

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GMR HYDERBAD AVIATION SEZ LIMITED.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of GMR Hyderabad Aviation SEZ Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies (Collectively Known as the Ind AS Financial Statements) and other explanatory information.

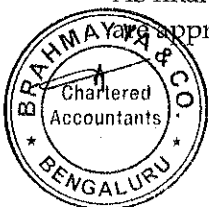
Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our 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 of the Ind AS financial statements in accordance with the Standards on Auditing 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness



of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its losses (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter Paragraph

We draw attention to Note 30(i) to the Ind AS financial statements regarding the recoverability of the dues from GMR Aerospace Engineering Limited (GAEL), wholly owned subsidiary of the Company's holding Company, M/s GMR Hyderabad International Airport Ltd (GHIAL) and GMR Aero Technic Limited (GATL) which is a wholly owned subsidiary of GAEL. The total dues of the Company as at March 31, 2017 includes Rs.432,768,669/- (March 31, 2016 Rs.378,153,786/-; April 01, 2015 Rs.286,150,925/-) from GMR Aerospace Engineering Limited (henceforth referred to as GAEL), a wholly owned subsidiary of the Company's holding company, M/s GMR Hyderabad International Airport Limited (GHIAL) and GMR Aero Technic Limited (henceforth referred to as GATL), which is a wholly owned subsidiary of GAEL. Out of the above dues from GAEL and GATL, an amount of Rs.383,602,205/- (March 31, 2016 Rs.334,593,257/-; April 01, 2015 Rs.210,270,395/-) is outstanding for more than six months. Considering the nature of business of GATL and based on the business projections and contracts with Customer, management is confident that revenues of GATL and GAEL will improve and the Company will be able to recover its dues. Further, GHIAL has committed the support to GAEL and GATL in meeting its operational and financial obligations. Based on business projections and contracts entered by the GATL with its customers and support letter from GHIAL, the management has considered its dues from GAEL and GATL are good of recovery and as such no provision has been made in the books of account.

Our Opinion is not Qualified on the above said matters

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income , the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) 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:

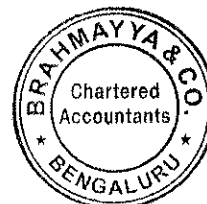
- i. The Company has disclosed pending litigations which would impact its financial position in Note 34 of the Ind AS financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts required be transferred to the Investor Education and Protection Fund by the Company.
- iv. The company had provided requisite disclosures in its financial statements as regards its holdings and dealings in Specified Bank Notes during November 08, 2016 to December 30, 2016, as defined in the Notification S.O 3407(E) dated the November 08, 2016 and it is in accordance with the books of accounts maintained by the company.

For Brahmayya & Co
Chartered Accountants
ICAI Firm registration no: 000515S



G.Srinivas
Partner
Membership No- 086761

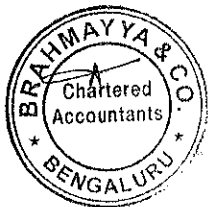
Place: New Delhi
Date: 21, April 2017



Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2017 we report that:

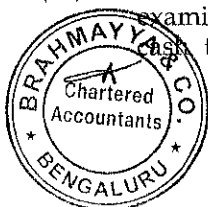
- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Management has not conducted any physical verification of fixed assets during the year. However, the Company has the program of physical verification of fixed assets at reasonable intervals of time and to deal with material discrepancies identified on such verification.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The activities of the Company did not involve purchase of inventory and sale of goods during the year and accordingly Clause (ii) of the paragraph 3 of the Order is not applicable to the Company for the year.
- (iii) The Company has not granted any loans, secured or unsecured, to any company, firm, Limited Liability Partnership or other parties listed in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly clauses from (iii) (a) to (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has no loans, investments, guarantee and security which meets the requirements of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii)
 - a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to the appropriate authority to the extent applicable to it and there are no arrears of outstanding statutory dues as at March 31, 2017 for a period of more than six months from the date they became payable.



b) According to the information and explanations given to us, there are no dues in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, and Cess which have not been deposited on account of dispute except for the below:

Name of the Statute	Nature of Dues	Amount Involved	Period for which the amount Relates	Forum where Dispute is pending
Finance Act 1994	Granting exemption of service tax under renting of immovable property services without obtaining Form A1 / A2	Rs.8,54,95,588/-	October 2011 to March 2016	Commissioner(Audit), Central Excise and Service Tax

- (viii) According to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and bank. The Company has not issued any debentures during the year and doesn't have any outstanding dues in respect of debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration as per the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly,



paragraph 3(xv) of the Order is not applicable.

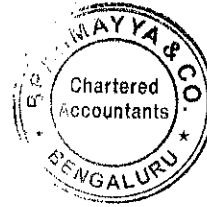
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Brahmayya & Co
Chartered Accountants
ICAI Firm registration no: 000515S



G.Srinivas
Partner
Membership No- 086761

Place: New Delhi
Date: 21, April 2017



"Annexure - B" to the Independent Auditors' Report**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **GMR Hyderabad Aviation SEZ Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended.

Management's Responsibility for Internal Financial Controls

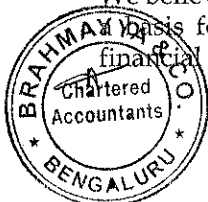
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



Explanatory paragraph

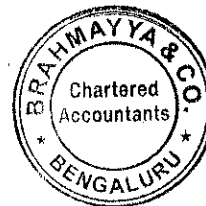
We have also audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the Ind AS financial statements of the Company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 Ind AS financial statements of the Company and this report affects our report dated April 21, 2017 which expressed a unqualified opinion on those Ind AS financial statements.

For Brahmayya & Co
Chartered Accountants
ICAI Firm registration no: 000515S



G.Srinivas
Partner
Membership No- 086761

Place: New Delhi
Date: 21, April 2017



GMR Hyderabad Aviation SEZ Limited
CIN No.U45209TG2007PLC056527
BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	Amount in ₹		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	4	61,11,59,354	66,48,69,506	69,49,40,622
(b) Capital work-in-progress		18,56,83,686	18,20,60,545	18,97,53,515
(c) Other non-current assets	5	2,38,95,991	1,24,46,612	77,16,075
		<u>82,07,39,031</u>	<u>85,93,76,663</u>	<u>89,24,10,212</u>
Current assets				
(a) Financial Assets				
(i) Investments	6	7,85,75,118	2,45,40,851	49,16,748
(ii) Trade receivables	7	44,00,88,835	39,53,15,078	29,20,79,123
(iii) Cash and cash equivalents	8	13,14,20,036	3,39,665	72,37,028
(b) Current Tax Assets (Net)		10,12,432	1,24,08,973	2,65,38,858
(c) Other current assets	9	18,46,535	21,87,083	67,69,595
		<u>65,29,42,956</u>	<u>43,47,91,650</u>	<u>33,75,41,352</u>
Total Assets		<u>1,47,36,81,987</u>	<u>1,29,41,68,313</u>	<u>1,22,99,51,564</u>
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	10	51,60,00,000	51,60,00,000	49,90,00,000
(b) Other Equity	11	7,91,64,850	13,11,01,445	12,40,31,767
		<u>59,51,64,850</u>	<u>64,71,01,445</u>	<u>62,30,31,767</u>
Liabilities				
Non - current liabilities				
(a) Financial Liabilities				
(i) Borrowings	12	59,71,80,333	54,85,27,281	49,38,62,061
(ii) Other financial liabilities	13	71,01,467	2,53,42,641	47,84,476
(b) Deferred tax liabilities (Net)	14	2,26,84,713	74,83,950	91,65,585
(c) Other Non Current Liabilities	15	2,62,46,140	1,83,71,489	1,46,11,774
		<u>65,32,12,653</u>	<u>59,97,25,361</u>	<u>52,24,23,896</u>
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables				
(a) Total outstanding dues of micro enterprises and small enterprises				
(b) Total outstanding dues of Creditors other than micro enterprises and small enterprises	16	5,46,90,607	2,45,16,700	6,12,62,385
(ii) Other financial liabilities	17	16,75,64,935	2,13,27,893	2,15,91,655
(b) Other current liabilities	18	30,48,942	14,96,915	16,41,861
		<u>22,53,04,484</u>	<u>4,73,41,507</u>	<u>8,44,95,901</u>
Total Equity and Liabilities		<u>1,47,36,81,987</u>	<u>1,29,41,68,313</u>	<u>1,22,99,51,564</u>

NOTES TO THE FINANCIAL STATEMENTS

As per the report of even date


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

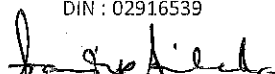


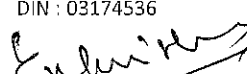
G. Srinivas
Partner
Membership No : 086761

For and on behalf of the Board of Directors of
GMR Hyderabad Aviation SEZ Limited

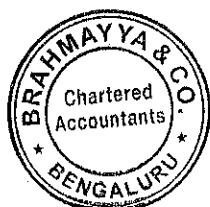

S.G.K. Kishore
Director
DIN : 02916539


Rajesh Kumar Arora
Director
DIN : 03174536

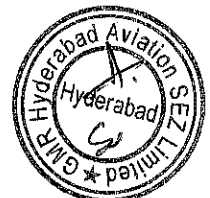

Sandip Sinha Ray
Chief Financial Officer


Krishnan E
Company Secretary
M.No FCS 5402

Place : New Delhi
Date: April 21, 2017



Place : Hyderabad
Date: April 21, 2017



GMR Hyderabad Aviation SEZ Limited
CIN No.U45209TG2007PLC056527
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	Amount in ₹	
		For the year ended March 31, 2017	For the year ended March 31, 2016
I. Revenue from Operations	19	13,61,91,486	15,68,36,384
II. Other Income	20	61,78,956	4,15,16,424
III. Total Income (I + II)		14,23,70,442	19,83,52,808
IV. Expenses			
Concession Fees		2,34,54,838	2,61,00,094
Finance Cost	21	6,41,08,841	5,81,17,406
Depreciation and amortisation expense	22	5,01,13,898	4,96,04,035
Other expenses	23	3,78,40,246	4,21,43,230
Total expenses (IV)		17,55,17,823	17,59,64,765
V. Profit before tax (III - IV)		(3,31,47,381)	2,23,88,043
VI. Tax Expenses:			
a. Current Tax	24		
i. Relating to current period		39,02,859	45,60,037
b. Deferred tax liability /(Asset)	14		
i. On Temporary Differences		1,52,00,763	(16,81,635)
ii. MAT Credit entitlement		(3,14,408)	(45,60,037)
Total Tax Expenses (VI)		1,87,89,214	(16,81,635)
VII. Profit for the period (V - VI)		(5,19,36,595)	2,40,69,678
VIII. Other Comprehensive income			
i. Items that will not be reclassified subsequently to profit or loss		-	-
ii. Income tax relating to items that will not be reclassified to profit or loss		-	-
Total Other Comprehensive Income for the period (VIII)		-	-
IX. Total Comprehensive Income for The Period (VII + VIII)		(5,19,36,595)	2,40,69,678
X. Earnings per equity share from Continuing operations:	25		
Basic and Diluted		(1.01)	0.47

NOTES TO THE FINANCIAL STATEMENTS


As per the report of even date


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




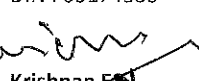
G. Srinivas
Partner
Membership No : 086761

For and on behalf of the Board of Directors of
GMR Hyderabad Aviation SEZ Limited


S.G.K. Kishore
Director
DIN : 02916539

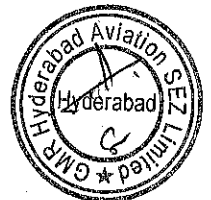
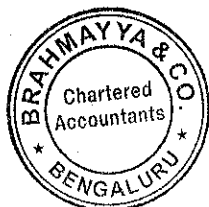

Rajesh Kumar Arora
Director
DIN : 03174536


Sandip Sinha Ray
Chief Financial Officer


Krishnan E.S.
Company Secretary
M.No FCS 5402

Place : New Delhi
Date: April 21, 2017

Place : Hyderabad
Date: April 21, 2017



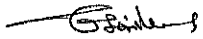
GMR Hyderabad Aviation SEZ Limited
CIN No.U45209TG2007PLC056527
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. Equity Share Capital		Amount in ₹	
Period	At the beginning of the period	Changes during the period	At the end of the period
i. For the year ended March 31, 2017	49,90,00,000	-	49,90,00,000
ii. For the year ended March 31, 2016	49,90,00,000	1,70,00,000	51,60,00,000

B. Other Equity		Amount in ₹	
Particulars	Share application money pending allotment	Surplus in Statement of profit and loss	Total
I. Balance as at April 01, 2015	1,70,00,000	10,70,31,767	12,40,31,767
Profit for the year	-	2,40,69,678	2,40,69,678
Other Comprehensive income for the year	-	-	-
Issue of Share capital	(1,70,00,000)	-	(1,70,00,000)
II. Balance as at March 31, 2016	-	13,11,01,445	13,11,01,445
Profit for the year	-	(5,19,36,595)	(5,19,36,595)
Other Comprehensive income for the year	-	-	-
III. Balance as at March 31, 2017	-	7,91,64,850	7,91,64,850


As per the report of even date

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



G. Srinivas
Partner
Membership No : 086761


For and on behalf of the Board of Directors of
GMR Hyderabad Aviation SEZ Limited



S.G.K. Kishore
Director
DIN : 02916539



Sandip Sinha Ray
Chief Financial Officer



Rajesh Kumar Arora
Director
DIN : 03174536



Krishnan EN
Company Secretary
M.No FCS 5402

Place : New Delhi
Date: April 21, 2017

Place : Hyderabad
Date: April 21, 2017



GMR Hyderabad Aviation SEZ Limited

CIN No.U45209TG2007PLC056527

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Amount in ₹

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
I. Cash flow from operating activities:		
A. Profit before tax	(3,31,47,381)	2,23,88,043
B. Adjustment for non-cash transactions:		
a. Depreciation and amortization expenses	5,01,13,898	4,96,04,035
b. Bad debts Written Off	39,349	-
i. Excess provisions/ Credit Balances written back	(13,47,773)	(3,75,69,086)
	4,88,05,474	1,20,34,949
C. Adjustment for investing and financing activities:		
a. Interest Income:		
i. Changes in fair value of financial assets	-	-
ii. From bank deposits and others	(16,06,422)	(10,87,258)
b. Income from Investments:		
i. Change in fair value	(32,693)	(32,341)
ii. Gains on sale of investments	(26,24,286)	(19,32,337)
c. Amortisation of Deferred Income	(5,67,782)	(8,95,402)
d. Interest paid on borrowings (finance cost)	6,34,72,132	5,74,23,683
e. Amortisation of Upfront fee	5,41,002	5,06,065
f. Notional Interest on Security deposit	1,31,014	5,49,556
	5,93,12,965	5,45,31,966
D. Adjustment for changes in working capital:		
a. Decrease / (increase) in trade receivables	(4,48,13,111)	(10,32,35,952)
c. Decrease / (increase) in other current assets	3,40,548	45,82,512
d. (Decrease) / Increase in trade payables	3,15,21,680	8,23,402
e. (Decrease) / Increase in other financial term liabilities	12,24,32,636	2,06,40,249
f. (Decrease) / Increase in other current liabilities	94,26,678	36,14,769
	11,89,08,431	(7,35,75,020)
E. Cash generated from operations (A+B+C)	19,38,79,489	1,53,79,938
Less: Direct taxes paid (net of refunds)	78,08,090	1,41,29,885
Net cash flow from operating activities (I)	20,16,87,579	2,95,09,823
II. Cash flows from investing activities		
a. Purchase of fixed assets, including CWIP	(36,23,141)	(1,18,39,953)
b. Payments to capital creditors, other non-current assets (net of written off's)	(1,14,49,379)	(47,30,537)
c. Proceeds from sale of fixed assets	35,96,259	-
d. Purchase of financial instruments (Investments)	(23,87,00,000)	(10,74,00,000)
e. Proceeds from sale of financial instruments (Investments)	18,46,98,426	8,78,08,238
f. Interest Income received	42,30,708	30,19,595
Net cash flow from/ (used in) investing activities (II)	(6,12,47,127)	(3,31,42,657)
III. Cash flows from financing activities		
a. Proceeds from borrowings	-	-
b. Interest paid for the year	(93,60,083)	(32,64,529)
Net cash flow (used in) financing activities (III)	(93,60,083)	(32,64,529)
IV. Net (decrease) in cash and cash equivalents (I + II + III)	13,10,80,371	(68,97,363)
Cash and cash equivalents at the beginning of the year	3,39,665	72,37,028
V. Cash and cash equivalents at the end of the year	13,14,20,036	3,39,665



GMR Hyderabad Aviation SEZ Limited
 CIN No. U45209TG2007PLC056527
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Amount in ₹	
	For the year ended March 31, 2017	For the year ended March 31, 2016
VI. Components of cash and cash equivalents:		
a. Cash on hand	-	-
b. Cheques, Drafts and Stamps on hand	-	-
c. With banks:		
i. On Current Account	13,14,20,036	3,39,665
ii. On Deposit Account having original maturity less than three months	-	-
Total cash and cash equivalents (note B)	13,14,20,036	3,39,665

NOTES TO THE FINANCIAL STATEMENTS

As per the report of even date

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

For and on behalf of the Board of Directors of
GMR Hyderabad Aviation SEZ Limited



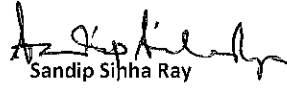
G. Srinivas
 Partner
 Membership No : 086761



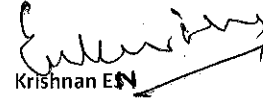
S.G.K. Kishore
 Director
 DIN : 02916539



Rajesh Kumar Arora
 Director
 DIN : 03174536



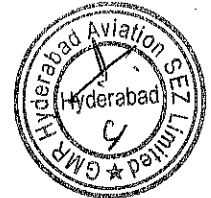
Sandip Sihha Ray
 Chief Financial Officer



Krishnan EN
 Company Secretary
 M.No FCS 5402

Place : New Delhi
 Date: April 21, 2017

Place : Hyderabad
 Date: April 21, 2017



GMR Hyderabad Aviation SEZ Limited

CIN U45209TG2007PLC056527

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

1. Corporate information

The Company was incorporated on December 4, 2007 as a wholly owned subsidiary of GMR Hyderabad International Airport Limited. The main objective of the company is to carry on the business of Development of Infrastructure for Special Economic Zone (SEZ) and Domestic Tariff Area including planning, designing, operating and marketing a SEZ in an existing airport and domestic tariff area.

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on April 21, 2017.

2. Significant accounting policies

2.1 Basis of preparation

These are the first financial statements prepared complying in all material respects with the notified Accounting Standards by the Companies (Indian Accounting Standards) Rules, 2015 amended by Companies (Indian Accounting Standards) (Amendments) Rules, 2016 and the relevant provisions of the Companies Act, 2013 and in accordance with the generally accepted accounting principles in India. The financial statements comply with all the Ind AS notified by MCA till reporting date. i.e., March 31, 2017.

The Company has consistently applied the accounting policies used in the preparation of opening balance sheet as at April 01, 2015 throughout all periods presented in these financial statements, as if these policies had always been in effect and are covered by Ind AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Previous GAAP"), as defined in Ind AS 101. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note no 39 to these financial statements.

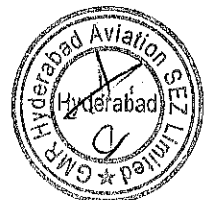
The financial statements have been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below.

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See note 29 and 30 for further disclosures.

(iii) Depreciation on Property, Plant and Equipment

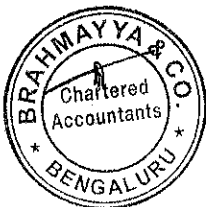
Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. Considering the applicability of Schedule II of Companies Act, 2013, the management has re-estimated useful lives and residual values of all its property, plant and equipment. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

(iv) Contingencies:

Management judgement is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claims/litigations against the company/by the company as it is not possible to predict the outcome of pending matters with accuracy.

(v) Impairment of non- financial assets:

Property, plant and equipment and Intangible assets are tested for impairment when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to sell. The calculation involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

3. Significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

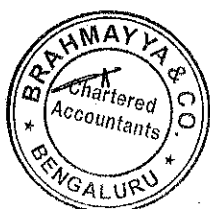
The financial statements are presented in INR (Indian rupees), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

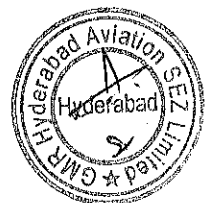
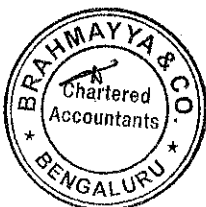
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue

The specific recognition criteria described below must also be met before revenue is recognised:

• **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

• **Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

(e) Concession fee

The concession fee is computed as a percentage of income from land lease of the Company pursuant to the terms and conditions of the agreement and is recognized as charge to the Statement of profit and loss.

(f) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

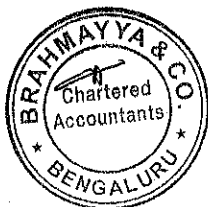
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(g) Property, plant and equipment

Under the previous GAAP (Indian GAAP), Freehold land and buildings (property), were carried in the balance sheet at cost of acquisition. The company has elected to regard those values of property as deemed cost at the date of the acquisition since they were broadly comparable to fair value. The company has also determined that cost of acquisition or construction does not differ materially from fair valuation as at 1 April 2015 (date of transition to Ind AS).

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Particulars	Useful lives as per Schedule-II of the Companies act 2013	Useful lives estimated by the management (years)
Buildings on leasehold land	30	30
Taxiways	Not Prescribed	30
Roads #	5	10
Plant and machinery	15	15
Electrical installations and equipment	10	10
Furniture and fittings	10	10
Office equipment	5	5
Computers and data processing units	3 or 6	3 or 6

The management has estimated, supported by independent assessment of professionals, the useful lives of the following class of assets.

#The useful lives of Roads – other than RCC are estimated as 10 years. This is higher than those indicated in schedule II

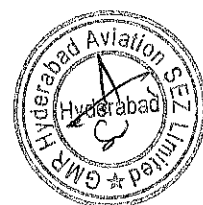
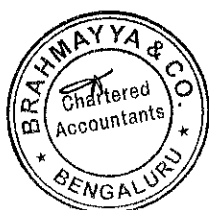
Leasehold improvements are amortized over shorter of estimated useful lives or lease period.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is de-recognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

(a) Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either.

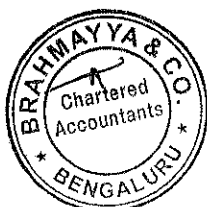
- (i) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- (ii) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

(b) Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease, unless either:

- (i) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- (ii) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(i) Borrowing costs

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

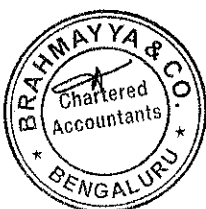
(j) Impairment of non-financial assets

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such



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Notes to the Financial Statements for the year ended March 31, 2017

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indication exists, the Company 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 periods/ years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(k) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

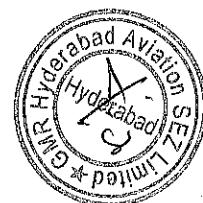
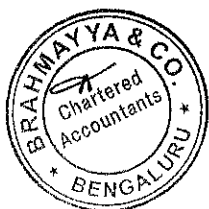
(A) Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(B) Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in to two categories:

- a. Equity investments measured at fair value through Profit and Loss.



GMR Hyderabad Aviation SEZ Limited

CIN U45209TG2007PLC056527

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

b. Debt instruments at amortized cost

(a) Equity investments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

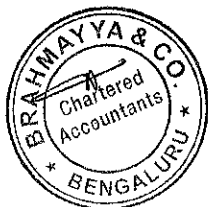
(b) Debt instruments at amortized cost:

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

(C) De-recognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- a) The rights to receive cash flows from the asset have expired, or
- b) The Company has transferred its rights to receive cash flows from the asset, and
- c) The Company has transferred substantially all the risks and rewards of the asset, or
- d) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ii. Financial liabilities

(A) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(B) Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

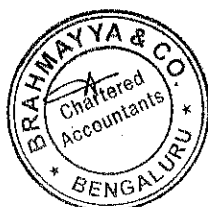
(i) Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

(C) De-recognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

iii. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

(m) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(n) 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 Company 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 Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

(o) Earnings per share

Basic Earnings per Share is 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.

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.

(p) Measurement of EBITDA

The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance cost and tax expense.



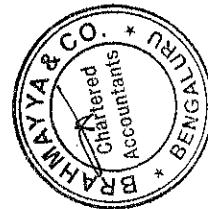
Note No. 4: Property, Plant and Equipment

For the year ended March 31, 2017

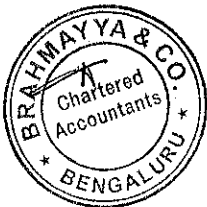
Sl. No.	Particulars	Gross Block		Depreciation Block		Net Block				
		As at 31.03.2016	Additions	Deletions	As at 31.03.2017	for this year	on Deletions	As at 31.03.2017	As at 31.03.2016	
01	Buildings	31,87,46,274	-	-	31,87,46,274	5,80,33,998	1,99,99,236	7,80,33,234	24,07,13,040	26,07,12,276
02	Taxiways	97,21,523	-	-	97,21,523	16,54,775	3,66,670	20,21,445	71,00,078	80,66,748
03	Leasehold improvements	30,68,63,643	-	-	30,68,63,643	4,77,57,229	1,17,80,552	5,95,37,781	24,79,25,861	25,91,06,413
04	Plant and Machinery	4,87,96,995	-	-	4,87,96,995	99,86,105	33,54,379	1,33,40,484	3,54,46,511	3,88,00,990
05	Electrical Equipment	12,85,39,511	-	57,01,185	12,28,38,326	3,53,50,950	1,38,49,122	4,70,95,145	7,57,43,181	9,31,89,561
06	Data processing equipment	10,98,685	-	-	10,98,685	5,66,462	1,21,772	6,88,234	4,10,451	5,32,223
07	Furniture and fixtures	36,70,805	-	-	36,70,805	4,46,031	3,66,888	8,12,919	28,57,886	32,24,774
08	Office Equipment	15,54,306	-	-	15,54,306	3,16,681	2,75,279	5,91,960	9,62,346	1,23,762
	Grand Total	81,89,81,742	-	57,01,185	81,32,80,557	15,41,12,231	5,01,13,898	21,04,926	61,11,59,354	66,48,69,510

For the year ended March 31, 2016

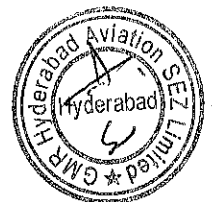
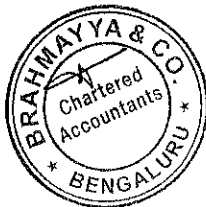
Sl. No.	Particulars	Gross Block		Depreciation Block		Net Block				
		As at 01.04.2015	Additions	Deletions	As at 31.03.2016	for this year	on Deletions	As at 31.03.2016	As at 01.04.2015	
01	Buildings	30,91,28,521	96,17,753	-	31,87,46,274	3,82,61,226	1,97,72,772	5,80,33,998	26,07,12,275	27,08,67,295
02	Taxiways	97,21,523	-	-	97,21,523	12,88,105	3,66,670	16,54,775	80,66,748	84,33,418
03	Leasehold improvements	30,50,61,929	18,04,714	-	30,68,63,643	3,60,19,724	1,17,37,505	4,77,57,229	25,91,06,412	26,90,42,204
04	Plant and Machinery	4,75,74,105	14,12,890	-	4,87,86,995	66,83,675	32,97,490	99,86,105	3,88,00,889	4,06,85,430
05	Electrical Equipment	12,60,49,799	24,89,712	-	12,85,39,511	2,15,73,790	1,37,77,160	3,53,50,950	9,31,88,560	10,44,76,009
06	Data processing equipment	5,51,055	5,47,630	-	10,98,685	4,29,395	1,37,067	5,66,462	5,32,223	1,21,660
07	Furniture and fixtures	14,86,974	21,89,831	-	36,70,805	1,87,768	2,58,263	4,46,031	32,24,774	12,99,206
08	Office Equipment	74,913	14,79,393	-	15,54,306	59,513	2,57,168	3,16,681	12,37,625	15,000
	Grand Total	79,94,48,819	1,95,32,923	-	81,89,81,742	10,45,08,196	4,96,04,035	15,41,12,231	66,48,69,506	69,49,40,622



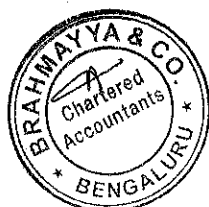
Note No	PARTICULARS	Amount in ₹		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
5	Other Non Current Assets:			
	A. <i>Capital Advances - Unsecured</i>			
	a. Considered good			
	i. Related parties	-	-	-
	ii. Others	1,48,97,030	-	-
	Total	1,48,97,030	-	-
	B. <i>Others:</i>			
	a. Balance with Statutory Authorities	59,79,007	58,38,207	56,67,707
	b. MAT Credit Entitlement	30,19,954	66,08,405	20,48,368
	Total	2,38,95,991	1,24,46,612	77,16,075
6	Investments - Current:			
	<i>Investments in Mutual Funds - Unquoted</i>			
	Liquid Funds	7,85,75,118	2,45,40,851	49,16,748
	Total	7,85,75,118	2,45,40,851	49,16,748
	Aggregate amount of Un-Quoted Investments	7,85,75,118	2,45,40,851	49,16,748
	Aggregate amount of Impairment in Value of Investments	-	-	-
	Refer note no. 26 for detailed list of investments			
7	Trade Receivables:			
	A. <i>Unsecured, Considered Good</i>			
	a. Related Parties	43,27,68,669	37,81,53,786	28,61,50,925
	b. Others	73,20,166	1,71,61,292	59,28,198
	Less: Expected Credit Loss on above	-	-	-
	Total	44,00,88,835	39,53,15,078	29,20,79,123
8	Cash and cash equivalents:			
	A. <i>Balances in bank a/c's</i>			
	a. Current Accounts	13,14,20,036	3,39,665	72,37,028
	Total	13,14,20,036	3,39,665	72,37,028
9	Other Current Assets:			
	a. Unbilled Revenue	-	-	-
	a. Advance for Purchases and Expenses	8,45,924	8,18,920	-
	b. Balance with Statutory Authorities	9,93,870	13,34,505	12,17,451
	c. Prepaid Expenses	6,741	33,658	34,917
	d. Others	-	-	55,17,227
	Total	18,46,535	21,87,083	67,69,595



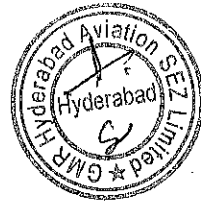
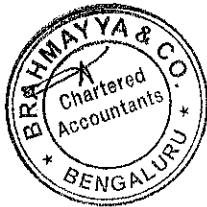
Note No.	PARTICULARS	Amount in ₹		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
10	Equity Share Capital:			
A.	<i>Authorised Share Capital:</i>			
	5,50,00,000 Equity Shares of Rs. 10/- each	55,00,00,000	55,00,00,000	55,00,00,000
B.	<i>Issued, Subscribed and Fully Paid up share capital:</i>			
	5,16,00,000 Equity Shares of Rs. 10/- each	51,60,00,000	51,60,00,000	49,90,00,000
C.	<i>Reconciliation of the shares outstanding at the beginning and at the end of year:</i>			
	In no. of Shares			
	At the beginning of the year	5,16,00,000	4,99,00,000	4,99,00,000
	Share Capital Issued during the year	-	17,00,000	-
	Outstanding at the end of the year	5,16,00,000	5,16,00,000	4,99,00,000
	In value of Shares			
	At the beginning of the year	51,60,00,000	49,90,00,000	49,90,00,000
	Share Capital Issued during the year	-	1,70,00,000	-
	Outstanding at the end of the year	51,60,00,000	51,60,00,000	49,90,00,000
D.	<i>Rights attached to the Equity Shares:</i>			
	The company has only one class of equity shares having a face value of Rs. 10/- per share with one vote per each share.			
	In the event of liquidation of the Company, the holders of equity shares will 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.			
E.	<i>Shares held by Holding Company:</i>			
	M/s. GMR Hyderabad International Airport Limited	5,16,00,000	4,99,00,000	4,99,00,000
F.	<i>Details of Shareholders holding more than 5% shares in the company:</i>			
	<i>Equity Shares:</i>			
	a. M/s. GMR Hyderabad International Airport Limited	100%	100%	100%
	As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.			
G.	No Shares has been issued by the company for consideration other than cash, during the period of five years immediately preceding the reporting date			
11	Other Equity:			
A.	Share application money pending allotment	-	-	1,70,00,000
B.	<i>Surplus in Statement of Profit and Loss</i>			
	a. At the beginning of the period	13,11,01,445	10,70,31,767	10,51,24,572
	b. Adjustment due to adoption of New IndAS	-	-	19,07,195
	c. Profit for the year	(5,19,36,595)	2,40,69,678	-
	d. At the end of the period	7,91,64,850	13,11,01,445	10,70,31,767
	Total	7,91,64,850	13,11,01,445	12,40,31,767



Note No.	PARTICULARS	Amount in ₹		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
12	Borrowings - Non Current:			
	Term loan form a Bank	60,31,80,333	54,85,27,281	49,38,62,061
	Less: Current Maturities	60,00,000	-	-
	Total	59,71,80,333	54,85,27,281	49,38,62,061
	1. During the FY 14-15, the Company got the term loan restructured from the bank at an interest rate of 11% p.a against the earlier interest rate of 12% 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 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.			
	2. 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.			
13	Other financial liabilities - Non - Current:			
	A. <i>Security Deposits</i>			
	a. Related Parties	8,85,832	7,94,896	7,13,083
	b. Others	62,15,635	2,45,47,745	40,71,393
	Total	71,01,467	2,53,42,641	47,84,476
14	Deferred Taxes:			
	A. <i>Net deferred tax recognised in Balance Sheet</i>			
	a. Fair value of financial assets/liabilities	(9,87,575)	(10,80,035)	(12,26,416)
	b. Difference in WDV of fixed assets	(5,06,41,590)	(4,54,17,459)	(4,09,27,413)
	c. Other disallowances	-	-	-
	d. Tax Holiday Reversals	2,89,44,452	3,90,13,544	3,29,88,244
	Total	(2,26,84,713)	(74,83,950)	(91,65,585)
	B. <i>Movement in Deferred Taxes</i>			
	a. Deferred tax asset/(liability) - Profit and loss	1,53,88,137	(15,74,769)	-
	b. Deferred tax asset/(liability) - Other comprehensive income	-	-	-
	c. MAT Credit utilised during the year	-	-	-
	d. MAT Credit entitled during the year	(3,14,408)	(45,60,037)	-
	Total	1,50,73,729	(61,34,806)	-
15	Other Non - current liabilities:			
	A. Un earned revenue	75,68,963	79,36,699	33,68,936
	B. Deferred Income	1,86,77,177	1,04,34,790	1,12,42,838
	Total	2,62,46,140	1,83,71,489	1,46,11,774
16	Trade Payables - Current:			
	(a) Total outstanding dues of micro enterprises and small enterprises			
	(b) Total outstanding dues of Creditors other than micro enterprises and small enterprises			
	a. Related Parties	5,45,41,284	2,37,85,586	6,09,75,825
	b. Others	1,49,323	7,31,114	2,86,560
	Total	5,46,90,607	2,45,16,700	6,12,62,385



Note No	PARTICULARS	Amount in ₹		
		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
17	Other financial liabilities - Current:			
A.	<i>Security Deposits</i>			
a.	Related Parties			
b.	Others	13,95,00,000	-	-
B.	Current maturities of long term borrowings	60,00,000	-	-
C.	Non Trade Payables			
a.	Related Parties	9,13,325	14,80,372	9,33,293
b.	Others	1,60,54,951	1,38,62,477	1,60,16,837
D.	Retention money from Vendors	50,96,659	59,85,044	46,41,525
	Total	16,75,64,935	2,13,27,893	2,15,91,655
18	Other current liabilities:			
A.	<i>Advance from Customers</i>			
B.	Un earned revenue	3,67,736	3,67,736	1,50,344
C.	<i>Statutory Liabilities</i>			
a.	Service Tax Payable	483	1,834	-
b.	Withholding Taxes Payable	8,61,472	2,30,538	5,98,747
c.	Statutory Dues	2,13,665	-	-
D.	Deferred income	16,05,586	8,96,807	8,92,770
	Total	30,48,942	14,96,915	16,41,861



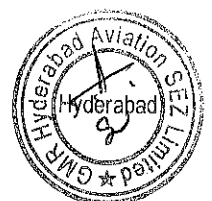
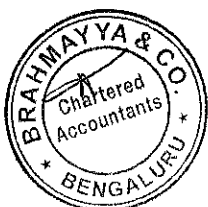
GMR Hyderabad Aviation SEZ Limited

CIN No.U45209TG2007PLC056527

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Amount in ₹

Note No.	PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
19	Revenue from Operations:		
	A. <i>Sale of Services</i>		
	a. Rental	9,96,54,066	12,12,51,808
	B. <i>Other Operating Income</i>		
	a. IT services	10,32,215	9,89,489
	b. Common Area Maintenance	24,13,499	24,16,530
	c. Utilities Recoveries	3,30,91,706	3,21,78,557
	Total	13,61,91,486	15,68,36,384
20	Other Income:		
	A. Interest Income on		
	a. Others	16,06,422	10,87,258
	B. Amortisation of Deferred Rental Income	5,67,782	8,95,402
	C. <i>Other Non-operating Income (Net of Expenses)</i>		
	a. Income from investments		
	i. Change in Fair Value	32,693	32,341
	ii. Gain on Sale of Investments	26,24,286	19,32,337
	b. <i>Provisions written back:</i>		
	i. Excess provisions/ Credit Balances written back	13,47,773	3,75,69,086
	Total	61,78,956	4,15,16,424
21	Finance Costs		
	a. Interest on Borrowings	6,40,13,134	5,79,29,748
	b. Bank Charges	43,077	1,82,261
	c. Interest on delayed payments	52,630	5,397
	Total	6,41,08,841	5,81,17,406
22	Depreciation and amortisation expense:		
	a. Depreciation on Property ,Plant and Equipment	5,01,13,898	4,96,04,035
	Total	5,01,13,898	4,96,04,035
23	Other expenses		
	a. Power and Water	2,94,74,264	2,85,87,119
	b. Rental expenditure	277889	284648
	c. <i>Repairs and maintenance</i>		
	i. Others	5,61,128	30,02,427
	d. <i>Payments to Auditors</i>		
	i. as auditors	2,56,928	2,51,250
	ii. for other Services	10,181	41,149
	e. <i>Written off of:</i>		
	i. Bad debts	39,349	-
	f. Rates and Taxes	2,37,126	2,59,280
	g. <i>Marketing</i>		
	i. Advertisement and Sales Promotion	38,050	9,93,102



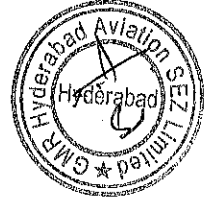
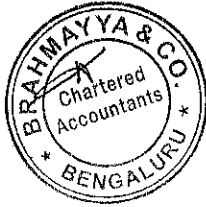
GMR Hyderabad Aviation SEZ Limited

CIN No.U45209TG2007PLC056527

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Amount in ₹

Note No.	PARTICULARS	For the year ended March 31, 2017	For the year ended March 31, 2016
<i>h. Others</i>			
	Consumption of Stores and Spares		
	Insurance	4,14,607	4,03,971
	Travelling and Conveyance	1,28,883	69,753
	Legal and professional charges	30,17,496	39,16,655
	Printing and Stationery	4,590	1,34,097
	Communication Cost	6,13,033	8,11,251
	Directors sitting fee	2,61,750	3,00,000
	Security Charges	16,03,944	17,19,144
	Manpower outsourcing Charges	4,30,706	4,77,719
	Miscellaneous expenses	3,39,309	3,42,108
	Notional Interest on Security deposit	1,31,014	5,49,556
	Total	3,78,40,246	4,21,43,230



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

24. Income tax expense

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<u>Income tax expense:</u>		
a. Current tax	3,902,859	4,560,037
b. Deferred tax arising from temporary differences	15,200,763	(1,681,635)
c. MAT Credit entitlement	(314,408)	(4,560,037)
Total tax expense for the year	18,789,214	(1,681,635)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<u>Effective Tax Reconciliation:</u>		
a. Net Profit/(Loss) before taxes	(33,147,380)	22,388,043
Tax rate applicable to the company as per normal provisions	33.063%	30.900%
c. Tax expense on net profit (c = a*b)	(10,959,518)	6,917,905
d. Increase/(decrease) in tax expenses on account of:		
i. Non-taxable income/Exempt Income	34,463	49,508
ii. Accelerated Depreciation	(2,044,908)	(4,490,047)
iii. Expenses not allowed under income tax	13,372	1,668
iv. Expenses that are allowed under payment basis	17,929,782	16,735,179
v. Unabsorbed business loss	(1,059,523)	(19,204,219)
vi. Other adjustments	(10,809)	(9,993)
	14,862,377	(6,917,905)
e. Tax as per normal provision under Income tax (c + d)	3,902,859	-
Tax rate applicable to the company as per MAT provisions	20.39%	20.39%
g. MAT Tax expense on net profit	-	4,564,665
h. Increase/(decrease) in MAT tax expenses on account of:		
i. Interest on delayed remittance of TDS		1,100
ii. Adjustment due to adoption of Ind AS		(5,728)
	-	-
i. MAT tax provision under 115JB (g + h)	-	4,560,037



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

<u>Deferred Taxes: -</u>	For the year ended March 31, 2017	For the year ended March 31, 2016
As on the reporting date:		
A. Other than OCI component		
-Difference in WDV of fixed assets	(50,641,590)	(45,417,459)
-Fair Value of Financial Assets/liabilities	(987,575)	(1,080,035)
-Tax holiday reversals	28,944,452	38,033,334
-Brought forward losses		9,80,210
B. Total for the year	(22,684,713)	(7,483,950)
Expense/(Income) Recognised for the year ended:		
A. Deferred tax liability/(asset) / recognised in statement of profit and loss:		
a. As MAT Credit entitlement	-	-
b. Others	15,200,763	(1,681,635)
B. Deferred tax recognised in Other Comprehensive Income	-	
C. Deferred tax recognised in Total Comprehensive Income	15,200,763	(1,681,635)

Note: The Company is entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations under Section 80-IAB of the Income Tax Act, 1961, with regard to income from SEZ operations. The company had commenced its commercial operations in 2010-11. Management, based on the projected future taxable income, expects to avail such tax holiday from the Financial year 2020-21 which lasts up to Financial year 2023-24. Accordingly, the company has recognised deferred tax liability on temporary differences as on March 31, 2017 after considering the deferred tax reversals during the tax holiday period.

25. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted Earnings per share (EPS) computations:

Particulars	For the Year ended March 31, 2017	For the year ended March 31, 2016
a. Profit/(Loss) for the period attributable to the Share Holders	(51,936,595)	24,069,678
b. Weighted average number of equity shares of Rs. 10/-each	51,600,000	51,349,180
Earnings per equity share (Basic and Diluted) - (a) / (b)	(1.01)	0.47



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

26. Financial Assets - Investments (detailed disclosure)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of units	Fair Value	No. of units	Fair Value	No. of units	Fair Value
<u>Current Investments:</u>						
A. Investment in Funds at FVTPL						
Birla Sunlife Cash plus Inst. Preim- Growth	30,866	78,575,118	10,328	24,540,851	2,239	4,916,748

27. Expenditure in foreign currency (on accrual basis) : Rs. Nil (March 31, 2016 : Rs. Nil, April 01 2015 : Rs Nil)

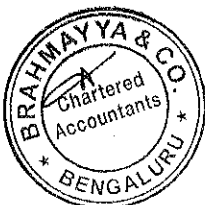
28. Details of transactions with related parties

A. Names of related parties and related party relationship

(i)	Holding company	GMR Hyderabad International Airport Limited
(ii)	GHIAL's holding company	GMR Airports Limited
(iii)	GAL's holding company	GMR Infrastructure Limited
(iv)	Ultimate holding company	GMR Holdings Private Limited
(v)	Fellow subsidiary companies *	GMR Hotels and Resorts Limited GMR Hyderabad Aerotropolis Limited GMR Aerospace Engineering Limited GMR Aero Technic Limited
(vi)	Fellow Subsidiary of Holding Company's Holding Company	GMR Airport Developers Limited GMR Krishnagiri SEZ Limited RAXA Security Services Limited
(vii)	Key Management Personnel	S.G.K Kishore-Director Rajesh Kumar Arora-Director G. Kavitha-Independent Director Mohammad Ismail- Independent Director Vinita Tara Chandhani-Independent Director# Sandip Sinha Ray - CFO EN Krishnan- Company Secretary

* Where transactions have taken place during the reporting periods.

During the year Vinita Tara Chandhani has resigned as Independent director.



GMR Hyderabad Aviation SEZ Limited

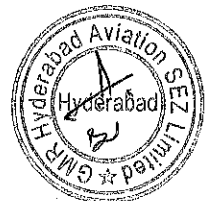
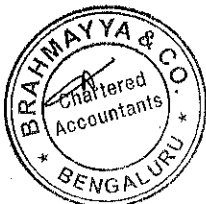
CIN U45209TG2007PLC056527

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

B. Related party transactions

Sl. No.	Related Party Transactions	April 01, 2016 to March 31, 2017	April 01, 2015 to March 31, 2016
(i)	Services received:		
a	GMR Hyderabad International Airport Limited	300,994	284,648
b	GMR Hotels and Resorts Limited	26,516	49,046
c	GMR Airport Developers Limited	20,794	1,339,840
d	GMR Krishnagiri SEZ Ltd	26,853	222,567
e	Raxa Security Services Limited	1,488,744	1,488,744
(ii)	Concession Fee:		
a	GMR Hyderabad International Airport Limited	23,454,838	26,100,094
(iii)	Income from Operations:		
a	GMR Aerospace Engineering Limited	51,165,938	49,198,013
b	GMR Aero Technic Limited	33,318,765	53,634,624
(iv)	Amortisation of Deferred Rental Income - Security Deposits		
a	GMR Aerospace Engineering Limited	300,321	300,321
(v)	Interest expense on Security Deposits		
a	GMR Aerospace Engineering Limited	90,936	81,813
(vi)	Waiver of - Concession Fee on Lease rentals of Building:		
a	GMR Hyderabad International Airport Limited	-	37,499,960
(vii)	Reimbursement of expenses claimed from the Company during the year by its related parties:		
a	GMR Hyderabad International Airport Limited	31,114,608	32,753,961
(viii)	Sale of Asset		
a	GMR Hyderabad Aerotropolis Limited	4,486,963	-
(ix)	Corporate Guarantee taken by the Company on behalf of its banks and financial institutions against the loan taken:		
a	GMR Hyderabad International Airport Limited	(54,112,050)	(54,159,155)
ix)	Bank guarantee availed from the Holding Company:		
a	GMR Hyderabad International Airport Limited	500,000	(31,430,987)
x)	Directors Sitting Fee:		
	G. Kavitha	150,000	150,000
	Mohammad Ismail	65,000	
a	Vinita Tara Chandani	65,000	150,000



Notes to the Financial Statements for the year ended March 31, 2017
(All amounts in Indian Rupees, unless otherwise stated)

C. Balances outstanding in related party accounts are as follows

Sl. No.	Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Non-Current	Current	Non-Current	Current	Non-Current	Current
	Balance Recoverable / (Payable):						
a	GMR Aerospace Engineering company Limited	-	201,282,052	-	150,116,114	-	101,902,072
b	GMR AeroTechnic Limited	-	231,486,618	-	228,037,673	-	184,248,854
c	GMR Hyderabad Aerotropolis Limited	-	44,86,963	-	-	-	-
d	GMR Hyderabad International Airport Limited	-	(54,276,333)	-	(23,506,766)	-	(60,206,334)
e	GMR Airport Developers Ltd	-	(913,325)	-	(1,280,062)	-	(933,294)
f	GMR Hotels and Resorts Limited	-	(17,448)	-	-	-	-
g	GMR Krishnagiri SEZ Ltd	-	-	-	(200,310)	-	-
h	Raxa Security Services Limited	-	(247,503)	-	(278,820)	-	(769,491)
(ii)	Security Deposit (received) / Paid from / to Company:						
	GMR Aerospace Engineering company Limited	(885,832)	-	(794,896)	-	(713,083)	-
(iii)	Deferred Income - Security Deposits						
	GMR Aerospace Engineering company Limited	(5,988,101)	(315,345)	(6,303,446)	(300,321)	(6,603,767)	(300,321)
(iv)	Share Capital						
	GMR Hyderabad International Airport Limited	516,000,000	-	516,000,000	-	499,000,000	-
(v)	Share Application money received						
	GMR Hyderabad International Airport Limited	-	-	-	-	-	17,000,000
(vi)	Sale of Asset						
	GMR Hyderabad Aerotropolis Limited	-	4,486,963	-	-	-	-

D. Outstanding guarantees at the end of the year:

Sl. No.	Related Party Transactions	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015		
(i)	Corporate Guarantee availed from the Holding company against Loan taken from bankers:						
a	GMR Hyderabad International Airport Limited	606,093,909	551,981,859	497,822,704			
(ii)	Bank Guarantee availed by the Company from holding company with bankers towards fulfilment of Debt Service Reserve Account compliances, as required under the loan covenants:						
a	GMR Hyderabad International Airport Limited	3,100,000	2,600,000	34,030,987			



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

29. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Financial liabilities						
Loan from bank	606,093,909	551,981,859	47,822,704	603,180,333	548,527,281	493,862,061
Security Deposits	29,807,361	38,660,601	18,560,601	7,101,467	25,342,641	4,784,476
Total	635,901,270	590,642,460	516,383,305	610,281,800	573,869,922	498,646,537
Financial Assets						
Investment in Mutual funds	78,501,745	24,500,171	4,908,409	78,575,118	24,540,851	4,916,748
Total	78,501,745	24,500,171	4,908,409	78,575,118	24,540,851	4,916,748

(A) Significant observable inputs used in estimating the fair values

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project.
- Interest Rate factor has been considered at a rate of 11.44% p.a. by the company for discounting the Security deposit received from the customer.

(B) Fair valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

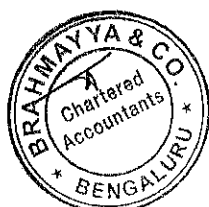
The following methods and assumptions were used to estimate the fair values:

- Fair value of cash and deposits, trade receivables, staff advances, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(C) Fair valuation hierarchy

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

- Quoted prices / published NAV (unadjusted) in active markets for identical assets or liabilities (level 1). It includes fair value of financial instruments traded in active markets and are based on quoted assets value (NAV) is published mutual fund operators at the balance sheet date.



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

- (ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

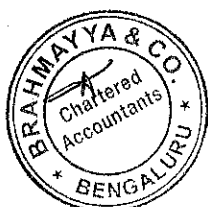
The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

Particulars	As at March 31, 2017		
	Level-1	Level-2	Level-3
Financial liabilities measured at amortised cost			
Deposits from Customers	-	146,601,467	-
Financial Assets measured at FVTPL			
Investments in Mutual Funds	78,575,118	-	-

Particulars	As at March 31, 2016		
	Level-1	Level-2	Level-3
Financial liabilities measured at amortized cost			
Deposits from Customers	-	25,342,641	-
Financial Assets measured at FVTPL			
Investments in Mutual Funds	24,540,851	-	-

Particulars	As at April 1, 2015		
	Level-1	Level-2	Level-3
Financial liabilities measured at amortized cost			
Deposits from Customers	-	4,784,476	-
Financial Assets measured at FVTPL			
Investments in Mutual Funds	4,916,748	-	-

During the year ended March 31, 2017 March 31, 2016 and April 1, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

30. Financial risk management objectives and policies

Financial Risk Management Framework

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

(i) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 440,088,835, Rs. 395,315,081 and Rs. 292,079,123 as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively, being the total of the carrying amount of balances with trade receivables.

The total dues of the Company as at March 31, 2017 includes Rs.432,768,669/- (March 31, 2016 Rs.378,153,786/-; April 01, 2015 Rs.286,150,925/-) from GMR Aerospace Engineering Limited (henceforth referred to as GAEL), a wholly owned subsidiary of the Company's holding company, M/s GMR Hyderabad International Airport Limited (GHIAL) and GMR Aero Technic Limited (henceforth referred to as GATL), which is a wholly owned subsidiary of GAEL. Out of the above dues from GAEL and GATL, an amount of Rs.383,602,205/- (March 31, 2016 Rs.334,593,257/-; April 01, 2015 Rs.210,270,395/-) is outstanding for more than six months. Considering the nature of business of GATL and based on the business projections and contracts with Customer, management is confident that revenues of GATL and GAEL will improve and the Company will be able to recover its dues. Further, GHIAL has committed the support to GAEL and GATL in meeting its operational and financial obligations. Based on business projections and contracts entered by the GATL with its customers and support letter from GHIAL, the management has considered its dues from GAEL and GATL are good of recovery and as such no provision has been made in the books of account.

As per the Group Policy, Company has not provided any loss allowance for Expected Credit Losses on Financial Instruments/Dues from Group Companies as no credit risk is involved forthwith.

(ii) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves,



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Notes to the Financial Statements for the year ended March 31, 2017

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banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below provides undiscounted cash flows towards long term borrowings and other financial liabilities into relevant maturities based on the remaining period at the balance sheet to the contractual maturity date:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2017						
Borrowings	-	1,500,000	4,500,000	391,300,000	208,793,909	606,093,909
Trade payables	-	54,690,607	-	-	-	54,690,607
Other financial liabilities	-	161,564,935	-	-	7,101,467	168,666,402
Statutory dues	1,075,620	-	-	-	-	1,075,620
Total	1,075,620	217,755,542	4,500,000	391,300,000	212,981,800	827,612,962
As at March 31, 2016						
Borrowings	-	-	-	260,800,000	287,727,281	548,527,281
Trade payables	-	24,516,702	-	-	-	24,516,702
Other financial liabilities	-	21,327,893	-	-	25,342,641	46,670,534
Statutory dues	232,372	-	-	-	-	232,372
Total	232,372	45,844,595	-	260,800,000	313,069,922	619,946,889
As at 1 April 2015						
Borrowings	-	-	-	16,38,00,000	330,062,061	493,862,061
Trade payables	-	61,262,385	-	-	-	61,262,385
Other financial liabilities	-	21,591,655	-	-	4,784,476	26,376,131
Statutory dues	598,747	-	-	-	-	598,747
Total	598,747	82,854,040	-	16,38,00,000	334,846,537	582,099,324

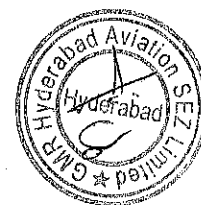
(iii) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

A) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The company performs a comprehensive corporate interest rate management policy. As at March 31, 2017, 100% of the Company's borrowings are at a floating rate of interest.

With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings.



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

Interest rate Sensitivity	Increase/Decrease in Basis points	Effect on Profit Before Tax
For the year ended March 31, 2017		
Term Loans	25	1,507,951
	-25	(1,507,951)
For the year ended March 31, 2016		
Term Loans	-	-
	-	-

31. Leases

Company as a lessee

The Company had taken land under cancellable operating leases with the GMR Hyderabad International Airport Limited under the Concession Agreement. The rental expenses under such Operating lease during the year ended March 31, 2017 is Rs 277,889/- (March 31, 2016: Rs 284,648).

Company as a lessor

Lease receipts accrued under cancellable operating leases amounting to Rs. 99,654,066 (March 31 2016: Rs. 121,251,808) have been recognized as rental income in the statement of profit and loss.

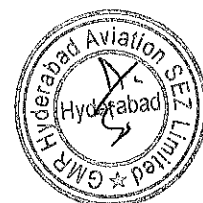
32. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company's policy is to keep the gearing ratio between 233% and 186%.

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings including interest accrued on borrowings (Note 12)	603,180,333	548,527,281	493,862,061
Net debt	603,180,333	548,527,281	493,862,061
Equity	516,000,000	516,000,000	499,000,000
Other Equity	79,164,850	131,101,445	124,031,767
Total Equity	595,164,850	647,101,445	623,031,767
Gearing ratio (Net Debt/ Total Equity)	101%	85%	79%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017.

33. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:			
Principal amount due to micro and small enterprises;	-	-	-
Interest due on above.	-	-	-
Total	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-	-

34. Commitments and Contingencies

A. Contingent Liabilities:

- a. The Company had received Show Cause Notice dated July 17, 2015 from the Office of the Assistant Commissioner of Customs, Central Excise and Service Tax wherein service tax refund of Rs.78, 445/- (March 31,2016: Rs,78,445/-; April 01,2015 : Nil) has been denied. Based on the internal assessment the management is confident that no provision is required to be made as at March 31, 2017.



GMR Hyderabad Aviation SEZ Limited

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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

b. Subsequent to the year end, the company has received a Show Cause Notice (SCN) from the Commissioner (Audit), Central Excise and Service Tax for an amount of Rs.85,495,588/- (March 31,2016: Nil; April 01, 2015 : Nil) (for granting exemption of service tax under renting of immovable property services without obtaining Form A1 / A2 for the period from October 2011 to March 2016. Based on the internal assessment the management is confident that no provision is required to be made as at March 31, 2017

B. Commitments:

a. Capital Commitments:

Estimated Value of contracts remaining to be executed on capital account not provided for (Net of Advances) Rs. 28,380,308/- (March 31, 2016: Rs. 31,822,416/-, April 01, 2015: Rs 3,440,089/-).

b. **Other Commitments:** Revenue share @ 25% of the lease rentals earned on land leased by the company is payable to GMR Hyderabad International Airport Limited.

35. Specified Bank Notes(SBN)

Details of dealings in SBN in terms of notification dated March 30, 2017 issued by Ministry of Corporate Affairs

Particulars	SBNs	Other INR denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	--
(+) Permitted receipts	-	-	-
(+) Non Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Non Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

36. Details of Un-Hedged foreign currency : Rs Nil (March 31 2016 : Rs Nil, April 01 2015 : Rs Nil)

37. The Chief Operating Decision Maker (CODM)/Executive management of the company monitors the operating results of its business as a single operating segment. As the company's revenues are generated from customers in India and all Non-Current operating assets are deployed in India, entity wide disclosures are not applicable.

38. The Company does not have any employees on its payroll as on March 31, 2017 (March 31, 2016: Nil, April 01 2015: Rs Nil). Accordingly, the Company does not have any obligation towards any Defined Benefit Plan or any Defined Contribution Plan as per IND AS 19 - Employee Benefits.



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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

39. First time Adoption

These financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016 as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 01, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 01, 2015 and the financial statements as at and for the year ended March 31, 2016 and March 31, 2017.

Estimates:

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS, as of March 31, 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

(A) Mandatory exceptions:

(i) Derecognition of financial assets and financial liabilities:

The company has chosen to apply the derecognition requirements for financial assets and liabilities as per Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

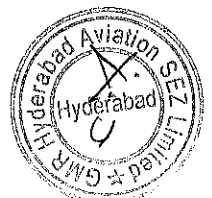
(ii) Classification and measurement of financial assets:

The company has classified financial assets in accordance with conditions that existed at the date of transition to Ind AS.

(B) Optional exceptions:

(i) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets):

The Company has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Previous GAAP financial as deemed cost at transition date.



GMR Hyderabad Aviation SEZ Limited

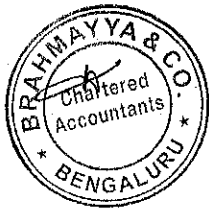
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Notes to the Financial Statements for the year ended March 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

(ii) **Fair value measurement of financial assets or financial liabilities:**

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.



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Reconciliation of equity as at April 01, 2015

Particulars	Explanatory Notes	Amount in ₹		
		As per Previous GAAP	Impact of IndAS	As per IndAS
ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	1	69,85,23,674	(35,83,052)	69,49,40,622
b. Capital work-in-progress		18,97,53,515	-	18,97,53,515
c. Other non-current assets		77,16,075	-	77,16,075
		89,59,93,264	(35,83,052)	89,24,10,212
2. Current Assets				
a. Inventories				
b. Financial Assets				
i. Investments	2	49,08,409	8,339	49,16,748
ii. Trade receivables		29,20,79,123	-	29,20,79,123
iii. Cash and cash equivalents		72,37,028	-	72,37,028
c. Current Tax Assets (Net)		2,65,38,858	-	2,65,38,858
d. Other current assets		67,69,595	-	67,69,595
		33,75,33,013	8,339	33,75,41,352
Total Assets		1,23,35,26,277	(35,74,713)	1,22,99,51,564
EQUITY AND LIABILITIES				
1. Equity				
a. Equity Share capital		49,90,00,000	-	49,90,00,000
b. Other Equity		12,21,24,572	19,07,195	12,40,31,767
		62,11,24,572	19,07,195	62,30,31,767
Liabilities				
2. Non - Current Liabilities				
a. Financial Liabilities				
i. Borrowings	1	49,78,22,704	(39,60,643)	49,38,62,061
ii. Other financial liabilities	3	1,85,60,601	(1,37,76,125)	47,84,476
b. Deferred tax liabilities (Net)	4	90,46,333	1,19,252	91,65,585
c. Other Noncurrent liabilities	3	33,68,936	1,12,42,838	1,46,11,774
		52,87,98,574	(63,74,678)	52,24,23,896
3. Current Liabilities				
a. Financial Liabilities				
i. Trade payables		6,12,62,385	-	6,12,62,385
ii. Other financial liabilities		2,15,91,655	-	2,15,91,655
b. Other current liabilities	3	7,49,091	8,92,770	16,41,861
		8,36,03,131	8,92,770	8,44,95,901
Total Equity and Liabilities		1,23,35,26,277	(35,74,713)	1,22,99,51,564

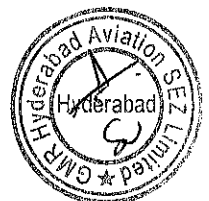
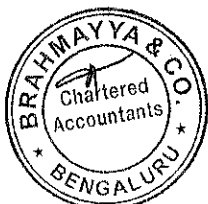
Explanatory Notes:

- Ind AS 109 requires transaction costs incurred towards origination of borrowings to be reduced from the Borrowing amount on initial recognition. Transaction costs are recognised over the tenure of the borrowings as part of the finance expense by applying the effective interest method.

The company has previously apportioned the upfront fee paid on obtaining loan towards PPE and a part of upfront fee is charged to Statement of Profit and Loss. Accordingly, as on the date of transition the upfront fee to the extent capitalised in the earlier period net of depreciation reversal amounting to ₹3,583,052/- is credited to Property, Plant and Equipment.

The portion of upfront fee paid on Funded Interest Term Loan (FITL) initially charged to Statement of Profit and Loss amounting to ₹ 452,400/- is credited back to retained earnings after considering the apportionment of upfront fee to be charged upto the date of transition.

- Under Previous GAAP, investments were classified either as current or non-current. Based on the requirement of Ind AS 109, investments have been designated at fair value through profit or loss and reported at fair value as at April 01, 2015.



GMR Hyderabad Aviation SEZ Limited

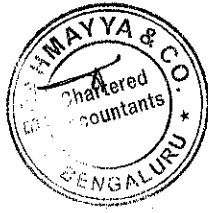
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Reconciliation of equity as at April 01, 2015

3. Security deposits has been valued at amortised cost as per Ind AS 109. Accordingly, an amount of ₹ 1,640,517/- has been transferred to reserves as on April 01, 2015.
Accordingly, Deferred lease rentals of ₹11,242,838/- as non current and ₹ 892,770/- as current portion is recognised on liabilities side.

4. The company has accounted for the deferred tax on the various adjustments between Previous GAAP and Ind AS at the tax rate at which they are expected to be reversed. Accordingly, the resultant impact on deferred tax Liability is recorded in the books of accounts for the year ended March 31, 2015.



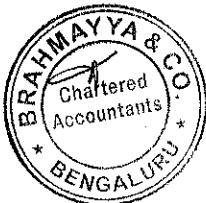
Reconciliation of equity as on March 31, 2016

Amount in ₹

Particulars	Explanatory Notes	As per Previous GAAP	Impact of IndAS	As per IndAS
ASSETS:				
1. Non-current assets				
a. Property, Plant and Equipment	1	66,82,96,588	(34,27,082)	66,48,69,506
b. Capital work-in-progress		18,20,60,545	-	18,20,60,545
c. Other non-current assets		1,24,46,612	-	1,24,46,612
		86,28,03,745	(34,27,082)	85,93,76,663
2. Current Assets				
a. Financial Assets				
i. Investments	2	2,45,00,171	40,680	2,45,40,851
ii. Trade receivables		39,53,15,078	-	39,53,15,078
iii. Cash and cash equivalents		3,39,665	-	3,39,665
b. Current Tax Assets (Net)		1,24,08,973	-	1,24,08,973
c. Other current assets		21,87,083	-	21,87,083
		43,47,50,971	40,680	43,47,91,650
Total Assets		1,29,75,54,715	(33,86,402)	1,29,41,68,313
EQUITY AND LIABILITIES:				
1. Equity				
a. Equity Share capital		51,60,00,000	-	51,60,00,000
b. Other Equity		12,90,67,970	20,33,475	13,11,01,445
		64,50,67,970	20,33,475	64,71,01,445
Liabilities				
2. Non - Current Liabilities				
a. Financial Liabilities				
i. Borrowings	1	55,19,81,859	(34,54,578)	54,85,27,281
ii. Other financial liabilities	3	3,86,60,601	(1,33,17,960)	2,53,42,641
b. Deferred tax liabilities (Net)	4	74,62,884	21,066	74,83,950
c. Other Noncurrent liabilities	3	79,36,700	1,04,34,790	1,83,71,489
		60,60,42,044	(63,16,682)	59,97,25,362
3. Current Liabilities				
a. Financial Liabilities				
i. Trade payables		2,45,16,700	-	2,45,16,699
ii. Other financial liabilities		2,13,27,893	-	2,13,27,893
b. Other current liabilities	4	6,00,108	8,96,807	14,96,915
		4,64,44,701	8,96,807	4,73,41,506
Total Equity and Liabilities		1,29,75,54,715	(33,86,400)	1,29,41,68,313

Explanatory Notes:

- The Property Plant and Equipment for March 31, 2016 is increased by ₹ 1,55,970/- as a result of amortisation of upfront fee from April 01, 2015 to March 31, 2016.
As at March 31, 2016 the company has recognised finance cost on amortisation of upfront fee amounting to ₹ 5,06,065/- that was previously credited to retained earnings.
- Under Previous GAAP, investments were classified either as current or non-current. Based on the requirement of Ind AS 109, investments have been designated at fair value through profit or loss and reported at fair value as at April 01, 2015. Based on the policy of the company mutual fund investments in Debt, Balanced and Equity funds are classified as non-current investments and liquid funds are classified as current investments.
- As at March 31, 2016, Interest expense of ₹ 549,556/- has been charged to Statement of Profit and Loss due to unwinding of discounts, with a corresponding credit of ₹ 895,402/- due to amortisation of Deferred lease rentals.
- The company has accounted for the deferred tax on the various adjustments between Previous GAAP and Ind AS at the tax rate at which they are expected to be reversed. Accordingly, the resultant impact on deferred tax Liability is recorded in the books of accounts for the year ended March 31, 2016.

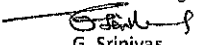


Reconciliation of profit for the year ended March 31, 2016


		Amount in ₹		
Particulars	Explanatory Notes	As per Previous GAAP	Impact of IndAS	As per IndAS
I Revenue from Operations		15,68,36,384	-	15,68,36,384
II Other Income	1,2	4,05,88,681	9,27,743	4,15,16,424
Total Income (I + II)		19,74,25,065	9,27,743	19,83,52,808
III Expenses:				
Changes in inventories of Stock-In-Trade				
Concession Fees		2,61,00,094	-	2,61,00,094
Finance Cost	3	5,76,11,341	5,06,065	5,81,17,406
Depreciation and amortization expenses	4	4,97,60,005	(1,55,970)	4,96,04,035
Other expenses		4,15,93,674	5,49,556	4,21,43,230
Total expenses (IV)		17,50,65,114	8,99,651	17,59,64,765
Profit before prior period adjustments (II-III)		2,23,59,951	28,092	2,23,88,043
Prior period adjustments:				
Arrears of Depreciation		-	-	-
Expenses relating to earlier years		-	-	-
Reversal of amounts written back in earlier years		-	-	-
Income relating to earlier years		-	-	-
VI Profit before tax		2,23,59,951	28,092	2,23,88,043
VII Tax Expenses:				
Current tax		45,60,037	-	45,60,037
Less: MAT credit entitlement		(45,60,037)	-	(45,60,037)
Tax for earlier years		-	-	-
Deferred Tax Liability /(Asset)	5	(15,83,449)	(98,186)	(16,81,635)
		(15,83,449)	(98,186)	(16,81,635)
VIII Profit for the year(VI-VII)		2,39,43,400	1,26,278	2,40,69,678
IX Other Comprehensive income				
(i) Items that will not be reclassified subsequently to profit or loss		-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
X Total Comprehensive Income for the year (VIII+IX)		2,39,43,400	1,26,278	2,40,69,678

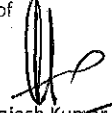
Explanatory Notes:

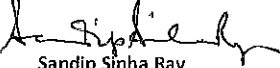
- The Property Plant and Equipment for March 31, 2016 is increased by ₹ 155,970/- as a result of amortisation of upfront fee from April 01, 2015 to March 31, 2016.
As at March 31, 2016 the company has recognised finance cost on amortisation of upfront fee amounting to ₹ 506,065/- that was previously credited to retained earnings.
- Under Previous GAAP, investments were classified either as current or non-current. Based on the requirement of Ind AS 109, investments have been designated at fair value through profit or loss and reported at fair value as at April 01, 2015. Based on the policy of the company mutual fund investments in Debt, Balanced and Equity funds are classified as non-current investments and liquid funds are classified as current investments.
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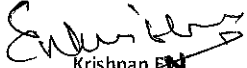
As per the report of even date
For **Brahmayya & Co.,**
Chartered Accountants
ICAI Firm Registration No.: 0005155

G. Srinivas
Partner
Membership No : 086761

For and on behalf of the Board of Directors of
GMR Hyderabad Aviation SEZ Limited


S.G.K. Kishore
Director
DIN : 02916539


Rajesh Kumar Arora
Director
DIN : 03174536


Sandip Sinha Ray
Chief Financial Officer


Krishnan
Company Secretary
M.No FCS 5402

Place : New Delhi
Date: April 21, 2017

Place : Hyderabad
Date: April 21, 2017

