Cenvat Credit amounting to Rs. 29,24,964/- (for the period October 2008 to March 2011) including a penalty of Rs 1,14,04,601/-. During the year, GHAL has received an order from the office of Commissioner of Customs, Central Excise & Service Tax vide Order No. Hyd Excus-002-COM-006-15-16 dated July 23, 2015, confirming the demand of Rs. 29,24,964/- including a penalty of Rs 29,24,964/-. GHAL has preferred an appeal with CESTAT, Bangalore. Further, based on the internal assessment the management is confident that no provision is required to be made as at March 31, 2016.

xiii. During the year, GHASL has received Show Cause Notice dated July 17, 2015 from the Office of the Assistant Commissioner of Customs, Central Excise and Service Tax wherein service tax refund of Rs.78, 445/- has been denied.

xiv. In case of APFTL, during the year, the Company has received an order from the Deputy Commissioner Customs (Imports) No. 32/2015 dated June 11, 2015, levying the import duty of Rs. 6,732,364. The Company has preferred an Appeal before the Commissioner (Appeals).

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xv. Subsequent to year end, APFTL has received a show cause notice dated April 19, 2016 from the office of the Commissioner of Customs, Central Excise and Service Tax of Rs. 9,630,427 for wrong availment of exemption. Show cause notice also include interest and penalty.

f. Matters relating to income tax under dispute:

i. HMACPL had received assessment order during previous years for the assessment years 2009-2010, 2010-2011 and 2011-2012 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 15,417,777 (March 31, 2015: Rs. 15,417,777) (including interest of Rs 2,164,288 (March 31, 2015: Rs 2,164,288), Rs. 27,251,595 (March 31, 2015: Rs. 27,251,595) (including interest of Rs 6,951,937 (March 31, 2015: Rs 6,951,937) and Rs. 30,269,960 (March 31, 2015: Rs. 30,269,960) (including interest of Rs.74, 37,628 (March 31, 2015: Rs.74, 37,628) for the respective assessment years. HMACPL had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 15,417,777 (March 31, 2015: Rs. 15,417,777), Rs. 24,151,413 (March 31, 2015: Rs. Rs. 24,151,413), Rs. 28,617,517 (March 31, 2015: Rs. 28,617,517) for the assessment years 2009-2010, 2010-2011 and 2011-2012 respectively under protest. During the current year, the said appeals were dismissed by Commissioner of Income - Tax (Appeals), Hyderabad against which the Company has filed an appeal with the Income Tax Appellate Tribunal, Hyderabad subsequently on April 16, 2015.

HMACPL has also received an order from Assessing Officer for the assessment year 2012-13 on February 28, 2016 denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 25,440,450 (March 31, 2015: Rs. 25,440,450) (including interest of Rs 6,595,680 (March 31, 2015: Rs. 6,595,680)). Aggrieved by the order, the Company has paid Rs. 25,440,450 (March 31, 2015: Rs. 25,440,450) under protest and filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad.

During the current year, HMACPL has received an order from the Assistant Commissioner of Income Tax for the assessment year 2013-14 on February 29, 2016 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to the Company has a reduced by Rs. 41,846,952. Aggrieved by the reduction in refund, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad on April 6, 2016.

Further, April 6, 2015 HMACPL has received an order from Deputy Commissioner of Income tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 8,497,952.The Company has filed an appeal with Commissioner of Income – Tax (Appeals), Hyderabad on May 5, 2015 and based on an internal assessment, Management is of the opinion that the said order is time barred and will not be sustainable under law.

g. Bank guarantees outstanding:

i. In case of GHIAL, bank guarantee outstanding in respect of customs and others Rs 189,900,000 (March 31, 2015: Rs.229,930,987).

ii. In case of HDFRL, bank guarantees outstanding in respect of customs department Rs 131,577,055 (March 31, 2015: Rs 150,743,961)

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h. Others:

i. LHAMPL has received demand notice for advertisement tax arrears under Section 114 of the AP Municipalities Act,1965 for financial years 2010-11 to 2015-16 - Rs. 1,650,582 (March 31, 2015: Rs. 1,109,262).

ii. In case of GAEL, as per the terms of restructuring agreement, the lenders have the right of recompense at their discretion, in respect of sacrifice undertaken by them on account of reduction/restructuring in the interest rate based on mutual agreement at the end of the repayment of dues, subject to improvement in the financial position of the Company.

iii. In case of GHAL, an appeal has been filed the against the assessment order passed u/s 143(3) for AY 2012-13 from the office of Deputy Commissioner of Income Tax wherein the assessing officer has disallowed total expenditure debited to P&L stating that the business is yet to start. Based on the internal assessment, the Management is confident that no provision is required to be made as at March 31, 2016.

34. Capital and other commitments:

a) Capital commitment:

Estimated value of contracts remaining to be executed on capital account, not provided for (net of advances) amounted to Rs. 185,792,938 (March 31, 2015: Rs. 218,859,502).

b) Other commitments:

As per the terms of Concession Agreement, GHIAL is required to pay concession fees to the Ministry of Civil Aviation (MoCA) at @ 4% on all its gross revenue (as defined in Concession Agreement) of the Company for an initial term of 30 years starting from March 23, 2008 which can be extended by another 30 years on satisfaction of certain terms and conditions pursuant to the provisions of the Concession Agreement.

35. The Airport Economic Regulatory Authority ('AERA'), vide its powers conferred by section 13(1) (a) of AERA Act, 2008, passed an Aeronautical tariff order No. 38 dated February 24, 2014, based on "Single Till", in respect of control period from April 1, 2011 to March 31, 2016. The said order determined the Passenger Service Fee (Facilitation Component) -PSF (FC) and User Development Fee (UDF) charges, for embarking passengers, Rs. Nil for the period from April 1, 2014 to March 31, 2016. This had significantly impacted the cash flows and the Holding Company had to restructure its rupee term loan which was backed up by the Corporate Guarantee from its intermediate holding Company GMR Infrastructure Limited.

Aggrieved by the aforesaid AERA order, the Company filed a writ petition, challenging the Single Till adopted by AERA in its Order, with the Honorable High Court at Hyderabad for the State of Telangana and for the State of Andhra Pradesh. Based on an order from High Court, the Ministry of Civil Aviation (MoCA), vide its order dated June 11, 2015 under section 42(2) of AERA Act, 2008, issued policy direction to AERA to adopt "Shared Till" with thirty percent cross subsidisation in tariff determination of the Company.

Based on the aforesaid direction from the MoCA, the Holding Company filed another writ petition with the Hon'ble High Court, to restore the UDF and PSF (FC) charges at the rates existing before April 1, 2014 at the Airport and the same was permitted by the Hon'ble High Court vide its order dated October 6, 2015. Based on the said permission from the High court, the MoCA through Director General of Civil Aviation (DGCA), vide its letter dated November 3, 2015, restored the UDF and PSF (FC) at the rates existing before April 1, 2014. Accordingly, revenue from operations for the year ended March 31, 2016 includes income from UDF and PSF (FC) charges, amounting to Rs. 1,434,450,076 and Rs. 158,054,133 respectively. This has

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improved the cash flows and the Holding Company will be able to meet its operational and financial requirements.

Additionally, the Holding Company had also filed the appeal challenging the other issues in the aforesaid AERA order with the AERA Appellate Tribunal (AERAAT). Due to non-constitution of AERAAT Bench, the Company had filed a writ petition with the Honorable High Court at Hyderabad for the State of Telangana and for the State of Andhra Pradesh, which is yet to be heard.

36. During the year, as required under direction no. 5/2010-11 dated 28.02.2011 issued by AERA for determination of Tariff for Airport Operators, the Holding Company has filed an application with AERA for determination of Aeronautical Tariff in respect of Second Control period from April 1, 2016 to March 31, 2021 including True up for shortfall of receipt vis a vis entitlement for the first control period Pending determination of Aeronautical Tariff, AERA vide its order no. 50 dated March 31, 2016 has allowed to continue to charge the Aeronautical tariff as prevailed on 31.03.2016 for a period of 6 months w.e.f. April 1, 2016 or till determination of tariff for the aforesaid period whichever is earlier.

37. Disclosure as per the Schedule III of the Companies Act, 2013:

Name of the entity		Net Assets, i.e. total assets minus total liabilities				Share in profit or loss			
		2015-16		2014-15		2015-16		2014-15	
		As % of Consolidated net assets	Amount	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
1		2	3	4	5	6	7	8	9
	Holding Company								
	GHIAL	41.87%	561,065,805	27.12%	434,142,683	(186.77)%	(261,231,115)	(98.59)%	(2,407,744,065)
	Subsidiaries								
1	HMACPL	51.84%	694,761,342	35.27%	564,492,224	327.58%	458,189,820	15.75%	384,661,198
2	HASSL	(9.22)%	(123,509,415)	(15.77)%	(252,444,494)	1.27%	1,775,426	0.01%	305,049
3	GHARML	(0.01)%	(97,839)	0.03%	441,493	0.02%	32,283	0.00%	1,324
4	GHAL	22.59%	302,791,168	20.42%	326,905,893	(15.05)%	(21,047,267)	0.10%	2,517,557
5	GHASL	22.23%	297,961,659	25.18%	403,104,718	(64.29)%	(89,917,594)	(3.29)%	(80,374,469)
6	GHMSL	0.00%	54,366	0.01%	100,100	(0.03)%	(45,734)	(0.00)%	(33,751)
7	GAEL including GATL	(72.25)%	(968,252,594)	(29.08)%	(465,504,944)	(394.90)%	(552,348,213)	(18.78)%	(458,527,626)
8	HDFRL	21.23%	284,532,358	15.48%	247,783,536	218.22%	305,222,687	8.79%	214,586,162
9	GAHSCL	0.02%	242,081	0.02%	273,644	(0.02)%	(31,563)	0.00%	(23,225)
10	GHAPDL	0.02%	304,688	0.02%	321,510	(0.01)%	(16,822)	0.00%	(16,391)
11	GHRL	18.13%	242,995,404	19.54%	312,781,166	(98.08)%	(137,190,652)	(8.83)%	(215,731,443)
	Minority interests in a subsidiary								
1	HMACPL		(248,942,760)		(215,204,880)		106,405,507		87,541,190
	Jointly controlled entities (as per the proportionate consolidation								
1	APFTL	(0.01)%	(89,895)	(0.01)%	(165,682)	0.20%	284,067	(0.51)%	(12,393,888)
2	LHAMPL	3.53%	47,365,382	1.78%	28,460,874	111.86%	156,455,396	5.35%	130,555,048
	Total		**1,340,124,509**		**1,600,692,721**		**(139,869,280)**		**(2,442,218,520)**

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38. As at March 31, 2016, GHRL have accumulated losses of Rs. 1,458,269,456 (March 31, 2015: Rs.1,291,929,373). The accumulated losses at the year-end exceed the net-worth of GHRL. Also GHRL has incurred cash loss in the current year. The management of GHRL expects that there will be significant increase in the operations of GHRL that will lead to improved cash flows and long term sustainability. The Group has undertaken to provide such financial support as necessary, to enable GHRL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of carrying amounts of assets or the amounts and classification of liabilities that may be necessary if GHRL were unable to continue as a going concern.

39. During the year GATL has incurred losses of Rs. 559,093,425 (March 31, 2015: Rs. 68,66,42,583) and as at March 31, 2016 has accumulated losses of Rs. 3,510,350,702 (March 31, 2015: 2,951,257,277) which has resulted in erosion of the entire net worth of GATL. During the previous, the Group entered into a definitive agreement with the Joint venture partner of GAEL, the Holding Company of GATL, for the termination of joint venture agreement and towards purchase of the remaining equity stake of GAEL for a purchase consideration of USD 1. Also GATL has incurred cash loss in the current year. The management of GATL expects that there will be significant increase in the operations of GATL that will lead to improved cash flows and long term sustainability. In the meantime, the Group has undertaken to provide such financial support as necessary, to enable GATL to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of carrying amounts of assets or the amounts and classification of liabilities that may be necessary if GATL were unable to continue as a going concern.

40. As at March 31, 2016, APFTL, a 39.66% jointly controlled entity of GHIAL has accumulated losses of Rs.109,949,783 (March 31, 2015: Rs. 96,179,477). The accumulated losses at the year-end exceeded the net-worth of APFTL. Also APFTL has incurred cash loss in the current year. However, as APFTL has commenced its operations only on July 10, 2013, the management expects that there will be significant increase in the operations that will lead to improved cash flows and long term sustainability. Accordingly, these Consolidated Financial Statements do not include any adjustments relating to the recoverability and classification of carrying amounts of assets or the amounts and classification of liabilities that may be necessary if APFTL were unable to continue as a going concern.

41. Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010 decided that there shall be a sterile Cargo Holding Area at the airports. The access to the cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, CISF personnel were deployed as per the instructions of BCAS and the security charges include accrual of security cost of CIF personnel amounting to Rs. 19,969,486 (March 31, 2015: Rs. 17,875,726).. HMACPL is confident that there would be no additional liability other than the amount accrued in the books of accounts. Accordingly, no adjustments have been made to the Consolidated Financial Statements.

42. As at March 31, 2016, GHIAL has accrued Rs 24,750,000 (March 31 2015: Rs. 18,989,329) towards the remuneration to its Managing Director, which includes Rs. 8,366,228 (March 31 2015: Rs. 10,473,439) in excess of the limits specified in Sub Section (3) of Section 197 read with Schedule V of the Companies Act, 2013. The said remuneration has been approved by the Board of Directors, the Nomination and Remuneration Committee and by the Shareholders of GHIAL. Accordingly, GHIAL has applied to the Central Government for obtaining necessary approvals for payment of such remuneration and that, the amount in excess of the limits as mentioned above, will be paid as and when the approval is received from the Central Government. The Management is of the opinion that, the approval for payment of the remuneration will be obtained in due course and as such no adjustments have been made in these Consolidated Financial Statements.

43. GHIAL continues to recognize, Minimum alternate tax (MAT) credit entitlement of Rs. 665,701,699(March 31, 2015 Rs. 665,701,699). This amount can be adjusted after expiry of the tax holiday period (i.e. AY 2022-23) u/s 80IA of the Income Tax Act, 1961. Management is confident that in view of the anticipated tariff orders for the next control periods which will be effective from financial year 2016-17, GHIAL's normal tax

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liability will be more than the MAT payable after considering the deduction under section 80IA of the Income Tax, Act, 1961.

44. The financial statements of the Holding Company do not include Accounts for Passenger Service Fee-Security Component [PSF- (SC)] as the same are maintained separately in the fiduciary capacity by the Holding Company on behalf of the Government of India and are governed by Standard Operating Procedure vide letter number AV/13024/047/2003-SS/AD dated January 19, 2009 issued by the Ministry of Civil Aviation, Government of India.

45. Segment reporting

a. The segment reporting of the Group has been prepared in accordance with AS 17 on Segment Reporting notified under section 133 of the Companies Act 2013.

b. For the purpose of reporting, the business segments are primary segments. Reporting under geographical segments is not required as all the entities Consolidated are situated in India.

c. The business segments of the Group comprise of the following:

Segments	Description of Activities
Airports	Development and operation of airport and other allied activities
Other	Hospitality business

d. The details of Business Segment information is given below: (Amount in Rs.)

Particulars	Airport Segment	Other Segment	Inter Segment	Total	Total
	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2015
Segment Revenue					
Revenue from External Customer	8,286,820,449	568,717,570	-	8,855,538,019	6,285,283,033
Intra Segment Revenue	966,078,933	-	-	966,078,933	859,034,359
Total Revenue	**9,252,899,382**	**568,717,570**	**-**	**9,821,616,952**	**7,144,317,392**
Intra- Segment Sales	(966,078,933)	-	-	(966,078,933)	(859,034,359)
Inter- Segment Sales	-	-	(20,941,861)	(20,941,861)	(22,051,213)
Net Revenue				**8,834,596,159**	**6,263,231,820**
Segment Result	1,805,881,374	25,319,471	19,351,874	1,850,552,720	(187,041,661)
Add: Interest/Dividend Income				103,620,098	114,356,202
Add: Profit on Sales of Investment(Net)				87,695,048	72,863,342
Less: Donation				(9,500,000)	(18,100,000)
Less: Finance Cost (Excluding Bank Charges)				(2,427,563,128)	(2,444,165,891)
Profit before tax expenses & Minority Interest				**(395,195,263)**	**(2,462,088,008)**
Less: Extra Ordinary Expense				(27,706,758)	
Less: Tax Expenses (Including Deferred Tax)				283,032,743	19,869,484
Less: Minority Interest				(106,405,507)	**(87,541,190)**
Profit after tax expenses & Minority Interest				**(246,274,785)**	**(2,529,759,714)**

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Segment Assets	31,233,057,644	1,588,586,470	(953,736,207)	31,867,907,906	30,668,599,390
Segment Liabilities	29,184,412,535	1,950,266,766	(607,795,906)	30,526,883,395	29,067,906,671
Capital Expenditure (including Capital Advance)	25,599,575	12,737,594	-	38,337,169	844,731,807
Depreciation & Amortisation	2,378,221,994	163,513,617	-	2,541,735,610	2,488,664,129
Non-Cash Expenses (Other than Depreciation & Amortisation)	26,786,818	-	-	26,786,818	28,932,645

46. The Group has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the international and domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the Consolidated Financial Statements.

47. **Information on Joint Controlled entity as per Accounting Standard-27:**

The Group's aggregate share of each of the assets, liabilities, income and expenditures, etc. (after elimination of the effect of the transactions between the Group) related to its interest in the Jointly Controlled Entities as included in these Consolidated Financial Statements are as below:

(Amount in Rs.)

Particulars	March 31, 2016	March 31, 2015
Non-current liabilities		
Long-term borrowings	107,866,797	129,573,797
Other long term liabilities	1,185,800	1,210,300
Long term provisions	1,410,554	824,069
Current liabilities		
Trade payables	16,642,175	5,033,362
Other current liabilities	28,993,871	27,042,138
Short-term provisions	229,200	353,857
TOTAL LIABILITIES	**156,328,396**	**164,037,523**
Non-current Assets		
Fixed assets		
Tangible assets	94,623,759	102,070,977
Intangible assets	17,650	-
Capital work-in-progress	1,085,742	562,493
Long term loans and advances	17,507,939	9,531,882
Current Assets		
Inventories	2,239,439	1,200,998
Trade receivables	70,937,707	62,684,533
Cash and bank balances	8,507,735	9,803,083
Short-term loans and advances	2,300,983	2,628,409
Other current assets	6,382,930	3,850,339
TOTAL ASSETS	**203,603,883**	**192,332,714**

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Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Income		
Revenue from operations	229,957,920	190,587,321
Other income	902,219	320,332
Total Income	**230,860,139**	**190,907,653**
Expenses		
Employee benefit expenses	16,449,153	13,877,184
Other expenses	47,721,141	41,758,819
Finance cost	40,532	66,540
Depreciation and amortization expenses	9,947,380	17,043,951
Total Expenses	**74,158,206**	**72,746,494**
Profit/(Loss) before tax	**156,701,934**	**118,161,159**
Tax expenses	-	-
Profit/(Loss) before tax	**156,701,934**	**118,161,159**

Contingent Liabilities:
Group's share of contingent liabilities of the jointly controlled entities Rs. 8,140,065 (March 31, 2015: Rs. 1,152,941).

48. **Goodwill on acquisition:**

During the previous year, the Holding Company has made additional investment of 5% stake in GAEL, thereby making the shareholding from 50% to 55% making GAEL and GATL from jointly controlled entities to subsidiaries. Subsequently in December'14, the Company has acquired the balance stake thereby making GAEL and GATL 100% subsidiaries. On conversion of joint controlled entities to subsidiaries, the excess of Investment over the net assets as on the day of acquisition has been treated as Goodwill.

(i) The interest of the Holding company, as on the date of conversion during previous year, in the net assets of the GAEL& GATL (wholly owned subsidiary of GAEL) is given below:

(Amount in Rs.)

Particulars		GAEL *
Net assets acquired on the date of acquisition.	(A)	(245,778,147)
Purchase consideration and investment by the Holding Company	(B)	116,909,162
Net Goodwill	**(A-B)**	**362,687,309**

* Includes net assets of GATL (wholly owned subsidiary of GAEL).

Note: The Consolidated Financial statements as at March 31, 2016 include Goodwill on additional investment by Holding Company during previous year in subsidiary GAEL. GAEL has a wholly owned subsidiary GATL which has incurred losses of Rs. 559,093,425 (March 31, 2015: Rs. 686,642,583) for the year and has accumulated losses as at March 31, 2016 of Rs. 3,510,350,702(March 31, 2015: Rs. 2,951,257,277) which has resulted in erosion of entire net worth of GATL. Also GATL has incurred cash loss in the current year. The future economic benefit from such goodwill is dependent upon the ability of the aforesaid wholly owned subsidiary to scale up its operations in future and achieve sustained profitability. Based on the future business plan and projections approved by the board of director of the subsidiary company and valuation assessment done by the management, the management of the Group expects that there will be significant increase in the operations of GATL that will lead to future economic benefits. Accordingly, these Consolidated Financial Statements do not include any adjustment relating to the Impairment of Goodwill.

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

BRAHMAYYA & CO. Chartered Accountants BENGALURU

GMR HYDERABAD INTERNATIONAL AIRPORT LTD. HYDERABAD

(ii) The liabilities and assets of the entities where further acquisitions were made during the year (excluding goodwill) included in Consolidated Balance Sheet:

(Amount in Rs.)

	March 31, 2016	March 31, 2015
Liabilities	-	2,923,168,335
Assets	-	2,457,663,392

49. Previous year figures have been regrouped and reclassified, wherever necessary, to conform to those of the current year.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration
Number: 101049W/E300004
Chartered Accountants

per Shankar Srinivasan
Partner
Membership No.: 0213271

Place: Hyderabad
Date: July 18 , 2016

For Brahmayya & Co.,
ICAI Firm Registration
Number: 000515S
Chartered Accountants

per G. Srinivas
Partner
Membership No.:086761

Place: Hyderabad
Date: July 18 , 2016

For and on behalf of the Board of Directors of
GMR Hyderabad International Airport Limited

Srinivas Bommidala
Managing Director
DIN: 00061464

RSSLN Bhaskarudu
Director
DIN:00058527

Anup Kumar Samal
Company Secretary

Rajesh Arora
Chief Financial Officer

Place: Hyderabad
Date: July 18 , 2016