

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

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

## 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 and jointly controlled entities (the Holding Company, its subsidiaries and jointly controlled entities together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2015, 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').

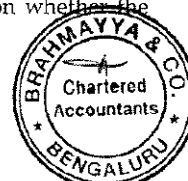
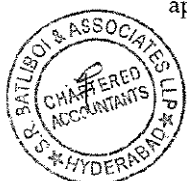
### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of 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 the 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 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 controls, 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, 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 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 but not for the purpose of expressing an opinion on whether the



Holding Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 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 47 to the accompanying consolidated financial statements for the year ended March 31, 2015, the Company has Goodwill amounting to Rs. 362,687,309 arising on additional investment by Holding Company in a subsidiary Company GMR Aerospace Engineering Company 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, 2015. Based on 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 our opinion, since the Company acquired the equity held by other shareholder for USD 1, it should have made a provision for impairment of goodwill as required by relevant Accounting Standards. Had the Company accounted for such an impairment of Goodwill on consolidation, consolidated loss before tax for the year would have been higher by Rs. 362,687,309 with a consequential impact on the carrying value of Goodwill in the consolidated financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the 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 the consolidated state of affairs of the Group as at March 31, 2015, of their consolidated loss and their consolidated cash flows for the year ended on that date.

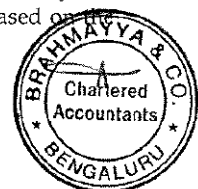
#### **Emphasis of Matter**

- a. With regard to Note 41 to the consolidated financial statements, the Holding Company has accrued Rs. 18,989,329 towards the remuneration to its Managing director, which includes 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 consolidated financial statements.
- b. We draw attention to note 32(c)(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.

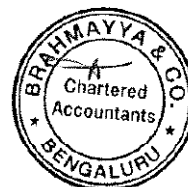
#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on



comments in the auditor's report of the Holding Company, its subsidiaries and jointly controlled entities incorporated in India, to whom the Order applies (referred to as "the Covered entities" in this report), we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. 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) 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 Group 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 by the Group including relevant records maintained by the Holding Company for the purpose of preparation of the consolidated financial statements;
  - (d) 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 matters 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, 2015 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 subsidiaries and jointly controlled entities incorporated in India, none of the directors of the Group is disqualified as on March 31, 2015 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 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 - Refer note 32(a),(b),(c) and 34 to the consolidated financial statements;
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; 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:**

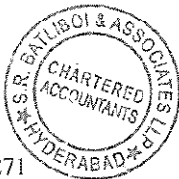
1. (a) The accompanying consolidated financial statements include total assets of Rs. 6,555,228,225 as at March 31, 2015, and total revenues (including other income) and net cash outflows of Rs. 2,469,620,790 and Rs. 2,786,585 respectively for the year ended on that date, in respect of 13 Subsidiaries 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. 181,779,094 as at March 31, 2015, and total revenues and net cash inflow of Rs. 183,556,603 and Rs. 1,199,257 respectively for the year ended on that date, in respect of 1 jointly controlled entity, which has been audited by other auditors, whose financial statements 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 this jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, to the extent applicable, 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 auditor.

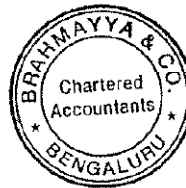
**For S.R. BATLIBOI & ASSOCIATES LLP**  
**ICAI Firm Registration Number: 101049W**  
Chartered Accountants

  
per **Shankar Srinivasan**  
**Partner**  
Membership Number: 213271  
Place: Hyderabad  
Date: July 21, 2015



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

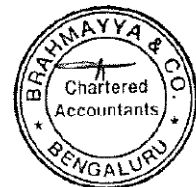
  
per **G Srinivas**  
**Partner**  
Membership Number: 86761  
Place: Hyderabad  
Date : July 21, 2015



Annexure 1 referred to in paragraph 1 of the section on 'Report on Other Legal and Regulatory requirements' of our report of even date. Refer Annexure A below for list of Covered entities. Our reporting, hereunder, in so far as it relates to the aforesaid subsidiaries and jointly controlled entities is based solely on the reports of the other auditors who audited the financial statements of these subsidiaries and jointly controlled entities.

- (i) (a) In our opinion and as reported by the other auditors who audited the financial statements of the Covered entities, these entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets wherever applicable.
- (b) Fixed assets have been physically verified by the management of the Holding Company and certain covered entities during the year. All fixed assets have not been physically verified by the management of the other Covered entities during the year but there is a regular programme of verification which, in our opinion and as reported by the other auditors who audited the financial statements of the Covered entities, is reasonable having regard to the size of the Covered entities and the nature of their assets. No material discrepancies were noticed on such verification and wherever discrepancies identified on such verification have been properly dealt with in the books of account.
- (ii) (a) The inventory has been physically verified by the management of the Holding Company and the Covered entities during the year. In our opinion and as reported by the other auditors who audited the financial statements of the other covered entities, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Holding Company and the Covered entities and the nature of their business.
- (c) The Holding Company and the Covered entities are maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us and as reported by the other auditors who audited the financial statements of certain entities of the Group, the Holding Company and the Covered entities have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Order are not applicable to the Covered entities and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and as reported by other auditors who audited the financial statements of certain Covered entities and considering that certain items of inventories and fixed assets purchased by these Covered entities are of proprietary / specialized nature, there is an adequate internal control system commensurate with the size of the Covered entities and the nature of their businesses for the purchase of inventory and fixed assets and for the sale of goods and services, wherever applicable, except that:
- In case of GHIAL, the holding company, there have been delays in case of renewal of certain revenue contracts with concessionaires.
  - In case of GMR Aero Technic Limited ('GATL'), a wholly owned subsidiary of a wholly owned subsidiary company, there have been certain instances of purchases of inventory where purchases are made without inviting comparative quotations.

During the course of our audit and as reported by the other auditors who audited the financial statements of certain Covered entities, other than the foregoing, no major weaknesses were



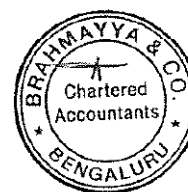
observed or a continuing failure to correct any major weakness in the internal control system of the Covered entities in respect of these areas.

- (v) According to the information and explanation given to us and as reported by other auditors who audited the financial statements of the Covered entities, the Holding Company and the Covered entities have not accepted any deposits from the public.
- (vi) We / other auditors have broadly reviewed the books of account maintained by the Holding Company and certain Covered entities, to the extent applicable and relevant, pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the specified accounts and records have been made and maintained. The detailed examination of the same has not been made by us or such other auditors. To the best of our knowledge and as explained and as reported by the other auditors who audited the financial statements of certain Covered entities, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act, for the product/services of these entities.
- (vii) (a) According to the information and explanation given to us, and as reported by other auditors who audited the financial statements of the Covered entities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in a few cases in respect of certain Covered entities.
- (b) According to the information and explanation given to us, and as reported by other auditors who audited the financial statements of certain Covered entities, there were no undisputed dues in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, custom duty, excise duty, value added tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date of they become payable, except as detailed below:

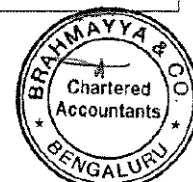
Name of the entity	Name of the statute	Nature of dues	Amount of dues (Rs)	Period to which the amount relates	Date of Payment
GHIAL	Andhra Pradesh Municipalities Act, 1965	Property tax	47,236,479*	April 2013 to September 2014	Not paid

\*The amount includes penal interest of Rs. 12,503,774.

- (c) According to the records of the Holding Company and the Covered entities and as reported by other auditors who audited the financial statements of certain covered entities, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:



Name of the entity	Name of the Statute	Nature of the dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
GHIAL	Finance Act, 1994	Reversal of CENVAT credit including penalty	556,533,347 <sup>1</sup>	Various dates	Customs Excise and Service Tax Appellate Tribunal, Hyderabad
	Finance Act, 1994	Penalty equivalent to service tax on User Development Fee	74,300,000	April 2008 to December 2008	The Commissioner of Customs, Central Excise and Service Tax, Hyderabad
	Building and Other Construction Workers' Welfare Cess Act, 1996	Cess on building	252,026,054	Various dates	Hon'ble High Court at Hyderabad for the State of Telangana and for the State of Andhra Pradesh
	Finance Act, 1994	Non- payment of service tax on import of services	7,320,769	Various dates	The Commissioner of Customs, Central Excise and Service Tax, Hyderabad
	Finance Act, 1994	Non- payment of service tax for supply of water and electricity to concessionaires and irregular availment of CENVAT	31,982,471 <sup>2</sup>	October 2008 to June 2010	Customs Excise and Service Tax Appellate Tribunal, Hyderabad
	Finance Act, 1994	Irregular availment of CENVAT credit on chartering of aircrafts and IDBI Trusteeship services	12,363,952 <sup>3</sup>	October 2011 to March 2013	Customs Excise and Service Tax Appellate Tribunal, Hyderabad
Hyderabad Menzies Air Cargo Private Limited ('HMACPL'), a subsidiary	IT Act, 1961	Income tax including interest	72,939,332	FY 2008-09, FY 2009-10 and FY 2010-11	Income Tax Appellate Tribunal, Hyderabad
	IT Act, 1961	Income tax including interest	25,440,450	FY 2011-12	CIT (A), Hyderabad
	IT Act, 1961	Income tax	8,497,952 <sup>4</sup>	FY 2007-08	Deputy Commissioner of Income Tax, Hyderabad
	Finance Act, 1994	Service tax	59,199,452 <sup>5</sup>	March 2008 to June 2010	Customs, Excise and Service tax Appellate Tribunal, Bengaluru
	Finance Act, 1994	Service tax	1,468,194 <sup>6</sup>	April 2007 to March 2012	Customs, Excise and Service tax Appellate Tribunal, Bengaluru
GMR Hotels and Resorts Limited ('GHRL'), a	Andhra Pradesh Value Added Tax Act, 2005	Value added tax	6,023,178	FY 2010-11 to FY 2013-14	Commercial Taxes Department, Andhra Pradesh

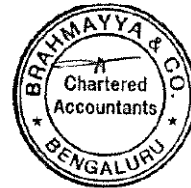


Name of the entity	Name of the Statute	Nature of the dues	Amount (Rs. in crore)	Period to which the amount relates	Forum where dispute is pending
subsidiary	IT Act, 1961	Income tax	5,609,138 <sup>7</sup>	FY 2009-10 and FY 2010-11	CIT (A)
	Andhra Pradesh Entertainment Tax Act, 1939	Entertainment tax	149,249 <sup>8</sup>	FY 2010-11 to FY 2012-13	Commercial Taxes Department, Andhra Pradesh
Laqshya Hyderabad Airport Media Private Limited ('Laqshya'), a jointly controlled entity	Andhra Pradesh Value Added Tax Act, 2005	Sales tax	987,905	April 2008 to March 2009	Appellate Tribunal
	IT Act, 1961	Income tax	89,140	FY 2010-11	Deputy Commissioner of Income Tax

In case of jointly controlled entity, the amounts reported in the above table are amounts as reported by the auditors, who audited the financial statements of the jointly controlled entity and are not based on proportionate shareholding of the Group.

**Note:**

1. Amount includes penalty of Rs.311, 280,914. The Company has deposited Rs. 122,037,582 under protest.
  2. The amount includes penalty of Rs. 16,662,816. The Company has deposited Rs.1, 535,000 under protest.
  3. The amount includes penalty of Rs. 6,181,976.
  4. The assessing officer has disallowed the amount which will impact the reduction of loss for the relevant assessment year.
  5. Includes penalty of Rs.29, 599,726.
  6. Includes penalty of Rs.734, 097.
  7. The disallowance of the amount does not have any tax impact. The assessing officer has reduced the loss of the respective assessment years based on the income tax returns filed by the Company.
  8. Includes amount paid under protest of Rs. 111,936.
- (d) According to the information and explanation given to us and as reported by other auditors who audited the financial statements of Covered entities, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and the Covered entities in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

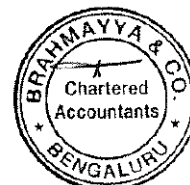


- (viii) Without considering the consequential effect of the matters stated in the Basis for Qualified Opinion paragraph of our auditors' report on the financial statements of certain Covered entities and on the basis of our audit report and as reported by the other auditors who audited the financial statements of the Covered entities, we report that:
- a) in respect of APFTL, HDFRL, GAHSCL, GATL and GHAPDL, the companies have been incorporated for less than five years and hence auditors of these entities have not commented under clause (viii) of the Order;
  - b) in respect of GHASL, HMA CPL and HASSL, the companies do not have accumulated losses;
  - c) in respect of GHAL, GAEL and GHIAL, the companies have accumulated losses less than fifty percent of their respective net worth while GHARML, GHMSL, GHRL and LHAMPL have accumulated losses not less than fifty percent of their respective net worth;
  - d) GAEL, LHAMPL and GHIAL have not incurred cash losses both in the current and immediately preceding financial years while GHARML, GHMSL and GHRL have incurred cash losses both in the current and immediately preceding financial years;
  - e) GHAL has not incurred cash losses in the current year but in the immediately preceding financial year.
- (ix) According to the information and explanation given to us and as reported by other auditors who audited the financial statements of certain Covered entities, we are of the opinion that the Holding Company and the Covered entities have not defaulted in their repayment of dues to a financial institution or banks, except:

In case of GMR Aerospace Engineering Limited ('GAEL'), a subsidiary company, where the Company has defaulted in repayment of opening balance of interest amounting to Rs. 75,423,990 for 89 days and opening balance of principal amount Rs. 29,000,000 for 88 days, payable to the banks. Further, for the current year, the Company has defaulted in the repayment of interest and principal amount of loans to the extent of Rs. 49,395,180 and Rs. 40,600,000 respectively (the default in such repayments for principal being 35 days and for interest ranging from 26 days to 57 days). The payment and other terms pertaining to these loans were restructured during the year as disclosed in Note No. 6(I)(d) to the consolidated financial statements.


According to the information and explanation given to us and as reported by other auditors who audited the financial statements of the Covered entities, the Holding Company and Covered entities do not have any outstanding dues in respect of debenture holders during the year.

- (x) According to the information and explanations given to us and based on the reports of the other auditors who audited the financial statements of other covered entities, the Holding Company and a Covered entity have given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Holding Company and the Covered entity.
- (xi) Based on the information and explanations given to us by the management and the report of the other auditors who audited the financial statements of certain Covered entities, to the extent applicable, term loans were applied for the purpose for which the loans were obtained.

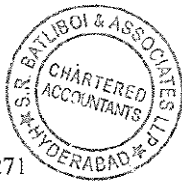


- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements of other Covered entities, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entities have been noticed or reported during the year.

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

  
per **Shankar Srinivasan**  
**Partner**

Membership Number: 213271  
Place: Hyderabad  
Date: July 21, 2015



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

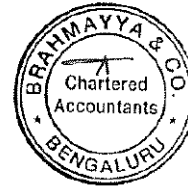


per **G Srinivas**  
**Partner**  
Membership Number: 86761  
Place: Hyderabad  
Date : July 21, 2015



**Annexure A**

Sl. No.	Name of the Company	Relationship as at reporting date
1	GMR Hyderabad airport international limited ( GHIAL)	Holding Company
2	Hyderabad Airport Security Services Limited (HASSL)	Subsidiary
3	GMR Hyderabad Airport Resource Management Limited (GHARML)	Subsidiary
4	GMR Hyderabad Aerotropolis Limited (GHAL)	Subsidiary
5	GMR Hyderabad Aviation SEZ Limited (GHASL)	Subsidiary
6	GMR Hyderabad Multiproduct SEZ Limited (GHMSL)	Subsidiary
7	Hyderabad Duty Free Retail Limited (HDFRL)	Subsidiary
8	GMR Airport Handling Services Co. Limited (GAHSCL)	Subsidiary
9	GMR Hyderabad Airport Power Distribution Limited (GHAPDL)	Subsidiary
10	GMR Hotels and Resorts Limited (GHRL)	Subsidiary
11	GMR Aerospace Engineering Limited (GAEL)	Subsidiary
12	GMR Aero Technic Limited (GATL)	Subsidiary
13	Hyd. Menzies Air Cargo Private Limited (HMACPL)	Subsidiary
14	Asia Pacific Flight Training Academy Limited (APFTL)	Jointly controlled entity
15	Laqshya Hyderabad Airport Media Private Limited (LHAMPL)	Jointly controlled entity



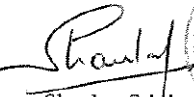
**GMR Hyderabad International Airport Limited**  
**Consolidated Balance Sheet as at March 31, 2015**

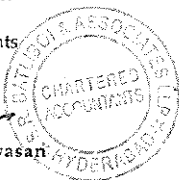
		(Amount in Rupees)
		March 31, 2015
		Notes
<b>Equity and Liabilities</b>		
<b>Shareholders' funds</b>		
Equity share capital	3	3,780,000,000
Reserves and surplus	5	(2,574,512,160)
		1,205,487,840
<b>Preference share capital issued by subsidiary</b>	4	180,000,000
<b>Minority interest</b>		215,204,880
<b>Non-current liabilities</b>		
Long-term borrowings	6	24,529,809,884
Deferred tax liability (net)	7	14,870,096
Other long term liabilities	8	2,152,581,116
Long term provisions	9	15,044,760
		26,712,305,856
<b>Current liabilities</b>		
Short-term borrowings	10	274,204,507
Trade payables	11	675,945,865
Other current liabilities	12	1,307,947,810
Short-term provisions	9	97,502,632
		2,355,600,814
<b>TOTAL</b>		30,668,599,390
<b>Assets</b>		
<b>Non-current Assets</b>		
<b>Fixed assets</b>		
Tangible assets	13.1	23,648,270,891
Intangible assets	13.2	643,910,100
Capital work-in-progress		555,067,076
Long term loans and advances	14	3,237,057,234
Other non-current assets	15.2	66,298,698
		28,150,603,999
<b>Current Assets</b>		
Current investments	16	294,217,614
Inventories	17	440,049,949
Trade receivables	15.1	884,019,243
Cash and bank balances	18	537,357,127
Short-term loans and advances	14	252,751,463
Other current assets	15.2	109,599,995
		2,517,995,391
<b>TOTAL</b>		30,668,599,390
<b>Summary of significant accounting policies</b>	2.1	

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


As per our report of even date

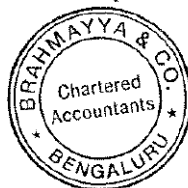
For S.R. BATLIBOI & ASSOCIATES LLP  
ICAI Firm registration  
number: 101049W  
Chartered Accountants

  
per Shankar Srinivasan  
Partner  
Membership No.: 213271

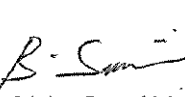


For Brahmayya & Co.,  
ICAI Firm registration  
number: 000515S  
Chartered Accountants

  
per G. Srinivas  
Partner  
Membership No.: 86761

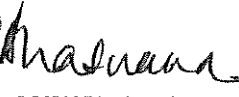


For and on behalf of the Board of Directors of  
GMR Hyderabad International Airport Limited

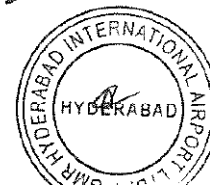
  
Srinivas Bommidala  
Managing Director  
DIN: 00061464

  
T Venkat Ramana  
Company Secretary

Place: Hyderabad  
Date: July 21, 2015

  
RSSLN Bhaskarudu  
Director  
DIN: 00058527

  
Rajesh Arora  
Chief Financial Officer



Place: Hyderabad  
Date: July 21, 2015


**GMR Hyderabad International Airport Limited**  
**Consolidated Statement of Profit and Loss for the year ended March 31, 2015**

	Notes	(Amount in Rupees) For the year ended March 31, 2015
<b>Income</b>		
Revenue from operations	19	6,263,231,820
Other income	20	245,497,408
<b>Total (A)</b>		<b>6,508,729,228</b>
<b>Expenses</b>		
Concession fees		177,242,398
Purchase of traded goods		274,070,320
Increase in traded goods	21	(14,855,110)
Employee benefits expense	22	1,084,886,702
Other expenses	23	2,495,278,664
<b>Total (B)</b>		<b>4,016,622,974</b>
<b>Earning before interest, tax, depreciation and amortization (EBITDA) (A) - (B)</b>		<b>2,492,106,254</b>
Finance cost	24	2,465,530,132
Depreciation and amortisation expenses	25	2,488,664,129
<b>Loss before tax expense and minority interest</b>		<b>(2,462,088,007)</b>
<b>Tax expenses</b>		
Current tax		83,695,015
Deferred tax		(103,380,536)
Tax of earlier year		(4,791,127)
Minimum alternate tax credit entitlement of earlier years		4,607,164
<b>Total tax expense</b>		<b>(19,869,484)</b>
<b>Loss after tax expenses and before minority interest</b>		<b>(2,442,218,523)</b>
Minority interest - share of profit		87,541,190
<b>Loss for the year</b>		<b>(2,529,759,713)</b>
<b>Earnings per equity share (Rs.)</b>	26	
Basic and diluted		(6.59)
Summary of significant accounting policies	2.1	

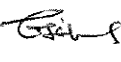
The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

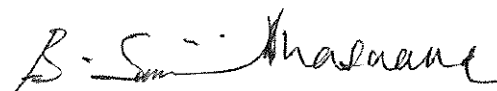
  
 per Shankar Srinivasan  
 Partner  
 Membership No.: 213271

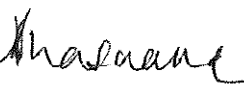
For Brahmayya & Co.,  
 ICAI Firm registration  
 number: 000515S  
 Chartered Accountants

  
 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

  
 T Venkat Ramana  
 Company Secretary

  
 Rajesh Arora  
 Chief Financial Officer

Place: Hyderabad  
 Date: July 21, 2015

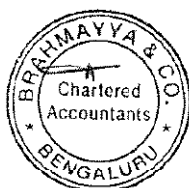


Place: Hyderabad  
 Date: July 21, 2015

GMR Hyderabad International Airport Limited  
Consolidated Cash flow Statement for the year ended March 31, 2015

(Amount in Rupees)

Particulars	March 31, 2015
<b>A. Cash flow from Operating Activities</b>	
Loss before tax expense and minority interest	(2,462,088,007)
<i>Adjustments for:</i>	
Depreciation and amortisation expenses	2,488,664,129
Profit on sale of current investments (net)	(76,183,634)
Adjustment due to conversion from jointly controlled entity to subsidiary (note 3)	(34,870,718)
Contingent provisions against standard assets written back	(1,275,369)
Liabilities/provisions no longer required, written back	(7,685,503)
Diminution in value of inventory	3,476,366
Interest income	(115,041,777)
Profit on sale of fixed assets	(369,336)
Fixed assets written off	11,345,896
Transfer of travel expenditure from capital work in progress	2,274,431
Bad debts / advances / deposit written off	830,295
Provision for doubtful advances and trade receivable	13,195,283
Interest expense	2,382,389,953
Unrealized foreign exchange gain	(3,699,845)
	<b>2,200,962,164</b>
<b>Operating profit before working capital changes</b>	
Decrease in trade payables	(809,468,168)
Increase in other liabilities	280,954,934
Decrease in trade receivable	1,650,028,630
Decrease in inventories	7,444,263
Decrease in loans and advances	247,894,523
Increase in provisions	21,868,567
Increase in other assets	(97,220,736)
<b>Cash generated from Operations</b>	<b>3,502,464,177</b>
Direct taxes paid	(300,865,674)
<b>Net Cash from Operating Activities (A)</b>	<b>3,201,598,503</b>
<b>B. Cash flows from Investing Activities</b>	
Purchase of fixed assets (Net)	(480,991,287)
Proceeds from sale of fixed assets	710,599
Investment in / Loan to subsidiaries	1,000,000,000
Purchase of non-current investments	(62)
Proceeds from sale/maturity of current investments	10,006,502,271
Purchase of current investments	(9,737,169,552)
Investment in deposits with original maturity of more than three months	(264,994,137)
Proceeds from withdrawal of deposits more than 3 months	415,621,065
Income from investment	76,183,634
Interest received	260,548,204
<b>Cash flows from Investing Activities (B)</b>	<b>1,276,410,735</b>
<b>C. Cash flows from Financing Activities</b>	
Dividend paid to minority/preference shareholders	(91,379,436)
Proceeds from borrowings	62,039,716
Repayment of borrowings	(2,009,638,727)
Interest and finance costs paid	(2,472,284,107)
<b>Net Cash flow used in investing activities (C)</b>	<b>(4,514,262,554)</b>
<b>Net Decrease in Cash and Cash equivalents (A+B+C)</b>	<b>(36,253,316)</b>
<b>Cash and Cash equivalents as at the beginning of the year</b>	<b>370,487,191</b>
<b>Effects of exchange differences on cash &amp; cash equivalents held in foreign currency</b>	<b>1,877,925</b>
<b>Cash and Cash equivalents as at the end of the year</b>	<b>336,111,800</b>



**GMR Hyderabad International Airport Limited**  
**Consolidated Cash flow Statement for the year ended March 31, 2015**

(Amount in Rupees)

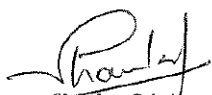
Components of Cash and Cash equivalents	March 31, 2015
Cheques, credit card collection and drafts in hand	1,260,183
Cash in hand	6,181,314
Balances with banks:	
- On current accounts	67,718,152
- In exchange earner's foreign currency account	52,140,051
- Deposits with original maturity less than 3 months	208,812,100
<b>Components of Cash and Cash equivalents ( refer note 18)</b>	<b>336,111,800</b>

The accompanying notes form an integral part of the consolidated financial statements

1. The above consolidated cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on 'Cash Flow Statements'.
2. The above consolidated cash flow statement has been compiled from and is based on the consolidated balance sheet as at March 31, 2015 and the related consolidated statement of profit and loss for the year ended on that date.
3. Due to conversion of Joint venture to subsidiary during the year , pre acquisition profit and loss is adjusted as non cash item.
4. Current account includes balances in Exchange earner's foreign currency ('EEFC') Accounts.


As per our report of even date

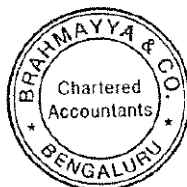
For **S.R. BATLIBOI & ASSOCIATES LLP**  
 ICAI Firm registration  
 number: 101049W  
 Chartered Accountants

  
 per **Shankar Srinivasan**  
 Partner  
 Membership No.: 213271

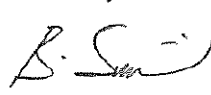


For **Brahmayya & Co.,**  
 ICAI Firm registration  
 number: 0005155  
 Chartered Accountants

  
 per **G. Srinivas**  
 Partner  
 Membership No.: 86761

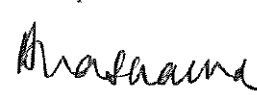


For and on behalf of the Board of Directors of  
**GMR Hyderabad International Airport Limited**

  
**Srinivas Bommidala**  
 Managing Director  
 DIN: 00061464

  
**T Venkat Ramana**  
 Company Secretary

Place: Hyderabad  
 Date: July 21, 2015

  
**RSSLN Bhaskarudu**  
 Director  
 DIN: 00058527

  
**Rajesh Arora**  
 Chief Financial Officer



Place: Hyderabad  
 Date: July 21, 2015

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

**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.

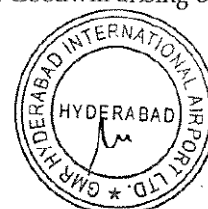
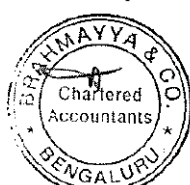
These are Group's first set of Consolidated financial statements prepared in accordance with Accounting Standard 21 "Consolidated Financial Statements". Accordingly, the Group has availed optional exemption of not presenting comparative Consolidated Financial Statements of March 31, 2014.

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 entity 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. .



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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 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.

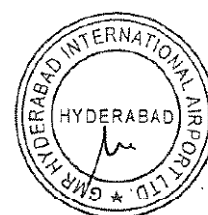
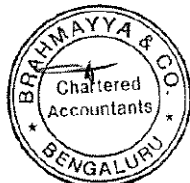
Investments in the Jointly Controlled Entities have been accounted using proportionate consolidation method whereby the Group includes its share of assets, liabilities, income and expenses of jointly controlled entities in its Consolidated financial statements as per AS 27 on 'Financial Reporting of 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, 2015 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 2015
1	Hyderabad Menzies Air Cargo Private Limited (HMACPL)	Subsidiary	51%
2	Hyderabad Airport Security Services Limited (HASSL)	Subsidiary	100%
3	GMR Hyderabad Airport Resource Management Limited (GHARML)	Subsidiary	100%
4	GMR Hyderabad Aerotropolis Limited (GHAL)	Subsidiary	100%
5	GMR Hyderabad Aviation SEZ Limited (GHASL)	Subsidiary	100%
6	GMR Hyderabad Multipurpose SEZ Limited (GHMSL)	Subsidiary	100%
7	Hyderabad Duty Free Retail Limited (HDFRL)	Subsidiary	100%
8	GMR Airport Handling Services Co. Limited (GAHSCL)	Subsidiary	100%
9	GMR Hyderabad Airport Power Distribution Limited (GHAPDL)	Subsidiary	100%
10	GMR Hotels and Resorts Limited (GHRL)	Subsidiary	100%
11	GMR Aerospace Engineering Limited (GAEL)1	Subsidiary	100%
12	GMR Aero Technic Limited (GATL)2	Subsidiary	100%
13	Asia Pacific Flight Training Academy Limited (APFTL)	Jointly controlled entity	39.66%
14	Laqshya Hyderabad Airport Media Private Limited (LHAMPL)	Jointly controlled entity	49%

Notes:

- GMR Aerospace Engineering Limited ("GAEL") (Formerly known as MAS GMR Aerospace Engineering Company Limited) was a joint controlled entity with Malaysian Aerospace Engineering Sdn Bhd as at March 31, 2014. GAEL became subsidiary with effect from August 25, 2014 and wholly owned subsidiary with effect from December 12, 2014.
- Subsidiary of GMR Aerospace Engineering Limited.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

**2.1 Statement of significant accounting policies**

**a. Use of estimates:**

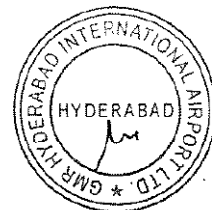
The preparation of Consolidated financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**b. 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 recognised 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 contracts 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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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.

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.

**c. 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.

**d. Tangible fixed assets:**

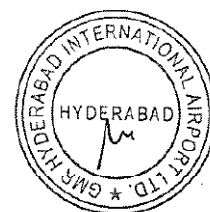
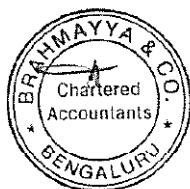
Tangible fixed assets are stated at cost net of Cenvat credit and other duty drawbacks less accumulated depreciation and impairment losses, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working 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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

e. 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.

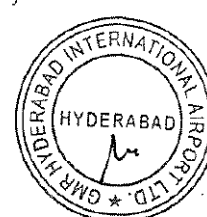
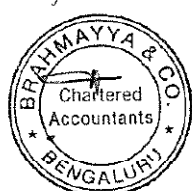
In case of LHAMPL, depreciation on tangible assets except media assets and electrical fittings of media assets is provided under written down value method based on the useful lives of the assets as prescribed under Part C of the Schedule II of the Companies Act, 2013. The depreciation charges of the assets depreciated 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.

Particulars	Useful lives estimated by the management (years)	Useful life as stated in the Companies Act 2013( years)
	2014-15	2014-15
Improvements to leasehold land	15-30	-
Runways and taxiways	30	-
Roads- Other than RCC*	10	5
Buildings on lease hold land	27-30	30
Electrical installations*	10-15	10
Advertising Media	7-20	-
Plant and machinery	3-15	3-40
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, inter alia, 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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

- 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 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.

**f. Intangible assets:**

Goodwill arising on consolidation is not amortised 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.

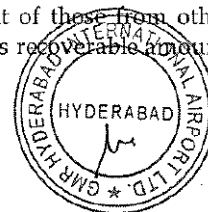
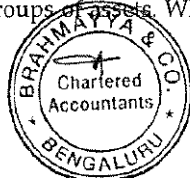
Research and development cost:

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.

**g. 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,



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**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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 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.

**h. 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.

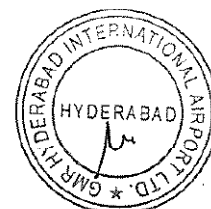
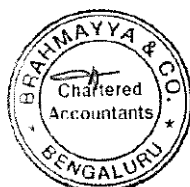
On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair 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.

**i. 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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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.

**j- 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 on translation / settlement of foreign currency monetary items as below:

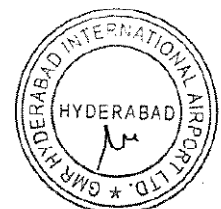
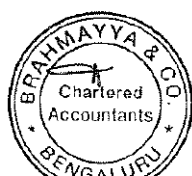
- Exchange difference arising on the settlement of monetary items, or on reporting such monetary items of Group at rates different from those at which they were initially recorded during the year are recognized as income or expense in the year in which they arise.
- Exchange difference arising on long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

**k. 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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

**l. 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.

**m. 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.

**n. Earnings per share:**

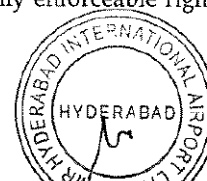
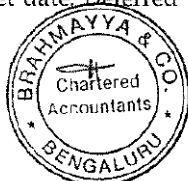
Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events 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.

**o. Taxes on income:**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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.

In the situations where the entities in the Group are entitled to a tax holiday under IT Act enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of timing differences which reverse during the tax holiday period, to the extent the entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which the timing differences originate. However, the entities in the Group restricts recognition of 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. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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.

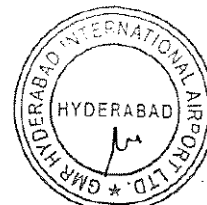
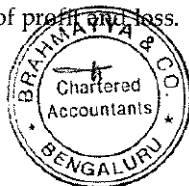
**p. Leases:**

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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

**q. 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 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.

**r. 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.

**s. 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.

**t. 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.

**u. Corporate Social Responsibility (CSR) expenditure:**

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

**v. 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.

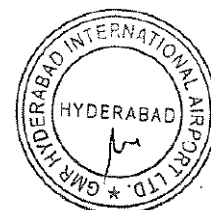
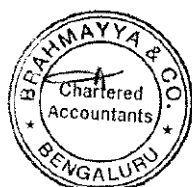
**w. Segment Reporting Policies**

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.

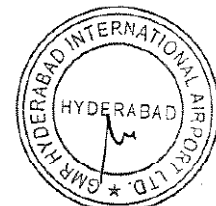
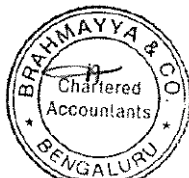


GMR Hyderabad International Airport Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2015

Share capital		(Amount in Rupees)	
		March 31, 2015	
<b>Authorized shares (No.)</b>			
400,000,000 equity shares of Rs. 10 each			4,000,000,000
			<b>4,000,000,000</b>
<b>Issued, subscribed and fully paid-up shares (No.)</b>			
<b>Equity Share Capital</b>			
378,000,000 equity shares of Rs. 10/- each fully paid up			3,780,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>			<b>3,780,000,000</b>
<b>(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year</b>			
		March 31, 2015	
		No.	Rs
<b>Equity Share Capital</b>			
At the beginning of the year		378,000,000	3,780,000,000
<b>Outstanding at the end of the year</b>		<b>378,000,000</b>	<b>3,780,000,000</b>
<b>(b) Terms/ rights attached to equity shares</b>			
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.			
<b>(c) Shares held by holding/ ultimate holding company</b>			
Out of equity shares issued by the Company, shares held by its holding company and ultimate holding company are as below.			
		March 31, 2015	
		No.	Rs
GMR Airports Limited, holding company			
238,139,000 Equity shares of Rs. 10 each fully paid-up		238,139,000	2,381,390,000
GMR Infrastructure Limited, ultimate holding company			
1,000 Equity shares of Rs. 10 each fully paid-up		1,000	10,000
<b>(d) Details of shareholders holding more than 5% shares in the Company</b>			
<b>Equity shares of Rs. 10 each fully paid</b>		March 31, 2015	
		No.	% holding
GMR Airports Limited, holding company		238,139,000	63.00%
Airports Authority of India		49,140,000	13.00%
Government of Telangana		49,140,000	13.00%
MAHB (Mauritius) Private Limited		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.			

Preference share capital issued by subsidiary		(Amount in Rupees)	
		March 31, 2015	
<b>Authorized share capital (No.)</b>			
18,450 preference shares of Rs. 10,000 each			184,500,000
			<b>184,500,000</b>
<b>Issued, subscribed and fully paid-up shares</b>			
18,000 preference shares of Rs. 10,000 each			180,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>			<b>180,000,000</b>
<b>(a) Reconciliation of the shares outstanding at the beginning and at the end of the period</b>			
		March 31, 2015	
		No.	Rs.
At the beginning of the year		18,000	180,000,000
<b>Outstanding at the end of the year</b>		<b>18,000</b>	<b>180,000,000</b>
<b>(b) Details of shareholders holding more than 5% shares in the Company</b>			
		March 31, 2015	
		No.	Rs.
Menzies Aviation cargo (Hyderabad) Limited (Mauritius)		18,000	100%
<b>(c) Terms of conversion/redemption of Cumulative Compulsory Convertible Preference Shares (CCCPs)</b>			
One of the Subsidiary of the GHAIL (Holding Company), HMA CPL has issued 18,000 fully paid up CCCPS of Rs. 10,000/- each. CCCPS carries cumulative dividend @ 11.97% and the HMA CPL 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.			



**GMR Hyderabad International Airport Limited**  
Notes to the Consolidated Financial Statements for the year ended March 31, 2015

Reserves and surplus	(Amount in Rupees)	
	March 31, 2015	
<b>Capital Reserve</b>		
Closing Balance	(A)	1,070,000,000
<b>Deficit in the statement of profit and loss</b>		
Opening balance		(1,075,440,374)
Add:- Profit/ (loss) for the year		(2,529,759,713)
Less: Dividend on Preference Share		21,551,606
Less: Tax on dividend on Preference Shares		4,170,301
Less: Tax on dividend declared by subsidiary		13,590,170
<b>Net deficit in the statement of profit and loss</b>	(B)	(3,644,512,164)
<b>Total reserves and surplus</b>	(A+B)	(2,574,512,160)

Long-term borrowings	(Amount in Rupees)	
	Non-current portion	Current portion
	March 31, 2015	March 31, 2015
<b>Term loans</b>		
Indian rupee term loan from banks (secured)	11,814,510,088	238,800,000
Foreign currency loan from banks (secured)	5,177,226,000	564,387,000
Indian rupee term loan from a financial institution (secured)	4,250,000,000	-
<b>Loans from others</b>		
Government of Telangana (unsecured)	3,150,500,000	-
Loans from related party (unsecured)	129,573,796	15,484,000
Inter-corporate deposits (unsecured)	8,000,000	1,000,000
	<b>24,529,809,884</b>	<b>819,671,000</b>
<b>The above amount includes</b>		
Secured borrowings	21,241,736,088	803,187,000
Unsecured borrowings	3,288,073,796	16,484,000
Amount disclosed under the head "other current liabilities" (Refer note 12)	-	(819,671,000)
<b>Net</b>	<b>24,529,809,884</b>	<b>-</b>

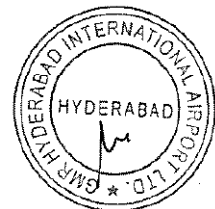
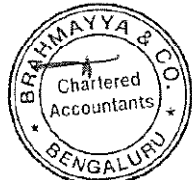
**Term Loans**

**I) Indian rupee term loan from banks (secured)**

a) Term loan of GHIAL for 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 was 11.20% to 11.40% p.a. During the year, the Indian rupee term loans from banks (secured) were refinanced with a moratorium period of two years in repayment of loans beginning from September 30, 2014. The loans are now repayable in 52 quarterly instalments beginning from July 31, 2016 against the earlier repayment term of over 56 quarterly instalments beginning from July 1, 2010.

b) Term loan of HASSL for Rs. 265,600,000 from bank carries interest @ 3% + RBI PLR base rate. The loan is repayable in 21 equal quarterly instalments beginning from March 31, 2012. Term loan is secured by equitable mortgage of Leasehold right and title in respect of Leasehold Land belonging to GHIAL and other immovable properties and first charge on all movables, including movable machinery, machinery spares, tools, accessories, furniture, fixtures, vehicles and other movable assets, book debts, operating cash flows, receivables, intangibles, uncalled capital, commissions, revenues, present and future and assignment of all claim and demands from insurance, Trust and Retention Account and Debt Service Reserve Account and further secured by pledge of 37,50,000 equity shares of HASSL by GHIAL.

c) Term loan of GHASL of Rs. 497,822,704 is the restructured from the bank at an interest rate of 11% p.a. 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 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.



**GMR Hyderabad International Airport Limited**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2015**

d) Term Loan of GAEL of 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. 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.

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 31% of paid up share capital (i.e. 121,329,000 shares) of the Company held by Holding company (GHIAL). Out of which, the Company has pledged 110,619,000 shares as at March 31, 2015 and is in the process of getting the balance shares (i.e. 10,710,000 shares) pledged which were issued on March 27, 2015.

(d) Un-conditional and irrevocable Corporate Guarantee of GHIAL pari passu among the Lenders for their respective Term Loans and Funded Interest Term Loans.

e) Term Loan of HDFRL of Rs. 54,000,000 from bank carry interest at base rate plus agreed spread subject to reset at the end of agreed interval. The interest rate during the year was in the range of 11.75% to 12.50% p.a. The loan is repayable in 22 quarterly unequal instalments starting from March 31, 2012 till March 31, 2017. The loan includes Rs. 8,600,000 which is guaranteed by the Holding Company (GHIAL). The loan is secured by current assets including stocks and such other movables, book debts, moveable assets, software, whether installed or not and whether in the possession or under the control of the Company or not, and all the bank accounts. Further with a pledge of 30% of shares of total equity held by the holding company i.e., GHIAL. As on March 31, 2015, the Company has pledged 5,085,000 such equity shares as per sanction terms.

f) Term Loan of GHRL of 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 12.75%. 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. 5,741,613,000 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. 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 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 10.90% to 11.20% p.a. During the year, the term loans from financial institutions were refinanced with a moratorium period of two years in repayment of loans beginning from September 30, 2014. The loans are now repayable in 52 quarterly instalments beginning from July 31, 2016 against the earlier repayment term of over 56 quarterly instalments beginning from July 1, 2010.

Note: Indian rupee loans, foreign currency loan including the IRS arrangement and loan from financial institution of GHIAL are secured by mortgage of leasehold right, title, interest and benefit in respect of leasehold land (to an extent of 2044 acres and 29 guntas) 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 and 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)**

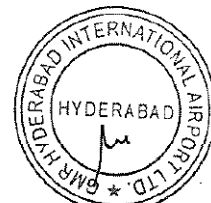
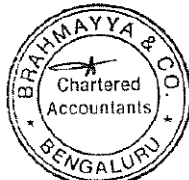
Interest free loan of GHIAL Rs. 3,150,500,000 received from the Government of Telangana is repayable in five equal instalments commencing from 16th anniversary from the date of commercial operations (March 23, 2008).

**Loan from related Party (unsecured)**

Loan from related party (unsecured) Rs.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 HMA CPL for Rs. 9,000,000 is interest free and is repayable in 15 equal instalments of Rs. 1,000,000 from April 1, 2009.



GMR Hyderabad International Airport Limited

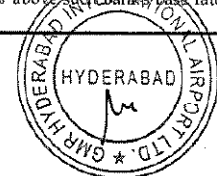
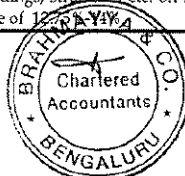
Notes to the Consolidated Financial Statements for the year ended March 31, 2015

		(Amount in Rupees)
		March 31, 2015
7	<b>Deferred tax</b>	
7.1	<b>Deferred tax liability</b>	
	Impact of difference between tax depreciation and Financial book depreciation	2,158,097,827
	<b>Gross deferred tax liability</b>	<b>2,158,097,827</b>
7.2	<b>Deferred tax asset</b>	
	Carry forward losses and unabsorbed depreciation under tax laws	1,875,350,907
	Expenditure allowed under tax on payment basis	249,987,173
	Others	17,889,651
	<b>Gross deferred tax asset</b>	<b>2,143,227,731</b>
	<b>Net deferred tax liability</b>	<b>14,870,096</b>
	Note:	
	In case of GHIAL, based on an independent expert's opinion, the aforementioned deferred tax liability or asset has been recognised in respect of all the timing differences which have originated up to March 31, 2014 and were expected to reverse either before commencement of the expected tax holiday period or after the expiry of such tax holiday period.	

		(Amount in Rupees)
		March 31, 2015
8	<b>Other long-term liabilities</b>	
	Deferred obligation - concession fee payable *	1,578,849,162
	Unearned revenue	159,041,932
	Deposit from concessionaires	389,566,651
	Retention money - Non trade	603,626
	Advance from customers	24,519,725
	<b>Total</b>	<b>2,152,581,116</b>
	* 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.	

		(Amount in Rupees)	
		Long-term	Short Term
		March 31, 2015	March 31, 2015
9	<b>Provisions</b>		
	<b>Provision for employee benefits</b>		
	Provision for gratuity	15,044,760	1,982,982
	Provision for leave benefits	-	71,144,861
	Provision for super annuation fund	-	1,121,427
		<b>15,044,760</b>	<b>74,252,270</b>
	<b>Other provisions</b>		
	Provision for taxation (net)	-	6,123,888
	Provision for wealth tax	-	11,920
	Provision for tax on proposed equity dividend	-	10,624,742
	Provision for preference dividend	-	5,392,106
	Provision for tax on proposed preference dividend	-	1,097,706
		-	<b>23,250,362</b>
	<b>Total</b>	<b>15,044,760</b>	<b>97,502,632</b>

		(Amount in Rupees)
		March 31, 2015
10	<b>Short-term borrowings</b>	
	Cash credit from banks (secured)	274,204,507
		<b>274,204,507</b>
	<b>Cash credit from banks</b>	
	a) Cash credit of GHIAL of Rs. 337,045 from bank is secured by way of first pari-passu charge on all movable and immovable assets, operating cash flows, book debts, receivables, intangibles and revenues, both present and future and a second ranking charges by way of mortgage of leasehold right title, interest and benefit in respect of leasehold land (to an extent of 2044 acres and 29 guntas) but not limited to documents of title to the goods. The cash credit is repayable on demand and carries interest 12.75% p.a.	
	b) Cash credit of HDFRL of Rs. 188,198 from a bank is secured on a pari-passu basis with the security available for term loans from a bank. For security details refer note 6 above.	
	c) Cash credit facility of GATL of Rs 224,079,264 is secured by way of first charge on entire current assets and cash flows including stocks, receivables, bank balances etc., (Pari-passu charge with existing loan taken from its Holding company (GAEL)), first pari-passu 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. (Pari-passu 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 4% (Presently 14.20% ).	
	d) Cash credit facility of GHRL of Rs 49,600,000 is secured by way of first pari-passu charge on entire current assets and cash flows including stocks, receivables, bank balances etc. with existing term lenders and collateral first pari-passu 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 measuring 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 12% to 14%.	



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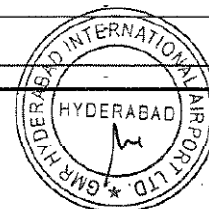
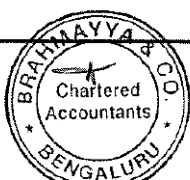
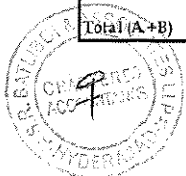
Notes to the Consolidated Financial Statements for the year ended March 31, 2015

11	Trade payables		(Amount in Rupees)
			March 31, 2015
	Trade payables		675,945,865
	<b>Total</b>		<b>675,945,865</b>

12	Other current liabilities		(Amount in Rupees)
			March 31, 2015
	Current maturities of long-term borrowings (Refer note 6)		819,671,000
	Unearned revenue		104,819,387
	Interest accrued but not due on borrowings		2,865,567
	Non trade payables		22,455,170
	Deposits from customers		135,849,196
	Advances received from customers		17,153,357
	Retention money		78,172,496
	Capital creditors		69,201,461
	Others payable		1,075,572
	Statutory dues		56,684,604
	<b>Total</b>		<b>1,307,947,810</b>

14	Loans and advances		(Amount in Rupees)	
		Non-current	Current	
		March 31, 2015	March 31, 2015	March 31, 2015
	<b>Capital advances</b>			
	Unsecured, considered good	844,731,807	-	-
	(A)	<b>844,731,807</b>	-	-
	<b>Security deposit</b>			
	Unsecured, considered good	219,754,580	561,690	
	Doubtful	3,079,432		
		222,834,012	561,690	
	Less: provision for doubtful deposits	3,079,432		
	(B)	<b>219,754,580</b>	<b>561,690</b>	
	<b>Loan and advances to related parties</b>			
	Unsecured, considered good	45,543,000	5,457,000	
	(C)	<b>45,543,000</b>	<b>5,457,000</b>	
	<b>Advances recoverable in cash or kind</b>			
	Unsecured considered good			
	Passenger service fee (Security component)	800,315,552	-	
	Others	81,423,413	40,397,234	
	(D)	<b>881,738,965</b>	<b>40,397,234</b>	
	<b>Other loans and advances</b>			
	Unsecured considered good			
	Advance income-tax (net)	481,016,116	111,250,195	
	MAT credit entitlement	667,750,067	-	
	CENVAT receivable	-	1,217,451	
	Prepaid expenses	81,393,942	60,105,905	
	Loans to employees :			
	considered good	671,585	501,257	
	considered Doubtful	-	13,807	
	Balances with statutory / government authorities	14,457,172	33,260,731	
		1,245,288,882	206,349,346	
	Less: provision for doubtful advances	-	13,807	
	(E)	<b>1,245,288,882</b>	<b>206,335,539</b>	
	<b>Total (A+B+C+D+E)</b>	<b>3,237,057,234</b>	<b>252,751,463</b>	

15 15.1	Trade receivables and other assets		(Amount in Rupees)	
	Trade receivable	Non-current	Current	
		March 31, 2015	March 31, 2015	March 31, 2015
	<b>Unsecured, considered good unless stated otherwise</b>			
	Outstanding for a period exceeding six months from the date they are due for payment			
	Unsecured, considered good	-	22,407,384	
	Doubtful	9,743,609	4,803,507	
		9,743,609	27,210,891	
	Less: provision for doubtful trade receivables	(9,743,609)	(4,803,507)	
	(A)	-	<b>22,407,384</b>	
	Outstanding for a period less than six months from the date they are due for payment			
	Unsecured, considered good		861,611,859	
	(B)		<b>861,611,859</b>	
	<b>Total (A+B)</b>		<b>884,019,243</b>	



GMR Hyderabad International Airport Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2015

13.1. Tangible Assets

Cost	Description	Buildings	Plant & Machinery	Runways and taxiways	Electrical installations	Leasehold improvements	Roads	Computer	Furniture and fixtures	Office Equipment	Advertising media assets	Vehicles	Total
At 01 April 2014		13,367,939,245	6,574,489,444	4,314,115,274	2,587,119,272	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
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	208,999,633
Disposals/ written off*		(41,142,808)	(5,870,318)	-	-	(813,935)	-	(182,263,559)	(27,691,439)	(10,698,045)	-	(262,768)	(268,142,912)
Additions on account of conversion of JV into Subsidiary**		693,321,595	438,122,282	-	-	-	-	5,300,983	13,710,764	17,370,975	-	813,739	1,168,652,358
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		-	-	-	-	-	-	-	-	(53,315)	-	-	(53,315)
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	394,989,205	200,299,370	107,071,906	34,235,017,647
Depreciation													
At 01 April 2014		2,321,382,409	1,297,377,447	808,091,336	646,910,447	159,469,448	128,923,054	1,703,863,457	391,722,037	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	316,873,911	441,270,684	60,919,093	314,863,724	63,956,138	131,227,941	249,316,783	12,899,025	20,587,293	2,434,542,866
Disposals/ written off*		(49,271)	(1,602,330)	-	-	(813,935)	-	(130,691,225)	(17,785,948)	(10,663,591)	-	(205,512)	(161,828,812)
Additions on account of conversion of JV into Subsidiary**		74,206,476	63,782,449	-	-	-	-	3,804,517	4,650,231	4,822,794	-	23,369	151,518,836
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	383,017,185	102,057,452	76,331,564	10,646,746,756
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

Notes:

\* Includes reversal of outstanding liabilities amounting to Rs. 113,164,974 which are no longer payable and reversal for depreciation thereon amounting to Rs. 83,873,308.

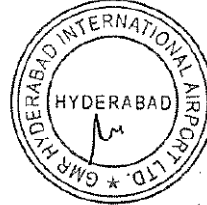
\*\* This represents the amount of adjustments on account of conversion of GAIL and GATL from joint venture to subsidiary pursuant to acquisition of additional shares.



13.2 Intangible Assets

Description	Computer software	Goodwill on Consolidation	Technical Know How	Total
<b>Cost</b>				
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
<b>Depreciation</b>				
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
<b>Net Block</b>				
At March 31, 2015	44,169,323	509,911,381	89,829,396	643,910,100

\* This represents the amount of adjustments on account of conversion of GAEL and GATL from joint venture to subsidiary pursuant to acquisition of additional shares.



GMR Hyderabad International Airport Limited

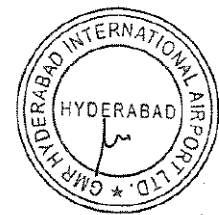
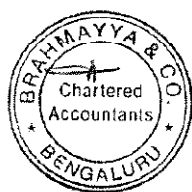
Notes to the Consolidated Financial Statements for the year ended March 31, 2015

15.2	Other assets	(Amount in Rupees)	
		Non-current	Current
		March 31, 2015	March 31, 2015
Unsecured, considered good unless stated otherwise			
	Non-current bank balances (refer note 18)	64,500,000	-
	(A)	64,500,000	-
Others			
	Interest accrued on bank deposits	1,798,698	5,702,703
	Grant receivable from authorities	-	400,000
	Unbilled revenue	-	48,801,223
	Non-trade Receivable	-	47,089,397
	Other receivable	-	7,606,672
	(B)	1,798,698	109,599,995
	<b>Total (A+B)</b>	<b>66,298,698</b>	<b>109,599,995</b>

16	Current investments	(Amount in Rupees)
		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 10,68,507 421 units of face value of Rs. 100 each	239,309,205
	SBI Premier Liquid Fund Regular Plan - Growth 2507.8380 units of face value of Rs. 1000 each	54,908,409
		<b>294,217,614</b>
	<b>Aggregate Net Asset Value of Unquoted Investments</b>	<b>294,603,394</b>

17	Inventories (valued at lower of cost and net realizable value)	(Amount in Rupees)
		March 31, 2015
	Traded goods (Retail merchandise)	73,981,012
	Food and beverages	4,311,876
	Stores and spares	361,637,661
	<b>Total</b>	<b>440,045,949</b>

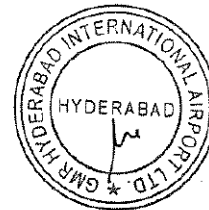
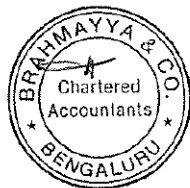
18	Cash and bank balances	(Amount in Rupees)	
		Non-current	Current
		March 31, 2015	March 31, 2015
Cash and cash equivalents			
	Cheques, credit card collection and drafts in hand	-	1,260,183
	Cash in hand	-	6,181,314
Balances with banks:			
	- On current accounts	-	67,718,152
	- In exchange earner foreign currency account	-	52,140,051
	- Deposits with original maturity less than 3 months	-	208,812,106
			<b>336,111,800</b>
Other bank balances			
	- Margin money deposits*	-	8,616,679
	- Deposits with original maturity more than 12 months**	64,500,000	152,828,648
	- Deposits with original maturity more than 3 months but less than 12 months	-	39,800,000
		<b>64,500,000</b>	<b>201,245,327</b>
	* Margin money deposit Rs. 8,616,679 is given as lien against bank guarantee given to customers.		
	** Amount disclosed under 'Other assets - Non-Current' (refer note 15.2)	64,500,000	-
	<b>Total</b>	<b>-</b>	<b>537,357,127</b>



GMR Hyderabad International Airport Limited

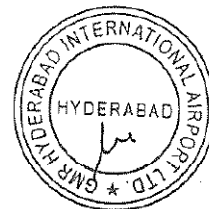
Notes to the Consolidated Financial Statements for the year ended March 31, 2015

19	<b>Revenue from operations</b>	(Amount in Rupees)
		<b>March 31, 2015</b>
	<i>Airports segment:</i>	
	<i>Sale of services</i>	
	Aeronautical	797,861,150
	Non - Aeronautical	3,666,211,277
	Cargo operations	713,884,097
		<b>(A) 5,177,956,524</b>
	<i>Traded goods</i>	
	Duty free items	589,319,140
		<b>(B) 589,319,140</b>
	<i>Others segment:</i>	
	Income from hospitality services	495,956,156
		<b>(C) 495,956,156</b>
	<b>Revenue from operations</b>	<b>(A+B+C) 6,263,231,820</b>
20	<b>Other income</b>	(Amount in Rupees)
		<b>March 31, 2015</b>
	Interest income on	
	Bank deposits	39,499,102
	Delayed payment from customer	13,390,643
	Others	61,466,461
	Foreign exchange gain (net)	20,416,674
	Profit on sale of current investments	76,183,634
	Contingent provisions against standard assets written back	1,275,369
	Profit on sale of fixed assets	369,336
	Liabilities/provisions no longer required, written back	7,598,729
	Miscellaneous income	25,297,460
	<b>Total</b>	<b>245,497,408</b>
21	<b>Increase in traded goods</b>	(Amount in Rupees)
		<b>March 31, 2015</b>
	Opening stock of traded goods	59,125,902
	Closing stock of traded goods	73,981,012
	<b>Increase in traded goods</b>	<b>(14,855,110)</b>
22	<b>Employee benefits expense</b>	(Amount in Rupees)
		<b>March 31, 2015</b>
	Salaries, wages and bonus	898,512,793
	Contribution to provident and other funds	59,548,901
	Gratuity expense [refer note 28(b)]	19,645,342
	Staff welfare expenses	107,179,666
	<b>Total</b>	<b>1,084,886,702</b>



GMR Hyderabad International Airport Limited  
Notes to the Consolidated Financial Statements for the year ended March 31, 2015

23	Other expenses	(Amount in Rupees)
		March 31, 2015
	Rent	12,070,597
	Rates and taxes	130,657,279
	Insurance	50,084,463
	Repairs and Maintenance	
	Plant and machinery	146,244,808
	Buildings	48,418,207
	IT	103,909,320
	Other	52,828,332
	Operations - manpower outsourcing expenses	334,009,107
	Advertisement and business promotion	47,611,923
	Stores and spares parts consumed	270,899,994
	Travelling and conveyance	121,140,510
	Communication expenses	22,760,204
	Printing and stationery	14,065,026
	Legal and professional fees	113,621,242
	Management fees	173,101,120
	Foods and beverages consumed	53,457,861
	Directors' sitting fee	1,152,000
	Power and fuel charges	312,393,131
	Provision of doubtful advances and trade receivables	13,195,283
	Bad debts /advances /deposit written off	830,295
	Fixed assets written off	11,345,896
	Diminution in value of inventory	3,561,171
	Membership fees	1,730,065
	Security charges	111,782,805
	Office maintenance	24,963,357
	House keeping charges	93,903,080
	CSR expenditure	25,690,240
	License fees	18,328,139
	Airport Operator fee	41,479,734
	Donations	18,100,000
	Cargo handling	22,089,527
	Technical fees	60,640,991
	Miscellaneous expenses	39,212,957
	<b>Total</b>	<b>2,495,278,664</b>
24	Finance costs	(Amount in Rupees)
		March 31, 2015
	Interest on borrowings	2,368,900,703
	Interest others	12,516,216
	Other borrowing costs	62,748,972
	Bank charges	21,364,241
	<b>Total</b>	<b>2,465,530,132</b>
25	Depreciation and amortization expenses	(Amount in Rupees)
		March 31, 2015
	Depreciation on tangible assets ( refer note 13.1)	2,434,542,866
	Amortization on intangible assets ( refer note 13.2)	54,121,263
	<b>Total</b>	<b>2,488,664,129</b>



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

**26. Earnings per share (EPS)**

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

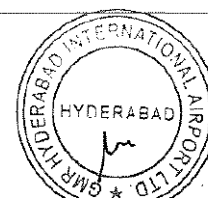
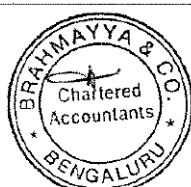
<i>(Amount in Rs.)</i>	
Particulars	March 31, 2015
Loss for the year	(2,529,759,713)
Net profit for calculating basic and diluted EPS	(2,529,759,713)
Weighted average number of equity shares for calculating basic and diluted EPS	378,000,000
Basic and diluted EPS (Rs.)	(6.69)

Since the Group and its joint controlled entities have incurred loss during the year ended March 31, 2015, the allotment of shares against CCPS has been ignored for the purpose of calculation of diluted earnings per share.

**27. 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 Private Limited
		GMR Tuni-Anakapalli Expressways Private 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
		Raxa Security Services 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

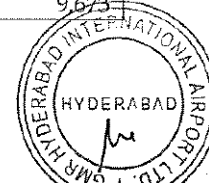
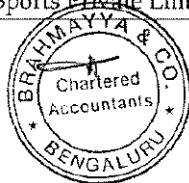


**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

		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

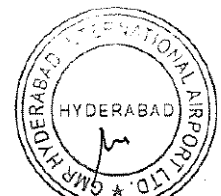
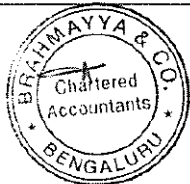
**B. Summary of Transactions with related parties is as follows:**

Sl. No.	Related Party Transactions	Amount (In Rs.)
<b>A</b>	<b>Remuneration to Key Management Personnel:</b>	
	Managing Director- Mr. Srinivas Bommidala	19,787,129
<b>B</b>	<b>Services received:</b>	
	<b> Holding Company</b>	
	GMR Airports Limited	70,840,521
	GMR Infrastructure Limited	104,762,761
	<b> Fellow Subsidiaries</b>	
	Raxa Security Services Limited	96,610,187
	GMR Aviation Private Limited	42,348,440
	GMR Airport Developers Limited	132,724,271
	GMR Corporate Affairs Private Limited	9,137,655
	<b> Shareholders having significant influence</b>	
	Airports Authority of India	140,000
	Government Of Telangana	764,384
	Menzies Aviation Plc (UK)	67,054,698
	Malaysian Aerospace Engineering Sdn. Bhd.	38,519,146
	Asia Pacific Flight Training Sdn. Bhd.	8,785,828
	Laqshya Media Private Limited	4,214,284
	Laqshya Event IP Private Limited	692,465
<b>C</b>	<b>Income from Operations:</b>	
	<b> Holding Company</b>	
	GMR Infrastructure Limited	2,647,433
	GMR Airports Limited	2,160,575
	<b> Fellow Subsidiaries</b>	
	GMR Aviation Private Limited	579,712
	GMR Chhattisgarh Energy Limited	13,058
	GMR Projects Private Limited	
	Kakinada SEZ Private Limited	3,359,076
	GMR Airport Developers Limited	1,438,081
	GMR Bijoli Holi Hydropower Private Limited	4,385
	GMR Sports Private Limited	9,673



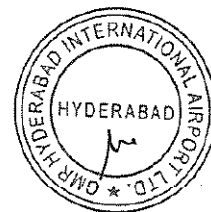
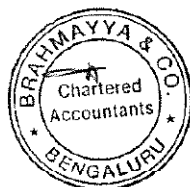
**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

	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
	GMR Energy Limited	6,603
	Raxa Security Services Limited	33,680
	<i>Private Companies having common directors</i>	
	GMR Varalakshmi Foundation	1,960,723
	<i>Shareholders having significant influence</i>	
	Airports Authority of India	30,209,203
	Laqshya Media Private Limited	34,302,572
<b>D</b>	<i>Dividend Declared &amp; Paid:</i>	
	<i>Shareholders having significant influence</i>	
	Menzies Aviation Cargo (Hyderabad) Limited, Mauritius	71,526,000
<b>E</b>	<i>Unsecured Loan availed during the year:</i>	
	<i>Holding Company</i>	
	GMR Airport Limited	30,000,000
<b>F</b>	<i>Unsecured Loan repaid during the year:</i>	
	<i>Holding Company</i>	
	GMR Airport Limited	230,000,000
	<i>Shareholders having significant influence</i>	
	Menzies Aviation (India) Private Limited	1,000,000
<b>G</b>	<i>Interest paid on Short-term borrowings availed during the year:</i>	
	<i>Holding Company</i>	
	GMR Airport Limited	19,785,207
<b>H</b>	<i>Unsecured Loan received back:</i>	
	<i>Fellow Subsidiaries</i>	
	GMR Energy Limited	1,000,000,000
<b>I</b>	<i>Interest on Unsecured Loan given:</i>	
	<i>Fellow Subsidiaries</i>	
	GMR Energy Limited	38,356,161
<b>J</b>	<i>Purchase of Asset:</i>	
	<i>Fellow Subsidiaries</i>	
	Raxa Security Services Limited	567,721
	GMR Airport Developers Limited	90,995
<b>K</b>	<i>Security Deposit Received/(Paid):</i>	
	Asia Pacific Flight Training Sdn. Bhd.	
<b>L</b>	<i>Corporate Guarantee taken by the Company on behalf of its banks and financial institutions against the loan taken:</i>	
	<i>Holding Company</i>	
	GMR Infrastructure Limited	7,670,798,000
<b>M</b>	<i>CSR Expenditure:</i>	
	<i>Private Companies having common directors</i>	7,835,000
	GMR Varalakshmi Foundation	7,835,000



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

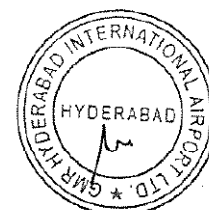
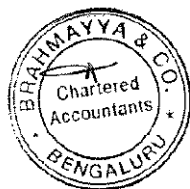
<b>Z</b>	<i>Reimbursement of expenses claimed by the Company during the year from its related parties:</i>	
	<i> Holding Company</i>	
	GMR Infrastructure Limited	283,412
	GMR Airports Limited	326,723
	<i> Fellow Subsidiaries</i>	
	Kakinada SEZ Private Limited	808,677
	Delhi International Airport Private Limited	1,159,993
	GMR Sports Private Limited	568,900
	GMR Chhattisgarh Energy Limited	23,599
	EMCO Energy Limited	22,186
	GMR Hyderabad Vijayawada Expressway Limited	38,751
	GMR Airport Developers Limited	4,318,665
	Raxa Security Services Limited	9,207
	GMR Projects Private Limited	94,598
	GMR Power Corporation Limited	28,104
	GMR Energy Limited	21,995
	GMR Infrastructure (Singapore) Pte. Limited	3,218,455
	<i> Private Companies having common directors</i>	
	GMR Varalakshmi Foundation	364,300
	<i> Shareholders having significant influence</i>	
	Airports Authority of India	27,672,407
	Menzies Aviation (India) Private Limited	1,790,245
	Menzies Aviation Plc (UK)	746,650
	Asia Pacific Flight Training Sdn. Bhd.	9,794,489
	Laqshya Media Private Limited	232
<b>O</b>	<i>Reimbursement of expenses claimed from the Company during the year by its related parties:</i>	
	<i> Fellow Subsidiaries</i>	
	Delhi International Airport Private Limited	1,201,737
	GMR Airport Developers Limited	2,107
	<i> Shareholders having significant influence</i>	
	Laqshya Media Private Limited	45,794



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

C. Balance as on March 31, 2015:

Sl. No.	Related Party Transactions	Amount	
<b>A</b>	<b>Balance Recoverable / (Payable):</b>		
	<i>Holding Company</i>		
	GMR Holdings Private Limited	59,831	
	GMR Airports Limited	(8,671,667)	
	GMR Infrastructure Limited	(11,005,875)	
	<i>Fellow Subsidiaries</i>		
	Raxa Security Services Limited	(13,476,084)	
	Delhi International Airport Private Limited	(1,726,140)	
	GMR Rajahmundry Energy Limited	407,847	
	GMR Hyderabad Vijayawada Expressways Limited	56,136	
	GMR Aviation Private Limited	(6,091,087)	
	GMR Airport Developers Limited	(8,836,468)	
	GADL International Ltd	(718,991)	
	Kakinada SEZ Private Limited	253,764	
	GMR Energy Limited	28,598	
	EMCO Energy Ltd	22,186	
	GMR Power Corporation Limited	21,885	
	GMR Corporate Affairs Private Limited	(1,013,798)	
	GMR Chhattisgarh Energy Ltd	52,034	
	GMR Infrastructure (Singapore) Pte Limited	(3,218,455)	
	<i>Private Company having common directors</i>		
	GMR Varalakshmi Foundation	183,221	
	<i>Shareholders having significant influence</i>		
	Airports Authority of India	12,446,938	
	Government of Telangana		
	Menzies Aviation Plc (UK)	(6,040,521)	
	Menzies Aviation (India) Private Limited	(154,406)	
	Asia Pacific Flight Training Sdn Bhd	79,722	
	Laqshya Media Private Limited	19,059,121	
	Laqshya Event IP Private Limited	(439,347)	
	<b>B</b>	<b>Security Deposit received / (Paid) from / to Company:</b>	
		<i>Holding Company</i>	
GMR Infrastructure Limited		440,896	
<i>Fellow Subsidiaries</i>			
Raxa Security Services Limited	(17,494,000)		
<b>C</b>	<b>Interest free Loans:</b>		
	<i>Shareholders having significant influence</i>		
	Menzies Aviation (India) Private Limited	9,000,000	
	Laqshya Media Private Limited	145,057,797	



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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

Sl. No.	Related Party Transactions	Amount
A	<i>Pledge of equity shares by the Shareholders having significant influence in the Company, with bankers against the loan taken:</i>	
	GMR Airports Limited	1,641,235,140
	Malaysia Airports Holding Berhad (along with its associate)	286,564,860
B	<i>Corporate Guarantee taken by the Company on behalf of its banks and financial institution against the loan taken:</i>	
	GMR Infrastructure Limited	11,592,700,000

**28. Retirement and other employee benefits:**

**a. Defined contribution plan**

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

Particulars	March 31, 2015
Contribution to Provident Fund	40,155,703
Contribution to ESI	1,519,741
Contribution to Labour Welfare Fund	3,017
Contribution to Superannuation fund	17,870,440
<b>Total</b>	<b>59,548,901</b>

**b. Defined benefit Plans**

All entities in the Group except GHRL, HMA CPL, HDFRL, LHAMPL and APFTL are covered by a funded defined benefit gratuity plan. Further, GHRL, HMA CPL, HDFRL, LHAMPL and APFTL have unfunded defined benefit gratuity plan. As per the scheme, an employee who has completed five years or more of service gets gratuity equivalent to 15 days salary (based on last drawn basic salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss for the period ended March 31, 2015 and the funded status and amounts recognized in the balance sheet for gratuity plans as at March 31, 2015.

**Statement of Profit and Loss:**

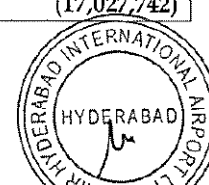
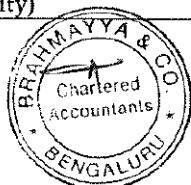
Net employee benefit expense

Particulars	For the year ended March 31, 2015
Current service cost	10,439,154
Interest cost on benefit obligation	3,875,578
Expected return on plan assets	(4,106,762)
Net actuarial (gain)/loss recognized in the year	9,437,372
<b>Net benefit expense</b>	<b>19,645,342</b>
Actual return on plan assets	3,682,757

**Balance sheet:**

Details of Provision for Gratuity:

Particulars	For the year ended March 31, 2015
Defined benefit obligation	(61,937,732)
Fair value of plan assets	44,909,990
<b>Plan asset / (liability)</b>	<b>(17,027,742)</b>



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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

Particulars	For the year ended March 31, 2015
Opening defined benefit obligation	40,536,063
Acquisition cost	2,878,094
Interest cost	3,875,578
Current service cost	10,610,373
Benefits paid	(2,887,160)
Actuarial losses/(gains) on obligation	6,628,953
Adjustment on transfer from related party	295,831
Closing defined benefit obligation	61,937,732

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

Particulars	As at March 31, 2015
Opening fair value of plan assets	41,788,475
New acquisitions	2,183,989
Expected return on plan assets	4,106,762
Contributions by employer	686,362
Benefits paid	(1,960,305)
Actuarial gains/(losses)	(2,810,292)
Closing fair value of plan assets	43,994,990

The group expects to contribute 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:

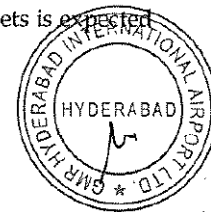
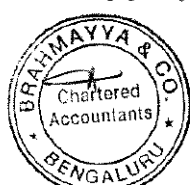
Particulars	As at 31-Mar-15
Investments with insurer managed funds	100(%)

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

Particulars	For the year ended March 31, 2015
Discount rate	7.77% - 7.80%
Expected rate of return on assets	9.00% - 9.40%
Expected rate of salary increase	6.00% - 10.00%
Employee Turnover	2.00% - 20.00%
Mortality rate	Refer note 3 below

**Notes :**

- The estimates of future salary increases, considered in actuarial valuation, take into consideration of inflation, seniority, promotion and other relevant factors.
- The expected return on plan assets is determined considering several applicable factors e.g. 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. Assumed rate of return on assets is expected



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

to vary from year to year reflecting the returns on matching Government bonds.

3. As per Indian Assured Lives Mortality (2006-08) (modified) Ult. (March 31, 2014: As per Indian Assured Lives Mortality (2006-08) (modified) Ult.

The amounts for the current year are as follows:

Particulars	As at March 31, 2015
Defined benefit obligation	61,937,588
Plan assets	43,994,990
Funded status	(17,942,58)
Experience gain/ (loss) adjustment on plan liabilities	1,888,380
Experience gain/ (loss) adjustment on plan assets	(2,810,292)
Actuarial (loss)/gain due to change on assumptions	(6,448,051)

c) Liability towards leave encashment is provided based on actuarial valuation amounts to Rs. 71,144,861.

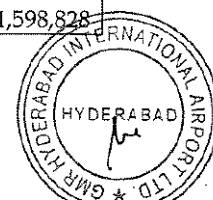
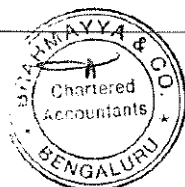
29. The Group had taken residential and office premises under cancellable operating leases. The rental expenses under such operating lease during the year is Rs. 30,719,169.

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

(a) There are no outstanding derivative contracts as at March 31, 2015 other than interest rate swap as referred in note 31.

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

Particulars	March 31, 2015	
	Amount (in foreign currency in absolute terms)	Amount in Rupees (in crores)
<b>Receivables</b>		
USD	92,774	5,850,314
Euro	1,179	79,050
CHF	9,135	587,250
<b>Payables</b>		
USD	862,734	54,403,869
GBP	101,283	9,373,302
SGD	6,790	308,556
CHF	17,629	1,133,293
Euro	162,501	10,895,403
<b>Foreign currency advance given to Suppliers</b>		
USD	13,251	835,606
Euro	2,446	164,000
<b>Foreign currency loan taken</b>		
USD	91,050,000	5,741,598,828



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

<b>Bank balances</b>		
USD	624,248	39,364,982
<b>Foreign currency in hand</b>		
USD	68,895	4,344,508
GBP	438	40,535
SGD	687	31,219
CHF	7	450
AUD	1,408	66,906
Euro	228	15,287
AED	4,395	74,772
CAD	135	6,600
HKD	28	226
JPY	42	22
KWD	131	27,214
MYR	383	6,463
NZD	8	374
OMR	40	6,494
QAR	320	5,493
SAR	5,006	83,225
THB	3,287	6,311

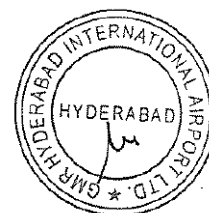
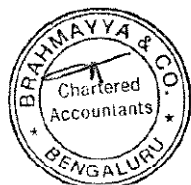
31. In case of GHIAL, as per the conditions precedent to disbursement of foreign currency loan, the GHIAL has entered interest rate swap (IRS) agreement from floating rate of interest to fixed rate of interest against its foreign currency loan of USD 125 million covering the loan period. The outstanding balance as at March 31, 2015 is 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.

**32. Litigation and Contingent liabilities:**

a. Litigations provided for:

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

b. 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 Company 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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

c. 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. 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, 2015 amounted to Rs. 33,155,336.
- c. Fuel surcharge adjustments (FSA) in GHIAL of Rs. 20,522,143 are for the period April 2008 to March 2010.

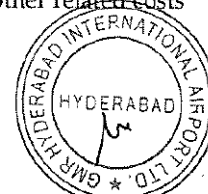
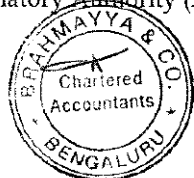
d. Recovery from PSF (SC) Escrow account:

- 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.912, 560,400 towards capital expenditure (excluding related maintenance expense and interest thereon) till March 31, 2015 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, 2015 incurred an amount of 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 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 GHAIL has requested the MoCA to advice the Airport Economic Regulatory Authority (AERA) for considering the cost of construction, land and other related costs

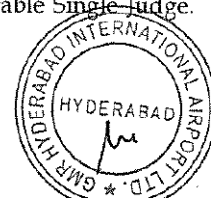
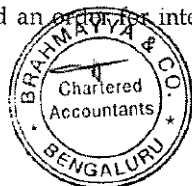


**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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. The order also includes penalty of 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 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 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 electricity and water charges from its concessionaires and irregular availment of Cenvat amounting to Rs. 15,319,655 including penalty of 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. The Notice also included penalty of 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. 333,000 and Rs. 379,373 respectively. The notice also includes the interest payable thereon and penalty of Rs. 333,000 and Rs. 379,373 respectively.
  - vi. During the year, GHIAL 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. The notice also includes the interest payable thereon and penalty of Rs. 6,181,976.
  - 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 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.



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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. HMA CPL 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").

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 as service tax for the period March 2008 to June 2010 under Airport Services and 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. HMA CPL 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 HMA CPL has irregularly claimed input credit on ineligible items and raised a demand of 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 HMA CPL. Aggrieved by the said order, HMA CPL has paid an amount of 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.

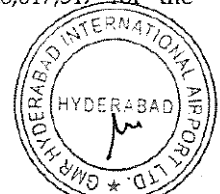
- x. In GHRL Value Added Tax dispute of Rs. 2,635,311. GHRL received notices of demand from commercial taxes department, levying Value Added Tax on service tax collected from customers and disallowing input credit on complementary food and beverages provided to guests and employees. GHRL has replied to the said department against the said notices of demand.

- xi. In GHRL Entertainment tax dispute of Rs. 149,249. GHRL received a demand of entertainment tax from the commercial taxes department on disc jockey arrangement under Andhra Pradesh Entertainment Tax Act, 1939. GHRL got the stay order subject to pre-deposit of Rs.111, 936 and accordingly, GHRL had deposited Rs.111, 936.

- xii. 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 has been denied.

f. Matters relating to income tax under dispute:

- i. HMA CPL 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 (including interest of Rs 2,164,288), Rs. 27,251,595 (including interest of Rs 6,951,937) and Rs. 30,269,960 (including interest of Rs.74, 37,628) for the respective assessment years. HMA CPL had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 15,417,777, Rs. 24,151,413, Rs. 28,617,517 for the



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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.

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

Further, during the current year subsequently on April 6, 2015 HMA CPL 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.

ii. LHAMPL has received notice of demand under Section 156 of the Income-tax Act, 1961 for AY 2011-12 from Deputy Commissioner of Income tax - Rs.43, 679.

g. Bank guarantees outstanding:

i. In case of GHIAL, bank guarantees outstanding in respect of customs and others Rs.229, 930,987.

ii. In case of HDFRL, bank guarantees outstanding in respect of customs department Rs. 150,743,961.

h. Others:

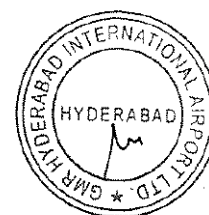
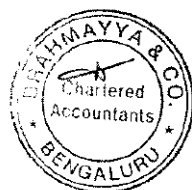
i. LHAMPL has received demand notice for advertisement tax arrears under Section 114 of the AP Municipalities Act, 1965 for financial years 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 - Rs. 1,109,262.

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:

The company has filed the Appeal 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, 2015.

The company has filed the reply against the Show Cause Notice No: O.R.No. 79/2014 -Adjn. (Commissioner) ST issued by the Commissioner of Customs, Central Excise & Service Tax wherein the Commissioner has disallowed cenvat credit of Service tax relating to the period from Oct-08 to Sep-13. Based on the internal assessment, the Management is confident that no provision is required to be made as at March 31, 2015.





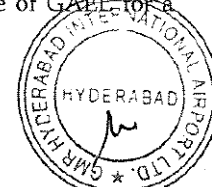
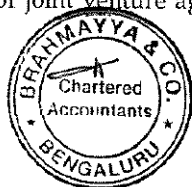
**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

	Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
		As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount
	1	2	3	4	5
4	GHAL	20.42%	326,905,893	0.10%	2,517,557
5	GHASL	25.18%	403,104,718	(3.29)%	(80,374,469)
6	GHMSL	0.01%	100,100	(0.00)%	(33,751)
7	GAEL including GATL(wholly owned subsidiary)	(29.08)%	(465,504,944)	(18.78)%	(458,527,626)
8	HDFRL	15.48%	247,783,536	8.79%	214,586,162
9	GAHSCL	0.02%	273,644	(0.00)%	(23,225)
10	GHAPDL	0.02%	321,510	(0.00)%	(16,391)
11	GHRL	19.54%	312,781,166	(8.83)%	(215,731,443)
	<b>Minority interests in a subsidiary</b>				
1	HMACPL		(215,204,880)		87,541,190
	<b>Jointly controlled entities (as per the proportionate consolidation)</b>				
1	APFTL	(0.01)%	(165,682)	(0.51)%	(12,393,888)
2	LHAMPL	1.78%	28,460,874	5.35%	130,555,048
	<b>Total</b>		<b>1,600,692,720</b>		<b>(2,442,218,520)</b>

36. In accordance with the provisions of Schedule II of the Companies Act, 2013, the Group has revised the estimated useful lives of fixed assets except with regard to Advertising media, Runways, Taxiways and Apron with effect from April 1, 2014. Accordingly, the net-book value of the fixed assets as on April 1, 2014, is depreciated on a prospective basis over the remaining useful life, wherever applicable. Further, as per the notification issued by MCA dated August 29, 2014, the Company has opted to charge off, the carrying amount of certain fixed assets amounting to Rs. 264,970,631 as on April 1, 2014 whose remaining useful life was 'Nil' as on that date, as depreciation and amortization expenses in the Consolidated financial statements. As a result of such change in the estimated useful lives, the depreciation and amortization expenses for the year ended March 31, 2015 is higher by Rs. 879,497,273 with a corresponding reduction in the net book value of the fixed assets and reserves and surplus of the Company.

37. As at March 31, 2015, GHRL have accumulated losses of 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.

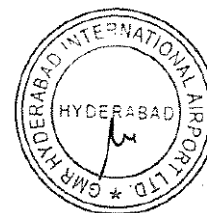
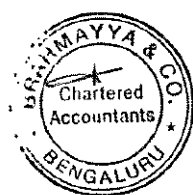
38. During the year GATL has incurred losses of Rs. 686,642,583 and has accumulated losses of Rs. 2,951,257,277 as at March 31, 2015 which has resulted in erosion of the entire net worth of GATL. The Group entered into a definitive agreement with the Joint venture partner of GAEL, the Holding Company of GATL, for the termination of joint venture agreement and towards purchase of the remaining equity stake of GATL for a



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

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.

39. As at March 31, 2015, APFTL, a 39.66% jointly controlled entity of GHIAL has accumulated losses of 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.
40. 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. 17,875,726. HMA CPL 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.
41. As at March 31, 2015, GHIAL has accrued Rs. 18,989,329 towards the remuneration to its Managing Director, which includes 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.
42. GHIAL continues to recognize, Minimum alternate tax (MAT) credit entitlement of 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 liability will be more than the MAT payable after considering the deduction under section 80IA of the Income Tax, Act, 1961.
43. 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.
44. **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.



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

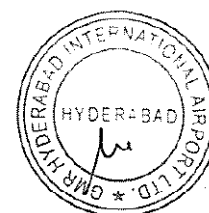
c. The business segments of the Group comprise of the following:

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:

Particulars	Airport Segment	Other Segment	Inter Segment	Total
	March 31, 2015	March 31, 2015	March 31, 2015	March 31, 2015
<b>Segment Revenue</b>				
Revenue from External Customer	5,778,682,494	506,600,539	-	6,285,283,033
Intra Segment Revenue	859,034,359	-	-	859,034,359
<b>Total Revenue</b>	<b>6,637,716,853</b>	<b>506,600,539</b>	<b>-</b>	<b>7,144,317,392</b>
Intra- Segment Sales	(859,034,359)	-	-	(859,034,359)
Inter- Segment Sales	(22,051,213)	-	-	(22,051,213)
<b>Net Revenue</b>				<b>6,263,231,820</b>
<b>Segment Result</b>	<b>(147,244,201)</b>	<b>(39,797,460)</b>	<b>-</b>	<b>(187,041,661)</b>
Add: Interest/Dividend Income	-	-	-	114,356,202
Add: Profit on Sales of Investment(Net)	-	-	-	72,863,342
Less: Donation	-	-	-	(18,100,000)
Less: Finance Cost (Excluding Bank Charges)	-	-	-	(2,444,165,891)
<b>Profit before tax expenses &amp; Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,462,088,007)</b>
Less: Tax Expenses (Including Deferred Tax)	-	-	-	19,869,484
Less: Minority Interest	-	-	-	(87,541,190)
<b>Profit after tax expenses &amp; Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,529,759,713)</b>
<b>Segment Assets</b>	<b>29,764,545,295</b>	<b>1,728,899,162</b>	<b>(824,845,067)</b>	<b>30,668,599,390</b>
<b>Segment Liabilities</b>	<b>27,658,483,611</b>	<b>1,924,239,375</b>	<b>(514,816,315)</b>	<b>29,067,906,671</b>
Capital Expenditure (including Capital Advance)	844,731,807	-	-	844,731,807
Depreciation & Amortisation	2,292,107,105	196,557,024	-	2,488,664,129
Non-Cash Expenses (Other than Depreciation & Amortisation)	27,109,224	1,823,421	-	28,932,645

45. 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.



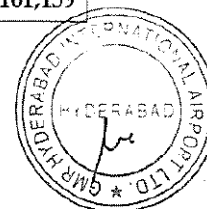
**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

**46. 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:

Particulars	(Amount in Rs.)
	March 31, 2015
<b>Non-current liabilities</b>	
Long-term borrowings	129,573,797
Other long term liabilities	1,210,300
Long term provisions	824,069
<b>Current liabilities</b>	
Trade payables	5,033,362
Other current liabilities	27,042,138
Short-term provisions	353,857
<b>Non-current Assets</b>	
Fixed assets	
Tangible assets	102,070,977
Capital work-in-progress	562,493
Long term loans and advances	9,531,882
<b>Current Assets</b>	
Inventories	1,200,998
Trade receivables	62,684,533
Cash and bank balances	9,803,083
Short-term loans and advances	2,628,409
Other current assets	3,850,339

Particulars	March 31, 2015
<b>Income</b>	
Revenue from operations	190,587,321
Other income	320,332
<b>Total</b>	<b>190,907,653</b>
<b>Expenses</b>	
Employee benefit expenses	13,877,184
Other expenses	41,758,819
Finance cost	66,540
Depreciation and amortisation expenses	17,043,951
<b>Total</b>	<b>72,746,494</b>
<b>Profit before tax</b>	<b>118,161,159</b>
<b>Tax expenses</b>	<b>-</b>
<b>Profit after tax</b>	<b>118,161,159</b>



**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

**Contingent Liabilities:**

Group's share of contingent liabilities of the jointly controlled entities Rs. 1,152,941.

**47. Goodwill on acquisition:**

During August'14, the 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.

Transactions relating to Profit and Loss Account of the entities have been included in the Consolidated Profit and Loss Account from the effective date of becoming subsidiary. Until the date of acquisition, the Company has accounted for income and expenditure under proportionate consolidation method.

(i) The interest of the Holding company in the net assets of the GAEL& GATL (wholly owned subsidiary of GAEL) is given below:

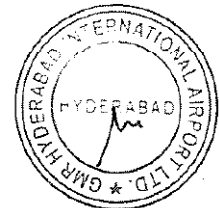
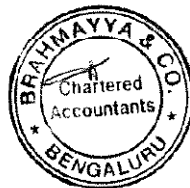
		(Amount in Rs.)
Particulars		GAEL *
Net assets acquired on the date of acquisition.	(A)	(245,778,147)
Purchase consideration and investment by the Holding Company	(B)	116,909,162
<b>Net Goodwill</b>	<b>(A-B)</b>	<b>362,687,309</b>

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

Note: The Consolidated Financial statements as at March 31, 2015 include Goodwill on additional investment by Holding Company in subsidiary GAEL. GAEL has a wholly owned subsidiary GATL which has incurred losses of Rs. 686,642,583 for the year and has accumulated losses of Rs. 2,951,257,277 as at March 31, 2015 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.

(ii) Summary of post-acquisition losses of the entities converted into Subsidiaries included in Consolidated Profit & Loss account for the year ended March 31, 2015:

	Amount
Revenue	337,730,610
Expenses	699,153,383
Net	(361,422,772)




**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2015**

(iii) The liabilities and assets of the entities where further acquisitions were made during the year (excluding goodwill) included in Consolidated Balance Sheet as at March 31, 2015:

	Amount
Liabilities	2,923,168,335
Assets	2,457,663,392


As per our report of even date

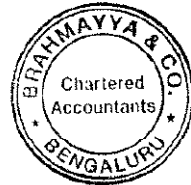
For S.R. BATLIBOI & ASSOCIATES LLP  
 ICAI Firm Registration  
 Number: 101049W  
 Chartered Accountants

  
 per Shankar Srinivasan  
 Partner  
 Membership No.: 0213271

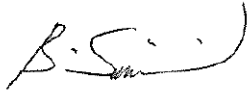
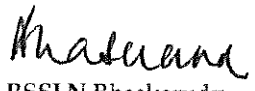



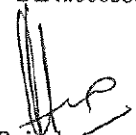
For Brahmayya & Co.,  
 ICAI Firm Registration  
 Number: 0005155  
 Chartered Accountants

  
 per G. Srinivas  
 Partner  
 Membership No.:086761



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

   
 Srinivas Bommidala      RSSLN Bhaskarudu  
 Managing Director      Director  
 DIN.:00061464      DIN.:00058527

   
 T Venkat Ramana      Rajesh Arora  
 Company Secretary      Chief Financial Officer



Place: Hyderabad  
 Date: July 21, 2015

Place: Hyderabad  
 Date: July 21, 2015

Place: Hyderabad  
 Date: July 21, 2015

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