

INDEPENDENT AUDITOR'S REPORT

To the Members of Hyderabad Menzies Air Cargo Private Limited

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Hyderabad Menzies Air Cargo Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the 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.

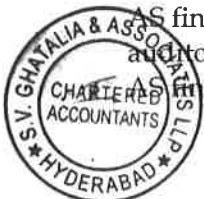
Management's Responsibility for the Financial Statements

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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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



S. V. GHATALIA & ASSOCIATES LLP

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are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, 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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of 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 Accounting Standards specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and 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 and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report;



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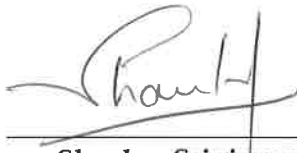
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- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 31 to 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; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The Company has provided requisite disclosures in Note 44 to these financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in Note 44 to the financial statements and as represented to us, amounts aggregating Rs. 63,500 have been received from transactions which are not permitted.

For S.V. GHATALIA & ASSOCIATES LLP

ICAI Firm Registration Number: 103162W/E300006

Chartered Accountants



per **Shankar Srinivasan**
Partner

Membership Number: 213271

Place of Signature: Hyderabad

Date: May 10, 2017



Annexure I referred to in our report of even date

Re: Hyderabad Menzies Air Cargo Private Limited ("the Company")

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (intangible assets).
- (b) The Company does not have any tangible fixed assets and accordingly the requirements under paragraph 3(i)(b) are not applicable to the company.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in intangible assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture or service of cargo facilities, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to the company have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a case of income tax and service tax.



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- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (Rs.)	Amount paid under protest (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act,1961	Income tax	*8,497,952	NA	AY 2008-09	Income Tax Appellate Tribunal, Hyderabad
Income Tax Act,1961	Income tax	Nil	^41,846,952	AY 2013-14	Commissioner of Income Tax (Appeals), Hyderabad
Income Tax Act,1961	Income tax	Nil	^31,091,720	AY 2014-15	Commissioner of Income Tax (Appeals), Hyderabad
Finance Act,1994	Service tax (including penalty)	# 59,199,452	Nil	March 2008 to June 2010	Customs , Excise & Service Tax Appellate Tribunal , Bengaluru
Finance Act,1994	Service tax (including penalty)	## 1,468,194	734,097	April 2007 to March 2012	Customs , Excise & Service Tax Appellate Tribunal , Hyderabad

*The Assessing Officer has disallowed the amount which will impact the reduction of loss for the relevant assessment year.

^The Assessment Commissioner of Income Tax has reduced the amount refundable to that extent for the relevant assessment years.

Includes penalty of Rs.29,599,726

Includes penalty of Rs.734,097. However subsequent to the year end, the Company has received favourable order from the Appellate Tribunal.

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.



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- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.V. GHATALIA & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 103162W/E300006



per Shankar Srinivasan

Partner

Membership Number: 213271

Place of Signature: Hyderabad

Date: May 10, 2017



S.V.GHATALIA & ASSOCIATES LLP

Chartered Accountants

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of Hyderabad Menzies Air Cargo Private Limited

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

To the Members of Hyderabad Menzies Air Cargo Private Limited

We have audited the internal financial controls over financial reporting of Hyderabad Menzies Air Cargo Private 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 on that date.

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified 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 judgement, including the assessment of the risks of material misstatement of the Ind AS 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 internal financial controls system over financial reporting.



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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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS 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.

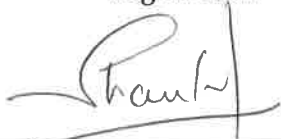
Opinion

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.

For **S.V. GHATALIA & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 103162W/E300006



per **Shankar Srinivasan**

Partner

Membership Number: 213271

Place of Signature: Hyderabad

Date: May 10, 2017



Hyderabad Menzies Air Cargo Private Limited

CIN No: U62100TG2006PTC049243

Balance Sheet as at March 31, 2017

(Amount in Rupees, unless otherwise stated)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Intangible assets	3	146,095,827	134,620,414	135,732,917
Intangible assets under development		41,314	6,313,819	1,949,585
Financial assets				
Others	4	3,715,592	4,238,237	71,004,498
Non-current tax assets	6	249,890,983	250,758,549	212,479,360
Other non-current assets	7	33,472,809	34,066,264	34,201,639
Current assets				
Financial Assets				
Investments	5	201,737,883	100,149,708	7,793,563
Trade Receivables	8	66,810,169	50,653,893	40,645,673
Cash and cash equivalents	9	93,227,510	18,282,165	10,365,643
Other bank balances	9	315,401,791	258,907,397	192,628,648
Others	4	6,982,628	15,212,577	5,194,646
Other current assets	7	11,500,463	6,962,717	65,037,613
Total Assets		1,128,876,970	880,165,740	777,033,785
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	10	190,387,350	190,387,350	190,387,350
Other Equity				
Retained earnings		550,464,303	373,795,019	332,491,032
Other reserves	11	138,322,348	138,955,761	114,289,758
Total Equity		879,174,001	703,138,130	637,168,140
Non-current liabilities				
Financial Liabilities				
Borrowings	12	3,655,351	4,177,451	4,645,954
Net employee benefit liabilities	14	10,805,895	7,873,797	6,622,902
Deferred tax liabilities (net)	15	4,728,319	4,674,464	5,594,470
Current liabilities				
Financial Liabilities				
Trade Payables	16	185,953,912	120,657,616	91,737,551
Other current financial liabilities	13	6,227,963	6,755,320	6,160,968
Other current liabilities	17	28,007,466	25,289,460	18,927,004
Net employee benefit liabilities	14	10,324,064	7,599,503	6,176,796
Total Equity and Liabilities		1,128,876,970	880,165,740	777,033,785

Summary of significant accounting policies

2.1

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

As per our report of even date.

For S.V.GHATALIA & ASSOCIATES LLP

Firm registration number: 103162W/E300006

Chartered Accountants



per Shankar Srinivasan
Partner

Membership No. 213271



For and on behalf of the board of directors of

Hyderabad Menzies Air Cargo Private Limited



Rajesh Kumar Arora

Director

DIN No: 03174536



Ravinder Bolangdy

Chief Executive Officer





Kannan Gopalan

Director

DIN No: 06457047



Srikanth Vetcha

Chief Financial Officer

Place: Hyderabad

Date: May 10, 2017

Place: Hyderabad

Date: May 10, 2017

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
I. REVENUE			
Revenue from operations	18	890,500,135	858,493,389
Other income	19	45,769,886	34,471,464
Total Revenue (I)		936,270,021	892,964,853
II. EXPENSES			
Operations and maintenance expenses		38,598,923	20,356,047
Employee benefits expense	20	128,624,484	104,511,351
Other expenses	21	472,622,878	436,699,992
Total expenses (II)		639,846,285	561,567,390
III. Earnings before Interest , Tax, Depreciation and Amortization (EBITDA) (I-II)		296,423,736	331,397,463
Amortization expense	22	27,123,510	21,319,566
Finance costs	23	2,101,265	2,253,228
IV. Profit/(loss) before tax		267,198,961	307,824,669
V. Tax expense:			
Current Tax	25	56,977,754	66,169,402
Deferred Tax charge / (credit)	25	53,855	(920,006)
Income tax expense		57,031,609	65,249,396
VI. Profit for the year (IV- V)		210,167,352	242,575,273
VII. Other comprehensive income (OCI)			
A Items that will be reclassified to profit or loss		-	-
B Items that will not be reclassified to profit or loss			
Re-measurement gains / (losses) on defined benefit plans	24	(633,413)	354,669
Deferred tax / (credit)	24	-	-
Total other comprehensive income for the year, net of tax		(633,413)	354,669
VIII. Total comprehensive income for the year (VI + VII)		209,533,939	242,929,942
IX. Earnings per equity share of par value of Rs.10 each :			
Basic and diluted (Rs. Per share)	26	180.60	212.37
Summary of significant accounting policies	2.1		

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

As per our report of even date.

For S.V.GHATALIA & ASSOCIATES LLP

Firm registration number: 103162W/E300006

Chartered Accountants



per Shankar Srinivasan
Partner

Membership No. 213271



For and on behalf of the board of directors of
Hyderabad Menzies Air Cargo Private Limited



Rajesh Kumar Arora
Director

DIN No: 03174536



Kannan Gopalan
Director

DIN No: 06457047





Ravinder Bolangdy
Chief Executive Officer



Srikanth Vetcha
Chief Financial Officer

Place: Hyderabad
Date: May 10, 2017

Place: Hyderabad
Date: May 10, 2017

Hyderabad Menzies Air Cargo Private Limited

CIN No: U62100TG2006PTC049243

Cash flow statement for the year ended March 31, 2017

(Amount in Rupees , unless otherwise stated)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	267,198,961	307,824,669
Adjustment to reconcile profit before tax to net cash flows		
Amortization expense	27,123,510	21,319,566
Interest income	(22,349,739)	(26,798,587)
Unrealized foreign exchange (gain)/ Loss	19,646	(35,116)
Income from mutual funds	-	(4,339,691)
Provision for bad and doubtful debts	-	428,619
Finance income (including fair value change in financial instruments)	(12,119,112)	(715,595)
Finance costs (including fair value change in financial instruments)	1,077,186	1,229,432
Re-measurement gains / (losses) on defined benefit plans	(633,413)	354,669
(Gain)/ Loss on sale of fixed assets (net)	(10,000)	(138,939)
Fixed assets written off	-	120,693
Operating profit before working capital changes	260,307,040	299,249,720
Movements in working capital:		
Increase in trade payables	65,305,129	28,947,886
Increase in other liabilities	3,038,334	6,551,756
Increase in provisions	5,656,666	2,673,605
(Increase) in trade receivables	(16,181,745)	(10,421,498)
(Increase)/decrease in loans and advances	(3,537,753)	59,073,389
Cash generated from operations	314,587,671	386,074,858
Direct taxes paid (net of refunds)	(56,110,188)	(104,448,591)
Net cash flow from operating activities (A)	258,477,483	281,626,267
Cash flows from investing activities		
Purchase of fixed assets, including capital work in progress and capital advances	(33,182,946)	(23,885,835)
Proceeds from sale of fixed assets	10,000	167,232
(Purchase)/sale of current investments	(90,000,000)	(87,881,309)
Investments in bank deposits (having original maturity of more than three months)	(582,278,924)	(204,307,397)
Redemption/maturity of bank deposits (having original maturity of more than three months)	525,784,530	202,528,648
Interest received	30,633,271	18,628,867
Net cash flow from / (used in) investing activities (B)	(149,034,069)	(94,749,794)
Cash flows from financing activities		
Repayment of long-term borrowings	(1,000,000)	(2,000,000)
Dividends on equity and preference shares paid (including dividend distribution taxes)	(33,498,068)	(176,959,952)
Net cash flow used in financing activities (C)	(34,498,068)	(178,959,952)
Net decrease in cash and cash equivalents (A+B+C)	74,945,346	7,916,521
Cash and cash equivalents at the beginning of the year	18,282,164	10,365,643
Cash and cash equivalents at the end of the year	93,227,510	18,282,164
Components of cash and cash equivalents		
Cash on hand	131,326	179,818
With banks on current accounts	93,096,184	18,102,346
Total cash and cash equivalents	93,227,510	18,282,164
Summary of significant accounting policies	2.1	

As per our report of even date.

For S.V.GHATALIA & ASSOCIATES LLP

Firm registration number: 103162W/E300006

Chartered Accountants



per Shankar Srinivasan

Partner

Membership No. 213271



Place: Hyderabad

Date: May 10, 2017

For and on behalf of the board of directors of

Hyderabad Menzies Air Cargo Private Limited



Rajesh Kumar Arora

Director

DIN No: 03174536



Ravinder Bolangdy

Chief Executive Officer

Place: Hyderabad

Date: May 10, 2017



Kannan Gopalan

Director

DIN No: 06457047



Srikanth Vetcha

Chief Financial Officer



Hyderabad Menzies Air Cargo Private Limited
 CIN No: U62100TG2006PTC049243
 Statement of Changes in Equity for the year ended March 31, 2017
 (All amounts in Indian Rupees unless otherwise stated)

A. Equity Share Capital
Equity Shares of Rs.10 Each, Fully paid up

	No.	Rs.
As at April 01, 2015	1,020,000	10,200,000
Issued during the year	-	-
As at March 31, 2016	1,020,000	10,200,000
Issued during the year	-	-
As at March 31, 2017	1,020,000	10,200,000

Preference Share Capital
11.97% compulsorily convertible cumulative preference shares ('CCCCPS') Series B of Rs.10/- each fully paid up

	No.	Rs.
As at April 01, 2015	18,735	187,350
Issued during the year	-	-
As at March 31, 2016	18735	187,350
Issued during the year	-	-
As at March 31, 2017	18,735	187,350

11.97% compulsorily convertible cumulative preference shares ('CCCCPS') Series A of Rs.10,000 each fully paid up

	No.	Rs.
As at April 01, 2015	18,000	180,000,000
Issued during the year	-	-
As at March 31, 2016	18,000	180,000,000
Issued during the year	-	-
As at March 31, 2017	18,000	180,000,000



Hyderabad Menzies Air Cargo Private Limited

CIN No: U62100TG2006PTC049243

Statement of Changes in Equity for the year ended March 31, 2017

(All amounts in Indian Rupees unless otherwise stated)

B. Other Equity

	Reserves and Surplus			Items of Other Comprehensive Income	
	Equity component of related party loan	General Reserve	Retained Earnings	FVTOCI reserve	Total OCI (B)
At April 01, 2015	5,826,628	108,463,130	332,491,032	-	-
Profit for the year	-	-	242,575,273	-	-
Other Comprehensive Income (Note 24)	-	-	-	354,669	354,669
Dividend on CCCPS (Series A) amount per share Rs. 1,197/- per share	-	-	(21,546,000)	-	-
Dividend on CCCPS (Series B) amount per share Rs. 1,197/- per share	-	-	(22,424)	-	-
Dividend distribution tax on CCCPS	-	-	(4,390,824)	-	-
Dividend on equity shares	-	-	(125,460,000)	-	-
Dividend distribution tax on equity shares	-	-	(25,540,704)	-	-
Transfer to general reserve	-	24,311,334	(24,311,334)	-	-
At March 31, 2016	5,826,628	132,774,464	373,795,019	354,669	354,669
Profit for the year	-	-	210,167,352	-	-
Other Comprehensive Income (Note 24)	-	-	-	(633,413)	(633,413)
Dividend on CCCPS (Series A) amount per share Rs. 1,197/- per share	-	-	(5,386,500)	-	-
Dividend on CCCPS (Series B) amount per share Rs. 1,197/- per share	-	-	(5,606)	-	-
Dividend distribution tax on CCCPS	-	-	(1,097,706)	-	-
Dividend on equity shares	-	-	(22,440,000)	-	-
Dividend distribution tax on equity shares	-	-	(4,568,256)	-	-
Total Comprehensive Income	-	-	176,669,284	(633,413)	(633,413)
At March 31, 2017	5,826,628	132,774,464	550,464,303	(278,744)	(278,744)



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Hyderabad Menzies Air Cargo Private Limited

CIN No: U62100TG2006PTC049243

Notes to the financial statements for the year ended March 31, 2017

1 Corporate information

Hyderabad Menzies Air Cargo Private Limited ("the Company") is a 51:49 Joint Venture ("JV") between GMR Hyderabad International Airport Limited ("GHIAL") and Menzies Aviation Plc, UK for Cargo Handling at the Rajiv Gandhi International Airport at Shamshabad, Hyderabad, Ranga Reddy District. The Company was incorporated on February 22, 2006. The Company commenced its operations on March 23, 2008.

Information on other related party relationships of the Company is provided in Note 41.

The financial statements were adopted by the Board of directors and authorized for issue in accordance with a resolution of the directors on May 10, 2017.

2 Basis of preparation

The Company's management had previously issued its audited financial statements for the year ended March 31, 2016 in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP').

With effect from April 01, 2016, the Company is required to prepare its financial statements under the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. Accordingly, the Company's management has now prepared the Ind AS financial statements which comprise the Balance Sheets as at March 31, 2017 and March 31, 2016, the Opening Balance Sheet as at April 01, 2015 (transition date balance sheet), the Statements of Profit and Loss, the Statements of Cash Flows and the Statements of Changes in Equity for the year ended March 31, 2017 and March 31, 2016 respectively, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Ind AS Financial Statements").

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial assets and liabilities which have been measured at fair value as required by relevant Ind AS (refer accounting policy regarding financial instruments)

2.1 Summary of 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:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
- b) Held primarily for the purpose of trading
- c) Expected to be realised within twelve months after the reporting period, or
- d) 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:

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

All other liabilities are classified 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

Functional and presentation currency

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 profit and loss.



Hyderabad Menzies Air Cargo Private Limited

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Notes to the financial statements for the year ended March 31, 2017

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 whose fair value gain or loss is recognised in OCI or profit and loss are also recognised in OCI or profit and 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 categorised 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 categorisation (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.

(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.

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

Income from services :

Revenue from outbound cargo is recognized at the time of acceptance of cargo with respect to non-airline customers and at the time of departure of aircraft with respect to airline customers and revenue from inbound cargo is recognized at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Income from the concession arrangements earned under the intangible asset model consists of :

- (i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
- (ii) payments actually received from the users.



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Notes to the financial statements for the year ended March 31, 2017

Revenues and cost of improvements to concession assets -

In conformity with appendix A of Ind AS 11, the Company recognizes revenues and the associated costs of improvements to concession assets which it is obligated to perform at the airports as established by the concession agreement. Revenues represent the value of the exchange between the Company and the government with respect to the improvements, given that the Company constructs or provides improvements to the airports as obligated under the concession agreement and in exchange, the government grants the Company the right to obtain benefits for services provided using those assets. The Company has determined that its obligations per the concession agreement should be considered to be a revenue earning activity as all expenditures incurred to fulfill the concession agreement are included in the maximum tariff it charges its customers and therefore it recognizes the revenue and expense in profit and loss when the expenditures are performed.

The cost for such additions and improvements to concession assets is based on actual costs incurred by the Company in the execution of the additions or improvements, considering the requirements in the concession agreement. The amount of revenues for these services is equal to the amount of costs incurred, as Company do not obtain any profit margin for these construction services. The amounts paid are set at market value.

Other operating revenue:

Other operating revenue includes income from ancillary revenue generating activities and is recognized based on the terms agreed with the customers when the services are rendered.

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 Company 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.

For others, Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included in other income in the statement of profit and loss.

Dividends

Revenue is recognised when the right to receive the payment is established, which is generally when shareholders approve the dividend.

(e) 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.

Current income tax relating to items recognised outside profit and loss is recognised outside profit and 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 provisions 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 utilised.

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 utilised. Unrecognised 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 realised 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 and loss is recognised outside profit and 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.



Hyderabad Menzies Air Cargo Private Limited

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Notes to the financial statements for the year ended March 31, 2017

(f) Intangible Assets

Service concession arrangements:

The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix A to Ind AS 11 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the company receives a right (i.e. a concessionaire) to charge users of the public service. The financial model is used when the company has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the company performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the service delivered, when the amount are separately identifiable.

GMR Hyderabad International Airport Limited (GHIAL) had entered into a Concession Agreement with Government of India, which gives GHIAL an exclusive right to design, finance, build, operate and maintain a world class, state of the art international airport at Shamshabad, Hyderabad, Telangana, India. The concession arrangement is a service concession arrangement under appendix A to Ind AS 11. Through the concession agreement, GHIAL has granted further concession to the company along with sub-leasing of the part of cargo infrastructure facility to the Company and since the Company has a right to charge the users for the services and therefore, the same has been classified under Intangible assets model.

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

(g) 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 capitalised 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.

(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 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.



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Notes to the financial statements for the year ended March 31, 2017

Company as a lessor

Leases in which the Company doesn't transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease income on an operating lease is recognized in the statement of profit and loss as per the lease agreement. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Company as a lessee

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

(i) 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.

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 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.

Impairment losses are recognised in the statement of profit and loss. 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 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 years. Such reversal is recognised in the statement of profit and loss.

(j) Provisions

General

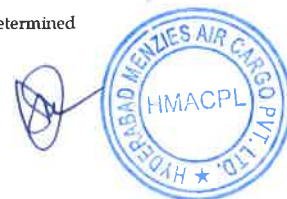
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

(k) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan. The cost of providing benefits under the defined benefit plan is determined on the basis of actuarial valuation.



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Notes to the financial statements for the year ended March 31, 2017

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit and loss in subsequent periods.

Past service costs are recognised in profit and loss on the earlier of:

- ▶ The date of the plan amendment or curtailment, and
- ▶ The date that the company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- ▶ Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ▶ Net interest expense or income

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. However, the Company presents the entire provision towards accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date based on the actuarial valuation using the projected unit credit method at the year-end.

(I) 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.

Financial assets

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 and 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.

Subsequent measurement

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

- a. Debt instruments at amortised cost
- b. Debt instruments at fair value through other comprehensive income (FVTOCI)
- c. Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost :

A 'debt instrument' is measured at the amortised 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 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 amortised cost using the effective interest rate (EIR) method.

Amortised 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 amortisation is included in finance income in the profit and loss. The losses arising from impairment are recognised in the profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



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Notes to the financial statements for the year ended March 31, 2017

Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

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 company 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 profit and loss, 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 profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the 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 either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure on any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The Company recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and 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.



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Notes to the financial statements for the year ended March 31, 2017

Subsequent measurement

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

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

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

Amortised 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 amortisation is included as finance costs in the statement of profit and loss.

Derecognition

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

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.

(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.

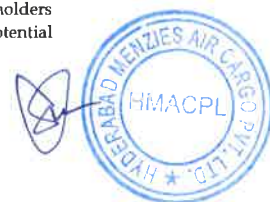
(o) Measurement of EBITDA

The Company has selected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. 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 costs and tax expense.

(p) 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.



Hyderabad Menzies Air Cargo Private Limited

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3. Intangible assets

	Right to Operate - Cargo facility	Total
Cost		
As at April 1, 2015	135,732,917	135,732,917
Additions	20,356,047	20,356,047
Disposals	(4,499,225)	(4,499,225)
As at March 31, 2016	151,589,739	151,589,739
Additions	38,598,923	38,598,923
Disposals	(891,831)	(891,831)
As at March 31, 2017	189,296,831	189,296,831
Amortization		
As at April 1, 2015	-	-
Charge for the year	21,319,566	21,319,566
Disposals	(4,350,241)	(4,350,241)
As at March 31, 2016	16,969,325	16,969,325
Charge for the year	27,123,510	27,123,510
Disposals	(891,831)	(891,831)
As at March 31, 2017	43,201,004	43,201,004
Net block		
As at April 01, 2015	135,732,917	135,732,917
As at March 31, 2016	134,620,414	134,620,414
As at March 31, 2017	146,095,827	146,095,827

Intangible assets under development: Rs. 41,314 (March 31, 2016: Rs. 6,313,819) (April 01, 2015 : Rs.1,949,585)



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4 Financial assets

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Unsecured, considered good						
Security deposits to related parties -held at amortized cost	3,656,092	4,178,737	4,647,800	522,646	469,063	419,550
Other deposits	59,500	59,500	58,000	-	-	-
Deposits with remaining maturity for more than 12 months	-	-	64,500,000	-	-	-
Interest accrued on fixed deposits	-	-	1,798,698	6,459,982	14,743,514	4,775,096
Total	3,715,592	4,238,237	71,004,498	6,982,628	15,212,577	5,194,646

5 Investments

	Current		
	March 31, 2017	March 31, 2016	April 01, 2015
Non-trade investments			
Investment in mutual funds (unquoted) (held at fair value through profit and loss)			
412,520,322 units (March 31, 2016: 34,748,621) of Rs.100 each of Birla Sun Life Cash Plus- Growth-Regular Plan	107,466,989	100,149,708	7,793,563
47830,704 units (March 31, 2016: Nil) of face value of Rs.1000 each IDFC Cash Fund- Growth-Regular Plan	94,270,894	-	-
Total	201,737,883	100,149,708	7,793,563
Note :			
Aggregate book value of investments	201,737,883	100,149,708	7,793,563
Aggregate market value of investments	201,737,883	100,149,708	7,793,563

6 Tax assets and liabilities

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Tax assets						
Advance income-tax (net of provision)	151,511,204	157,131,392	118,852,203	-	-	-
Tax paid under protest	98,379,779	93,627,157	93,627,157	-	-	-
Total other assets	249,890,983	250,758,549	212,479,360	-	-	-

7 Other assets

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Unsecured, considered good						
Capital advances	2,753,906	2,801,671	2,389,862	-	-	-
Advances recoverable in cash or kind	27,254,865	27,254,865	27,254,865	838,552	141,381	116,395
Other loans and advances						
Prepaid expenses	2,729,941	3,275,631	3,822,815	3,798,274	2,754,269	60,850,108
Balances with statutory/ government authorities	734,097	734,097	734,097	6,863,638	4,067,067	4,071,110
Total other assets	33,472,809	34,066,264	34,201,639	11,500,463	6,962,717	65,037,613



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8 Trade receivables

	Current		
	March 31, 2017	March 31, 2016	April 01, 2015
Trade receivables	67,238,788	51,082,512	40,645,673
Less: Allowances for doubtful receivables	(428,619)	(428,619)	-
Total	66,810,169	50,653,893	40,645,673

Break-up for security details and more than 6 months overdue

	March 31, 2017	March 31, 2016	April 01, 2015
Outstanding for a period exceeding six months from the date they are due for payment			
Secured, considered good	69,461	1,462,435	1,672,244
Unsecured, considered good	428,619	428,619	-
	498,080	1,891,054	1,672,244
Provision for doubtful receivables	(428,619)	(428,619)	-
	69,461	1,462,435	1,672,244
Other receivables			
Secured, considered good	-	-	-
Unsecured, considered good	66,740,708	49,191,458	38,973,429
Doubtful	-	-	-
	66,740,708	49,191,458	38,973,429
Provision for doubtful receivables	-	-	-
Total	66,810,169	50,653,893	40,645,673

Trade receivables are non-interest bearing and are generally on terms of 30 - 60 days.

9 Cash and Cash Equivalents

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Cash and cash equivalents						
-Cash on hand	-	-	-	131,326	179,818	123,367
-Cheques on hand	-	-	-	-	-	16,995
-Balances with Banks						
-In current accounts	-	-	-	13,127,198	18,102,347	10,225,281
Deposits with remaining maturity for less than 3 months	-	-	-	79,968,986	-	-
	-	-	-	93,227,510	18,282,165	10,365,643
Other bank balances						
- Deposits with remaining maturity of more than 12 months	-	-	64,500,000	-	-	-
- Deposits with remaining maturity of more than three months but less than 12 months	-	-	-	315,401,791	258,907,397	192,628,648
Amount disclosed under Other Non-current financial assets (refer note 4)	-	-	(64,500,000)	-	-	-
Total	-	-	-	315,401,791	258,907,397	192,628,648



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Notes to the financial statements for the year ended March 31, 2017

(All amounts are in Indian Rupees, unless otherwise stated)

10 Share capital

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Authorised share capital :			
2,500,000 (March 31, 2016: 2,500,000) equity shares of Rs. 10/- each	25,000,000	25,000,000	25,000,000
50,000 (March 31, 2016: 50,000) compulsory convertible cumulative preference shares of Rs.10/- each	500,000	500,000	500,000
18,450 (March 31, 2016: 18,450) compulsory convertible cumulative preference shares of Rs. 10,000/- each	184,500,000	184,500,000	184,500,000
	210,000,000	210,000,000	210,000,000
Issued, Subscribed and Paid-up:			
1,020,000 (March 31, 2016: 1,020,000) equity shares of Rs.10/- each fully paid up	10,200,000	10,200,000	10,200,000
18,735 (March 31, 2016: 18,735) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up	187,350	187,350	187,350
18,000 (March 31, 2016: 18,000) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up	180,000,000	180,000,000	180,000,000
Total	190,387,350	190,387,350	190,387,350

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	March 31, 2017		March 31, 2016		April 01, 2015	
	In Numbers	Amounts in INR	In Numbers	Amounts in INR	In Numbers	Amounts in INR
At the beginning of the year	1,020,000	10,200,000	1,020,000	10,200,000	1,020,000	10,200,000
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	1,020,000	10,200,000	1,020,000	10,200,000	1,020,000	10,200,000
Preference shares - Series A						
CCCPS of Rs.10,000/- each fully paid up						
At the beginning of the year	18,000	180,000,000	18,000	180,000,000	18,000	180,000,000
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	18,000	180,000,000	18,000	180,000,000	18,000	180,000,000
Preference shares - Series B						
CCCPS of Rs.10/- each fully paid up						
At the beginning of the year	18,735	187,350	18,735	187,350	18,735	187,350
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	18,735	187,350	18,735	187,350	18,735	187,350

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. In 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.

c. Terms/ rights attached to CCCPS

The Company has issued 18,000 fully paid up CCCPS (Series A) of Rs. 10,000/- each fully paid up and 18,735 fully paid up CCCPS (Series B) of Rs. 10/- each.

CCCPS (Series A) and CCCPS (Series B) carry cumulative dividend @ 11.97% and the Company declares the dividend in Indian Rupees. CCCPS (Series A) and CCCPS (Series B) shall be compulsorily converted into equity shares of Rs. 10/- each at the rate of one equity shares for each CCCPS (Series A) and CCCPS (Series B) share, as the case may be, after the expiry of the concession period.

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



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d. Shares held by holding company

Name of Shareholder	March 31, 2017		March 31, 2016		April 01, 2015	
	No. of Shares held	Amount	No. of Shares held	Amount	No. of Shares held	Amount
GMR Hyderabad International Airport Limited, Holding Company						
520,200 (March 31, 2016: 520,200) equity shares of Rs. 10/- each fully paid up	520,200	5,202,000	520,200	5,202,000	520,200	5,202,000
18,735 (March 31, 2016: 18,735) CCCPS Series B of Rs. 10/- each fully paid up	18,375	183,750	18,375	183,750	18,375	183,750

e. Details of Shareholders holding more than 5% of equity shares in the Company

Name of Shareholder	March 31, 2017		March 31, 2016		April 01, 2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Equity shares of Rs.10/- each fully paid						
GMR Hyderabad International Airport Limited	520,200	51%	520,200	51%	520,200	51%
Menzies Aviation cargo (Hyderabad) Limited (Mauritius)	499,800	49%	499,800	49%	499,800	49%
CCCPS Series A of Rs.10,000/- each fully paid up						
Menzies Aviation cargo (Hyderabad) Limited (Mauritius)	18,000	100%	18,000	100%	18,000	100%
CCCPS Series B of Rs.10/- each fully paid up						
GMR Hyderabad International Airport Limited	18,735	100%	18,735	100%	18,735	100%

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.



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11 Other Reserves

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	Equity Component of Related party loans	5,826,628	5,826,628
General reserve	132,774,464	132,774,464	108,463,130
FVTOCI Reserve	(278,744)	354,669	-
	138,322,348	138,955,761	114,289,758

The disaggregation of changes in OCI by each type of reserves in equity is disclosed in note 24.

11.1 Distributions made and proposed

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Cash dividends on equity shares declared and paid:			
Dividend for the year ended on March 31, 2016: Rs. 123.00 per share (April 01, 2015: Rs. 100.00 per share)	22,440,000	125,460,000	102,000,000
Dividend distribution tax on dividend paid on above	4,568,256	25,540,704	18,864,452
Cash dividends on CCCPS - Series A, and Series B declared and paid:			
Series A CCCPS dividend for the year ended on March 31, 16: Rs. 1,197 per share (April 01, 2015: Rs. 1,197 per share)	5,386,500	21,546,000	21,546,000
Series B CCCPS dividend for the year ended on 31 March 16: Rs. 1.197 per share (April 01, 2015: Rs. 1.197 per share)	5,606	22,424	22,424
Dividend distribution tax on on above	1,097,706	4,390,824	3,988,984
Proposed dividends on Equity shares:			
Final dividend for the year ended on 31 March 2017: Rs. Nil per share (31 March 2016: Rs. 22 per share)	-	22,440,000	35,700,000
Dividend distribution tax on proposed dividend	-	4,568,256	7,267,680
Proposed dividends on CCCPS - Series A and Series B :			
Final cash dividend	-	5,392,106	5,392,106
Dividend distribution tax on proposed dividend	-	1,097,706	1,097,706

12 Financial liabilities - Borrowings

Particulars	Non - Current borrowings			Current maturities of non current borrowings		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Term loans						
Intercorporate deposit from related party (unsecured) -- held at amortized cost	3,655,351	4,177,451	4,645,954	522,100	468,503	1,317,752
Less : amount disclosed under other current financial liabilities (refer note 13)	-	-	-	(522,100)	(468,503)	(1,317,752)
Total	3,655,351	4,177,451	4,645,954	-	-	-

Note :

(a) The inter-corporate deposit is interest free and is repayable in 15 equal annual instalments of Rs. 1,000,000 each year from April 1, 2009.

13 Other financial liabilities

Particulars	Non - Current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Current maturities of long term borrowings - held at amortized cost	-	-	-	522,100	468,503	1,317,752
Security Deposit received from customers	-	-	-	5,105,581	4,782,242	4,584,896
Capital creditors	-	-	-	600,282	1,504,575	258,320
Total other financial liabilities	-	-	-	6,227,963	6,755,320	6,160,968

14 Net employee benefit liabilities

Particulars	Non - Current			Current		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Provision for employee benefits						
Provision for leave encashment	-	-	-	7,237,722	5,370,198	4,358,213
Provision for gratuity (Also Refer note 27)	10,805,895	7,873,797	6,622,902	3,086,342	2,229,305	1,818,583
Total	10,805,895	7,873,797	6,622,902	10,324,064	7,599,503	6,176,796



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15 Deferred tax liabilities (net) :

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Deferred tax liability:			
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortization charged for the year	4,271,273	4,217,418	5,137,424
Impact of notional interest on loan taken from Menzies Aviation	457,046	457,046	457,046
Net deferred tax liabilities	4,728,319	4,674,464	5,594,470

Deferred tax assets/ (liabilities):
For the year ended March 31, 2017

	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Deferred tax liability:				
Related to Fixed Assets	4,217,418	53,855	-	4,271,273
Impact of notional interest on loan taken from Menzies Aviation	457,046	-	-	457,046
Total deferred tax liability (A)	4,674,464	53,855	-	4,728,319
Deferred tax assets:	-	-	-	-
Total deferred tax assets (B)	-	-	-	-
Deferred Tax Liability (Net) (A - B)	4,674,464	53,855	-	4,728,319

For the year ended March 31, 2016

	Opening Balance	Recognised in profit & loss	Recognised in other comprehensive income	Closing balance
Deferred tax liability:				
Related to Fixed Assets	5,137,424	(920,006)	-	4,217,418
Impact of notional interest on loan taken from Menzies Aviation	457,046	-	-	457,046
Total deferred tax liability (A)	5,594,470	(920,006)	-	4,674,464
Deferred tax assets	-	-	-	-
Total deferred tax assets (B)	-	-	-	-
Deferred Tax Liability (Net) (A - B)	5,594,470	(920,006)	-	4,674,464

16 Trade Payables

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Trade Payables			
- Related parties	64,031,884	22,656,900	16,433,770
- Others	121,922,028	98,000,716	75,303,781
Total	185,953,912	120,657,616	91,737,551

Management has determined that there are no overdue amounts payable to Micro, Small and Medium Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company as at March 31, 2017. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year.

17 Other current liabilities

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Advances received from customers	19,739,022	20,358,079	16,512,149
Statutory liabilities			
TDS payable	6,814,000	3,766,965	1,450,976
Other statutory dues	1,454,444	1,164,416	963,879
Total	28,007,466	25,289,460	18,927,004



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18 Revenue from operations

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cargo operations	825,692,619	805,199,637
Improvements to concession asset	38,598,923	20,356,047
Other operating revenue		
Document handling charges	7,770,182	15,154,855
Container handling charges	2,066,631	1,728,487
Rent	12,953,685	12,734,032
Parking income	3,418,095	3,320,331
Revenue from operations	890,500,135	858,493,389

19 Other income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on bank deposits (gross)	22,349,739	26,798,587
Fair value gain on financial instruments at fair value through profit or loss	11,588,175	135,145
Profit on sale of Mutual Funds	-	4,339,691
Interest on income tax refund	3,085,981	-
Interest income on financial assets held at amortised cost	530,937	580,450
Miscellaneous income	8,215,054	2,617,591
Total	45,769,886	34,471,464

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit and loss.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
In relation to financial assets classified at amortised cost	530,937	580,450
Total	530,937	580,450

20 Employee benefits expense

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	111,115,887	89,517,919
Contribution to provident and other fund [Refer note 27]	8,684,847	6,855,281
Gratuity expenses [Refer note 27]	3,560,144	3,074,278
Staff welfare expenses	5,263,606	5,063,873
Total	128,624,484	104,511,351



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21 Other expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Concession fee	162,235,117	155,415,298
Technical fees	72,104,496	69,871,199
Cargo handling charges	28,397,309	27,300,367
Power and water charges	25,503,985	23,974,300
Concessionaire rent	60,079,693	59,765,229
Security charges (refer note 37)	35,833,699	30,947,036
Insurance	8,072,901	7,207,007
Repairs and maintenance		
Plant and machinery	14,841,164	14,162,921
Buildings	2,325,565	1,655,043
Others	6,143,510	6,478,778
Advertising and sales promotion	3,755,204	4,899,992
Travelling and conveyance	15,897,887	13,508,018
Communication costs	2,236,328	1,997,262
Printing and stationery	868,809	1,153,171
Corporate social responsibility expense	5,260,781	5,342,226
Legal and professional fees	2,218,269	2,193,995
Fixed assets written off	-	120,693
Payment to auditor (excluding service tax)		
- Statutory audit fee	1,036,000	760,000
- Tax audit fee	110,000	110,000
- Out of pocket expense	50,490	53,019
Rates and taxes	15,971,615	1,900,473
Provision for bad and doubtful debts	-	428,619
Miscellaneous expenses	9,680,056	7,455,345
Total	472,622,878	436,699,992

Details of CSR expenditure:	For the year ended March 31, 2017	For the year ended March 31, 2016
Gross amount required to be spent by the company during the year	5,260,781	5,342,222
Amount spent during the year ending on March 31, 2017	5,260,781	5,342,226

22 Amortization expense

	For the year ended March 31, 2017	For the year ended March 31, 2016
Amortization of intangible assets	27,123,510	21,319,566
Total	27,123,510	21,319,566



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23 Finance costs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on financial liabilities held at amortized cost	531,497	682,248
Bank charges	1,569,768	1,570,980
Total	2,101,265	2,253,228

Total interest expense (calculated using the effective interest method) for financial liabilities that are not at fair value through profit or loss :

Particulars	March 31, 2017	March 31, 2016
In relation to Financial liabilities classified at amortised cost	531,497	682,248
Total	531,497	682,248

24 Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Re-measurement gains (losses) on defined benefit plan	(633,413)	354,669
Deferred tax impact on the above	-	-
Total	(633,413)	354,669



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Notes to the financial statements for the year ended March 31, 2017

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25 Tax expense

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2017 and for the year ended March 31, 2016 are:

(i) Profit or loss section

Particulars	March 31, 2017	March 31, 2016
Current tax	56,977,754	66,169,402
Deferred tax charge/ (credit)	53,855	(920,006)
Total income tax expense recognised in statement of Profit & Loss	57,031,609	65,249,396

(ii) OCI Section

Particulars	March 31, 2017	March 31, 2016
Income tax effect on remeasurement of defined benefit plans	-	-
Income tax charge / (credit) to OCI	-	-

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit Before Tax (A)	267,198,961	307,824,669
Enacted tax rate in India (B)	34.61%	34.61%
Expected tax expenses (C = A * B)	92,477,560	106,538,118
Permanent differences		
Deduction under Section 80-IA of the Income Tax Act, 1961	252,611,717	285,701,034
Deduction under Section 80-G of the Income Tax Act, 1961	1,409,513	2,661,113
Total (D)	254,021,230	288,362,147
Profit after adjusting permanent differences (E)	13,177,731	19,462,522
Expected tax expense (F = E * B)	4,560,813	6,735,979
Taxable Income - Book Profit as per Section 115JB of the Income-tax Act, 1961 (G)	267,198,961	307,824,669
Expected tax expense as per Section 115JB of the Income-tax Act, 1961 (H)	56,977,754	66,169,402
Business losses carried forward/ (set-off) (I)	-	-
Current Tax (J) - Higher of H and F	56,977,754	66,169,402
Deferred Tax (K)	53,855	(920,006)
Net current tax expense recognised in statement of Profit & Loss (L = J + K)	57,031,609	65,249,396
Effective tax rate	21.34%	21.20%

(c) The details of component of deferred tax assets are given under note 15

26 Earnings per share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2017	March 31, 2016
Total comprehensive income for the year	210,167,352	242,575,273
Less : Preference dividend and tax thereon	(25,959,248)	(25,959,248)
Profit attributable to equity shareholders	184,208,104	216,616,025
Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted)	1,020,000	1,020,000
Earning Per Share (Basic and diluted) (Rs)	180.60	212.37

The conversion of compulsorily convertible cumulative preference shares into equity shares, if made, would have the effect of increasing the profit per share and would therefore be anti - dilutive and hence, are ignored for the purpose of computing diluted earnings per share.



27 Gratuity

Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan:

	March 31, 2017	March 31, 2016	April 01, 2015
A) Net employee benefit expense (recognised in Employee benefits expenses)			
Current service cost	2,821,538	2,459,478	2,450,460
Interest cost	738,606	614,800	537,550
Net employee benefit expenses	3,560,144	3,074,278	2,988,010
B) Amount recognised in the Balance Sheet			
Defined benefit obligation	13,892,237	10,103,102	8,441,485
	13,892,237	10,103,102	8,441,485
C) Changes in the present value of the defined benefit obligation			
Opening defined benefit obligation	10,103,102	8,441,485	6,433,970
Current service cost	2,821,538	2,459,478	2,450,460
Interest cost	738,606	614,800	537,550
Benefits paid	(404,422)	(1,057,992)	(922,376)
Net Actuarial (gains) / losses on obligation for the period/ year recognised under OCI	633,413	(354,669)	(58,119)
Closing defined benefit obligation	13,892,237	10,103,102	8,441,485
D) Change in the fair value of plan assets			
Opening fair value of plan assets	-	-	-
Expected return on plan assets	-	-	-
Contributions	404,422	1,057,992	922,376
Benefits paid	(404,422)	(1,057,992)	(922,376)
Closing fair value of plan assets	-	-	-
E) Actuarial (gain) / loss on obligation:			
Experience loss/ (gain)	191,519	(484,957)	(481,279)
Financial loss/ (gain)	441,894	130,288	423,160
Total actuarial (gain)/loss	633,413	(354,669)	(58,119)
F) Amount recognised in statement of other comprehensive income (OCI):			
Opening amount recognised in OCI	(354,669)	-	-
Remeasurement for the period/ year - Obligation (gain)/loss	633,413	(354,669)	-
Closing amount recognised in OCI	278,744	(354,669)	-
(i) The principal assumptions used in determining gratuity for the Company's plans are shown below:			
	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate	6.69%	7.46%	7.77%
Salary rise	7.50%	7.50%	7.50%
Attrition Rate	20.00%	20.00%	20.00%
The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market			
(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:			
Expected benefit payments for the period/ year ending:			
Period/ year ending	March 31, 2017	March 31, 2016	
Within 1 year	3,086,342	2,229,305	
1 - 2 year	5,802,792	2,825,462	
2 - 3 year	7,007,462	2,348,530	
3 - 4 year	8,900,472	2,745,423	
4 - 5 year	9,588,542	2,113,150	
5 - 10 years	17,300,958	13,138,581	
(iii) Sensitivity analysis:			
A quantitative sensitivity analysis for significant assumption is as shown below:			
	March 31, 2017	March 31, 2016	
(a) Effect of 1% change in assumed discount rate			
- 1% increase	13,323,934	9,694,758	
- 1% decrease	14,512,850	10,548,049	
(b) Effect of 1% change in assumed salary escalation rate			
- 1% increase	14,424,658	10,497,851	
- 1% decrease	13,389,483	9,733,587	
(c) Effect of 1% change in assumed attrition rate			
- 1% increase	13,805,238	10,052,723	
- 1% decrease	13,982,829	10,154,725	
Defined Contribution Plan			
	March 31, 2017	March 31, 2016	April 01, 2015
Contribution to Provident Fund	6,669,801	5,355,723	5,003,177
Contribution to ESI	2,015,046	1,499,558	808,457
	8,684,847	6,855,281	5,811,634

28 The Company is engaged solely in the business of providing air cargo facilities located in India. As such, the Company operates in a single business and geographic segment and hence disclosing information as per the requirements of Indian Accounting Standard (Ind AS) 108 on Operating segments are not applicable.



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29 Commitments and Contingencies

Operating leases:

Company as lessee

Lease payments made under cancellable operating leases amounting to Rs. 60,079,693 (March 31, 2016: Rs.59,765,229) have been recognized as an expense in the statement of profit and loss.

Company as lessor

Lease receipts under cancellable operating leases amounting to Rs. 12,953,685 (March 31, 2016: Rs. 12,734,032) have been recognized as rental income in the statement of profit and loss.

30 Capital and other commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for during the year Rs. 1,331,081 (March 31, 2016: Rs. 17,213,224 April 1, 2015: Rs 204,054).

(b) As per the terms of operations and maintenance agreement with GHIAL, the Company is required to pay concession fees @ 18% on all its gross revenue (as defined in Concession agreement) of the Company or the minimum guaranteed amount for an initial term of 15 years starting from March 23, 2008, pursuant to the provisions of the Concession agreement. As per the terms of the agreement, the minimum guaranteed amount on the basis of minimum agreed cargo volumes for the period April 2017 to March 2023 is Rs. 454,830,000 (March 31, 2016: 508,410,000 and April 01, 2015: Rs. 557,130,000).

31 Contingent Liabilities

(A) Claims against the Company not acknowledged as debts Rs. Nil (March 31, 2016: 13,845,343 and April 1, 2015: Rs. 13,845,343)

(B) Preference dividend

As per the amended and restated joint venture agreement dated November 16, 2010 executed between GMR Hyderabad International Airport Ltd, Menzies Aviation Plc. Menzies Aviation Cargo (Hyderabad) Limited, Menzies Aviation (India) Private Limited and Hyderabad Menzies Air Cargo Private Limited, the Company shall pay preference dividends at a coupon rate of 11.97% on the paid up value of compulsorily convertible cumulative preference shares which is amounting to Rs.21,568,424 and tax thereon for the year ended March 31, 2017. Pending the approval of the directors of the board, the same has been disclosed as contingent liability.

Other Litigations

(a) Custom officer's Salary

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

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

(b) Income Tax Matters

(i) The Company had received assessment order during previous years for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 15,417,777 (including interest of Rs 2,164,288), Rs. 27,251,595 (including interest of Rs 6,951,937), Rs. 30,269,960 (including interest of Rs.7,437,628) and Rs. 25,440,450 (including interest of Rs 6,595,680) for the respective assessment years. The Company had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 15,417,777, Rs. 27,251,595, Rs. 30,269,960, and Rs. 25,440,450 for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively under protest. During the previous years, the said appeals were dismissed by the Commissioner of Income - Tax (Appeals), Hyderabad against which the Company had filed an appeal with the Income Tax Appellate Tribunal, Hyderabad.

During the current year, the company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13. However, management is of the view that department will prefer further appeal before high court and until then, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.



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(ii) The Company received an order from the Assistant Commissioner of Income Tax for the assessment year 2013-14 on February 29, 2016 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to the Company has a reduced by Rs. 41,846,952. Aggrieved by the reduction in refund, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad on April 6, 2016. Based on an internal assessment, Management is confident that the entire amount as claimed by the Company shall be refunded and as such no adjustment has been made in these financial statements.

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

(c) Service Tax

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

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

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

Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

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

Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

32 Earning in foreign currency (accrual basis)

	March 31, 2017	March 31, 2016
Container Handling charges	2,066,631	1,728,487
Total	2,066,631	1,728,487

33 CIF value of imports

	March 31, 2017	March 31, 2016
Capital goods	11,296,648	2,789,115
	11,296,648	2,789,115

34 Expenditure in foreign currency (accrual basis)

	March 31, 2017	March 31, 2016
Technical fees	72,104,496	69,871,199
Repairs and maintenance	5,892,496	6,509,892
Reimbursement of expenses	752,321	777,730
Total	78,749,313	77,158,821



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Notes to the financial statements for the year ended March 31, 2017

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35 Net dividend remitted in foreign exchange

(a) Compulsorily Convertible Cumulative Preference Shares

Year of remittance (ending on)	March 31, 2017		March 31, 2016	
	April 01, 2016 to December 31, 2016	January 01, 2016 to March 31, 2016	April 01, 2015 to December 31, 2015	January 01, 2015 to March 31, 2015
Period to which relates				
Number of non-resident shareholders	1	1	1	1
Number of CCCPS of nominal value Rs.10,000 per share held on which dividend was remitted	18,000	18,000	18,000	18,000
Amount remitted in USD	-	80,468	240,646	84,375
Amount remitted in INR	-	5,386,500	16,159,500	5,386,500

(b) Equity shares

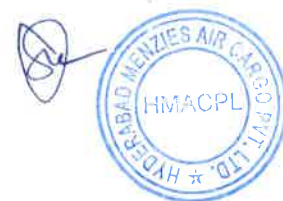
Year of remittance (ending on)	March 31, 2017		March 31, 2016	
	April 01, 2016 to December 31, 2016	January 01, 2016 to March 31, 2016	April 01, 2015 to December 31, 2015	April 01, 2014 to March 31, 2015
Period to which relates				
Number of non-resident shareholders	1	1	1	1
Number of equity shares of nominal value Rs.10 per share held on which dividend was remitted	499,800	499,800	499,800	499,800
Amount remitted in USD	-	163,905	653,680	268,503
Amount remitted in INR	-	10,995,600	43,982,400	17,493,000

36 Transfer pricing

The Company has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the international and domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

37 Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Investigative Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 24,747,343 (March 31, 2016: Rs. 19,969,486). The Management is confident that there would be no additional liability other than the amount accrued in the books of account.

38 In accordance with the provisions of the amended and restated Joint Venture agreement dated November 16, 2010 executed between GMR Hyderabad International Airport Ltd (GHIAL), Menzies Aviation Plc, Menzies Aviation Cargo (Hyderabad) Limited (MACL), Menzies Aviation (India) Private Limited and Hyderabad Menzies Air Cargo Private Limited, GHIAL exercised its Buy Back Rights to buy the shares held by MACL in Hyderabad Menzies Air Cargo Private Limited (HMACPL). MACL disputes GHIAL's position as regards exercise of the Buy Back Rights. In view of the above dispute, GHIAL invoked Arbitration and the proceedings are currently in process. The management believes that there shall be no impact on the continuity in the business operations of the Company post the arbitration proceedings.



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39 Fair values

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of 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:

	Carrying value			Fair value		
	March 31, 2017	As at March 31, 2016	April 01, 2015	March 31, 2017	As at March 31, 2016	April 01, 2015
Financial assets						
Valued at fair value through profit and loss						
Investments	201,737,883	100,149,708	7,793,563	201,737,883	100,149,708	7,793,563
Valued at amortized cost						
Trade receivables	66,810,169	50,653,893	40,645,673	66,810,169	50,653,893	40,645,673
Other financial assets	10,698,220	19,450,814	76,199,143	10,698,220	19,450,814	76,199,143
Cash and cash equivalents and Other bank balances	408,629,301	277,189,562	202,994,291	408,629,301	277,189,562	202,994,291
Total	687,875,573	447,443,977	327,632,670	687,875,573	447,443,977	327,632,670
Financial liabilities						
Valued at amortized cost						
Borrowings	3,655,351	4,177,451	4,645,954	3,655,351	4,177,451	4,645,954
Trade payables	185,953,912	120,657,616	91,737,551	185,953,912	120,657,616	91,737,551
Other financial liabilities	6,227,963	6,755,320	6,160,968	6,227,963	6,755,320	6,160,968
Total	195,837,226	131,590,387	102,544,473	195,837,226	131,590,387	102,544,473

The management assessed that cash and cash equivalents, short-term borrowings, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

40 Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017 :

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments held at fair value through profit and loss	March 31, 2017	201,737,883	201,737,883		

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2016 :

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments held at fair value through profit and loss	March 31, 2016	100,149,708	100,149,708		

There have been no transfers between Level 1 and Level 2 during the period ending March 31, 2016.

Quantitative disclosures fair value measurement hierarchy for assets as at April 01, 2015 :

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments held at fair value through profit and loss	April 01, 2015	7,793,563	7,793,563		



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41 Related Party transactions

Names of Related parties and nature of related party relationships

Description of relationship	Name of the related party
Holding company	GMR Hyderabad International Airport Limited (GHIAL)
GHIAL's holding company	GMR Airports Limited (GAL)
GAL's holding company	GMR Infrastructure Limited
Ultimate holding company	GMR Enterprises Private Limited
Fellow subsidiary companies (where transactions have taken place)	Raxa Security Services Private Limited GMR Airport Developers Limited GMR Hotels and Resorts Limited
Enterprises having significant influence	Menzies Aviation Cargo (Hyderabad) Limited, Mauritius Menzies Aviation Plc (UK) Menzies Aviation (India) Private Limited
Key management personnel	Gopalakrishna Kishore Surey Chairman Kamesh Rao Peri Director Kannan Gopalan Director Rajesh Kumar Arora Director Ravela Srisatya Lakshmi Narsimha Independent Director Bhaskarudu Somayajulu Ayyanna Kodukula Independent Director Ravinder Bolangdy CEO Srikanth Vetcha CFO Sai Krishna P. (up to March 27, 2017) Company secretary

Related Party Transactions

Particulars	March 31, 2017	March 31, 2016
Equity dividend declared		
GMR Hyderabad International Airport Limited	-	57,222,000
Menzies Aviation Cargo (Hyderabad) Limited, Mauritius	-	54,978,000
Preference dividend declared		
GMR Hyderabad International Airport Limited	-	22,424
Menzies Aviation Cargo (Hyderabad) Limited, Mauritius	-	21,546,000
Equity dividend paid		
GMR Hyderabad International Airport Limited	11,444,400	63,984,600
Menzies Aviation Cargo (Hyderabad) Limited, Mauritius	10,995,600	61,475,400
Preference dividend paid		
GMR Hyderabad International Airport Limited	5,606	22,424
Menzies Aviation Cargo (Hyderabad) Limited, Mauritius	5,386,500	21,546,000
Concessionaire rent		
GMR Hyderabad International Airport Limited	60,079,693	59,765,229
Concessionaire fee (net of discount)		
GMR Hyderabad International Airport Limited	162,235,117	155,415,298
Technical fees		
Menzies Aviation Plc (UK)	72,104,496	69,871,199
Unsecured loans repaid		
Menzies Aviation (India) Private Limited	1,000,000	2,000,000



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Particulars	March 31, 2017	March 31, 2016
Reimbursement of salary cost		
Menzies Aviation (India) Private Limited	2,175,847	1,973,653
Deposits received back		
GMR Hyderabad International Airport Limited	1,000,000	1,000,000
Repairs & Maintenance - Buildings		
GMR Hyderabad International Airport Limited	38,214	50,806
Repairs and Maintenance - Plant and machinery		
GMR Hyderabad International Airport Limited	26,532	28,860
Training charges		
GMR Hyderabad International Airport Limited	558,780	11,000
GMR Airports Limited	78,052	245,000
Recruitment cost		
Menzies Aviation Plc (UK)	-	27,730
Reimbursement of property insurance		
GMR Hyderabad International Airport Limited	127,625	137,955
Reimbursement of rates and taxes		
GMR Hyderabad International Airport Limited	15,929,315	1,848,823
Security charges		
Raxa Security Services Private Limited	11,086,536	10,977,550
Capital work-in-progress		
GMR Airport Developers Limited	301,500	1,103,000
Power and water charges		
GMR Hyderabad International Airport Limited	26,676,762	25,640,353
Repairs & Maintenance - Others		
Menzies Aviation Plc (UK)	4,932,535	5,421,035
GMR Hyderabad International Airport Limited	84,420	84,175
Communication expenses		
Menzies Aviation Plc (UK)	959,961	1,088,857
Bank charges - Reimbursement		
GMR Hyderabad International Airport Limited	750,000	750,000
Menzies Aviation Plc (UK)	752,321	750,000
Legal and professional charges		
GMR Hyderabad International Airport Limited	-	175,875
GMR Hotels and Resorts Limited	19,736	-
Travelling and conveyance		
GMR Hotels and Resorts Limited	6,067	14,634
Menzies Aviation (India) Private Limited	-	51,353
Advertising and sales promotion		
GMR Hotels and Resorts Limited	14,648	732,853
GMR Hyderabad International Airport Limited	8,040	5,000

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Notes to the financial statements for the year ended March 31, 2017
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Particulars	March 31, 2017	March 31, 2016
Sitting Fees to Independent Directors		
Ravela Srisatya Lakshmi Narsimha Bhaskarudu	125,000	210,000
Somayajulu Ayyanna Kodukula	120,000	195,000
Interest on security deposit - Unwinding of discount and changes in the discount rate		
GMR Hyderabad International Airport Limited	530,937	580,450
Amortization of prepaid expense - Unwinding of discount and changes in the discount rate		
GMR Hyderabad International Airport Limited	545,689	547,184
Interest on loan - Unwinding of discount and changes in the discount rate		
Menzies Aviation (India) Private Limited	531,497	682,248
Remuneration to Key Managerial Personnel - Short term Employee benefits :		
Ravinder Bolangdy	5,403,399	4,934,870
Srikanth Vetcha	2,997,484	2,366,773
Sai Krishna P (up to March 27, 2017)	604,141	464,088
Contribution to PF :		
Ravinder Bolangdy	265,744	241,928
Srikanth Vetcha	153,132	124,110
Sai Krishna P (up to March 27, 2017)	29,915	27,174

Balance outstanding in related party accounts are as follows:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Trade payables			
GMR Hyderabad International Airport Limited	18,771,240	13,527,543	10,238,843
Menzies Aviation Plc (UK)	43,978,456	8,020,127	6,040,521
Menzies Aviation (India) Private Limited	191,307	-	154,406
Raxa Security Services Limited	1,090,881	1,109,230	-
Capital Creditors			
GMR Airports Developers Limited	-	627,000	-
Prepaid expenses			
GMR Hyderabad International Airport Limited	3,732,993	3,857,286	61,496,106
Advances recoverable in cash or kind			
Raxa Security Services Limited	-	-	5,280
Menzies Aviation (India) Private Limited	-	8,700	-
Long term borrowings			
Menzies Aviation (India) Private Limited	4,177,451	4,699,550	5,963,706
Security deposit			
GMR Hyderabad International Airport Limited	4,178,738	4,647,800	5,067,349
Equity Component of Related party loans			
Menzies Aviation (India) Private Limited	5,826,628	5,826,628	5,826,628

The Company has received certain corporate group support services from its holding company, which are free of charge.



Hyderabad Menzies Air Cargo Private Limited
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Notes to the financial statements for the year ended March 31, 2017
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42 Significant accounting judgements, 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.

(A) JUDGEMENTS

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating Lease commitments -

(i) Company as a Lessee

The Company entered into lease arrangement with GMR Hyderabad International Airport Limited for an initial period of 15 years from the commencement of its operations i.e March 23, 2008. There is no escalation clause in the lease agreements. The Company has a right to sub lease as per terms of the agreement. The company has determined based on an evaluation of the terms and conditions of the arrangement, such as the lease term not constituting a major part of the economic life of the land and other facilities and fair value of the asset, that it does not retain significant risk and rewardsof ownership of the lease assets and accounts for the arrangement as an operating lease.

(ii) Company as a Lessor

The Company leases out a part of it's premises to the various airline's offices situated in the cargo terminal and since the Company does not transfer substantially all the risks and benefits of ownership of the asset , the same are classified as operating leases. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term.

Service Concession Arrangements -

Management has assessed applicability of Appendix A to Ind AS 11 - "Service Concession Arrangements" to operations and maintenance agreements entered into by the Company for provisioning of cargo services at Hyderabad Airport. In assessing the applicability, management has exercised significant judgement in relation to the underlying ownership of the assets, terms of the arrangement entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meets the criteria for recognition as service concession arrangements.

(B) 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 consolidated financial statements were prepared. Existing circumstances and 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.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 27.

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 Discounting cash flow 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 39 and 40 for further disclosures.



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43 First Time Adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first, the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, 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 (Indian 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.

Exemptions applied :-

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

- Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the company has done the assessment of lease in contracts based on conditions prevailing as at the date of transition.

- The company has recognized intangible assets as per Appendix A to Ind AS 11 on Service Concession Arrangements, based on the previous GAAP carrying amounts as at the date of transition.

Mandatory exemptions:

Estimates

The estimates at April 01, 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).

Derecognition of financial assets and financial liabilities

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

Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

44 Specified Bank Notes (SBN)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBN's *	Other INR denomination notes	Total
Closing cash in hand as on November 8, 2016	123,000	171,207	294,207
(+) Permitted receipts	-	23,177,300	23,177,300
(+) Non Permitted receipts	63,500	-	63,500
(-) Permitted payments	-	20,387,407	20,387,407
(-) Amount deposited in Banks	186,500	2,832,843	3,019,343
Closing cash in hand as on December 30, 2016	-	128,257	128,257

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.



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45 Financial risk management objectives and policies

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.

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. 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. 66,810,169 Rs. 50,653,893 and Rs. 40,645,673 as of March 31, 2017, March 31, 2016 and April 01, 2015 respectively, being the total of the carrying amount of balances with trade receivables.

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, 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.

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 foreign currency exchange rate risk.

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. As the Company has no debt obligation with floating interest rates, exposure to the risk of changes in market interest rates are substantially independent of changes in market interest rates.

As the company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates has a minimal impact on the statement of profit or loss and other comprehensive income and equity as majority of the transactions are in reporting currency only.

b) Details of Unhedged Foreign Currency Exposure:

The period/ year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

	March 31, 2017		March 31, 2016		April 01, 2015	
	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.	Amount in Foreign Currency	Amount in Rs.
Trade payables						
USD	2,150	139,605	2,150	142,616	2,150	134,570
GBP	9,694	787,249	23,849	2,270,004	16,016	14,787,880
Trade receivables						
USD	13,001	844,204	6,204	392,879	5,340	309,862



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Notes to the financial statements for the year ended March 31, 2017

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46 Reconciliation with previous GAAP :

A Reconciliation of equity as previously reported under Previous GAAP (I GAAP) to Ind AS :

Note	March 31, 2016			April 01, 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
Non-current assets						
Property, Plant and Equipment	(i) 131,865,542	(131,865,542)	-	131,353,944	(131,353,944)	-
Capital work-in-progress	(i) 6,313,819	(6,313,819)	-	1,949,585	(1,949,585)	-
Intangible assets	(i) 4,110,626	130,509,788	134,620,414	4,378,973	131,353,944	135,732,917
Intangible assets under construction	(i) -	6,313,819	6,313,819	-	1,949,585	1,949,585
Financial Assets						
Others	(ii) 6,059,500	(1,821,263)	4,238,237	74,356,698	(3,352,200)	71,004,498
Non current tax assets	250,758,548	-	250,758,549	212,479,360	-	212,479,360
Other non current assets	(ii) 30,790,633	3,275,631	34,066,264	30,378,824	3,822,815	34,201,639
Current assets						
Financial Assets						
Investments	(iii) 100,000,000	149,708	100,149,708	7,779,000	14,563	7,793,563
Trade Receivables	50,653,893	-	50,653,893	40,645,673	-	40,645,673
Cash and cash equivalents	18,282,164	-	18,282,165	10,365,643	-	10,365,643
Other bank balances	258,907,397	-	258,907,397	192,628,648	-	192,628,648
Others	(ii) 15,743,514	(530,937)	15,212,577	4,775,096	419,550	5,194,646
Other current assets	(ii) 6,417,029	545,689	6,962,717	64,491,924	545,689	65,037,613
Total assets	879,902,665	263,074	880,165,740	775,583,368	1,450,417	777,033,785
EQUITY AND LIABILITIES						
Shareholders' Funds						
Share capital	190,387,350	-	190,387,350	190,387,350	-	190,387,350
Other Equity						
Retained earnings	342,631,985	31,163,034	373,795,019	284,830,503	47,660,529	332,491,032
Other reserves	(iv) & (x) 132,774,464	6,181,297	138,955,761	108,463,130	5,826,628	114,289,758
Total Equity	665,793,799	37,344,331	703,138,130	583,680,983	53,487,157	637,168,140
Non-current liabilities						
Financial Liabilities						
Borrowings	(iv) 6,000,000	(1,822,549)	4,177,451	8,000,000	(3,354,046)	4,645,954
Net employee benefit liabilities	7,873,797	-	7,873,797	6,622,902	-	6,622,902
Deferred tax liabilities (Net)	(v) 5,903,607	(1,229,143)	4,674,464	5,137,424	457,046	5,594,470
Current liabilities						
Financial Liabilities						
Borrowings	-	-	-	-	-	-
Trade payables	120,657,616	-	120,657,616	91,737,551	-	91,737,551
Other current financial liabilities	(iv) 7,286,817	(531,497)	6,755,320	5,843,216	317,752	6,160,968
Other current liabilities	25,289,460	-	25,289,460	18,927,004	-	18,927,004
Short term provisions	(vi) 33,498,068	(33,498,068)	-	49,457,492	(49,457,492)	-
Net employee benefit liabilities	7,599,503	-	7,599,503	6,176,796	-	6,176,796
Total Equity and Liabilities	879,902,665	263,074	880,165,740	775,583,368	1,450,417	777,033,785



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B Reconciliation of statement of profit and loss as reported under previous GAAP (IGAAP) to Ind AS as at March 31, 2016 :

Particulars	Notes	For the year ended March 31, 2016		
		Previous GAAP	Effect of transition to Ind-AS	Ind AS
I REVENUE				
Revenue From Operations	(vii)	838,137,341	20,356,047	858,493,388
Other Income	(viii)	33,755,869	715,595	34,471,464
Total Revenue (I)		871,893,210	21,071,642	892,964,852
II EXPENSES				
Operations and maintenance expenses	(vii)	-	20,356,047	20,356,047
Employee Benefits Expense	(ix)	104,156,682	354,669	104,511,351
Other Expenses	(ii)	436,152,807	547,184	436,699,991
Total expenses (II)		540,309,489	21,257,900	561,567,389
III Earnings before Interest , Tax, Depreciation and Amortization (EBITDA) (I-II)		331,583,721	(186,258)	331,397,463
Amortization expense	(i)	19,963,812	1,355,754	21,319,566
Finance Costs	(iv)	1,570,980	682,248	2,253,228
IV Profit/(loss) before tax		310,048,929	(2,224,260)	307,824,669
V Tax expense:				
Current Tax		66,169,402	-	66,169,402
Deferred Tax charge / (credit)	(v)	766,183	(1,686,189)	(920,006)
Income tax expense		66,935,585	(1,686,189)	65,249,396
VI Profit/(loss) for the period (IV- V)		243,113,344	(538,071)	242,575,273
VII Other Comprehensive Income (OCI)				
A Items that will be reclassified to profit or loss		-	-	-
B Items that will not be reclassified to profit or loss				
Re-measurement gains (losses) on defined benefit plans	(ix)		354,669	354,669
Income tax effect			-	-
Total other comprehensive income for the year, net of tax		-	354,669	354,669
VIII Total Comprehensive Income for the period (VI + VII) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)		243,113,344	(183,402)	242,929,942
IX Earnings per equity share of par value of Rs.10 each:				
Basic and diluted (Rs. per share)		212.90	(0.53)	212.37



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C. Notes to reconciliation of equity as at April 01, 2015 and March 31, 2016 and profit or loss for the year ended March 31, 2016

(i) Intangible assets

Under Appendix A to Ind AS 11 , service concession arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the company receives a right (i.e. a concessionaire) to charge users of the public service. As per previous GAAP, the Company has recognised its assets as tangible and intangible assets. Accordingly, since all the assets of the company are covered under the service concession arrangement , an intangible asset - "Right to operate-cargo facility" as granted by the government has been recognized in the books of accounts. The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the the concession period, from the date they are available for use.

(ii) Security Deposit

The Company has paid interest free security deposits towards the premises of the cargo facility. As per previous GAAP, the Company has recognised the security deposit under other non-current assets. As per Ind AS, (i) the security deposits are to be recognised at fair value, (ii) interest income on such security deposits are to be recognised through effective interest method and (iii) lease expense to be amortised over the period of lease on a straight line basis over the repayment period. Accordingly, the Company has recognised the security deposit at present value using the market rate of interest and the differential deposit amount is recognised over the period of lease.

(iii) Investments

Indian GAAP requires the value of investments held by the company to be measured at lower of cost or fair value of such investments. As per Ind AS-109, all financial instruments shall be measured at their respective fair values and hence the investments in the balance sheet are recognized at fair value and accordingly the gain / loss arising on account of fair valuation is routed through the statement of profit and loss.

(iv) Borrowings

Under Indian GAAP, interest free borrowings were accounted at their respective nominal values. As per Ind AS-109, all financial instruments shall be measured at their respective fair values and hence the interest free borrowings are accounted at their respective fair values based on fair value measurement methods using significant observable inputs and the balance has been accounted as additional equity contribution under Other Reserves.

(v) Deferred Tax Assets

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires accounting for deferred taxes using the Balance sheet approach, which focuses on temporary difference between the carrying amount of an asset or liability in the Balance Sheet and its tax base. In addition, the various transitional adjustments lead to temporary differences and the Company has accounted for such differences. Deferred tax adjustment are recognised in correlation to the underlying transaction either in retained earnings or a separate component in equity.

(vi) Proposed dividend:

Under Indian GAAP, proposed dividends including DDT are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the Company, the declaration of dividend occurs after period end. Therefore, the liability towards proposed dividend for the respective reporting periods has been derecognised against retained earnings and adjusted as an appropriation for the period i which it is declared.

(vii) Revenue and Operation & maintenance expenses :

As per appendix A of Ind AS 11, the Company recognizes revenues and the associated costs of improvements to service concession assets which it is obligated to perform at the airports as established by the concession agreement. The cost for such additions and improvements to concession assets is based on actual costs incurred by the Company in the execution of the additions or improvements, considering the requirements in the concession agreement. The amount of revenues for these services is equal to the amount of costs incurred, as Company do not obtain any profit margin for these construction services.



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Hyderabad Menzies Air Cargo Private Limited

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(viii) Other Income

The Company has paid interest free security deposits for premises of the cargo facility. As per Ind AS, the company has to recognise interest income on such security deposits through effective interest rate method and the excess of the principal amount of the deposit over its fair value is accounted for as prepaid lease expense and amortised over the repayment period on a straight-line basis. Accordingly, the company has recognised income on such security deposits through effective interest rate method and amortised the lease expenses over the period of lease on a straight line basis.

Further, in accordance with Ind AS 109, the Company has fair valued the investments by recognising the gain/loss on fair valuation of such investments in the statement of profit and loss.

(ix) Remeasurements of actuarial gains/ (losses):

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

(x) Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

As per our report of even date.

For S.V.GHATALIA & ASSOCIATES LLP

Firm registration number: 103162W/E300006

Chartered Accountants

per Shankar Srinivasan
Partner

Membership No. 213271



Place: Hyderabad
Date: May 10, 2017

For and on behalf of the board of directors of
Hyderabad Menzies Air Cargo Private Limited

Rajesh Kumar Arora
Director

DIN No: 02174536

Rajender Bolangdy
Chief Executive Officer

Place: Hyderabad
Date: May 10, 2017



Kannan Gopalan
Director
DIN No: 06457047

Srikanth Vetcha
Chief Financial Officer