

INDEPENDENT AUDITOR'S REPORT

To the Members of GVK Airport Developers Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of GVK Airport Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also 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 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 standalone 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 financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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, 2016, its loss, and its cash flows 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The matters described paragraph viii to statement on the matters specified in paragraphs 3 and 4 of the Order above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (g) 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;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 19 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Vikas Kumar Pansari
Partner
Membership Number: 93649

Place of Signature: Hyderabad
Date: May 16, 2016

Annexure 1 referred to in our report of even date

Re: GVK Airport Developers Limited ('the Company')

- (i) (a) The Company does not have fixed assets and, accordingly, the requirements under clause 3(i) of the Order are not applicable to the Company.
- (ii) (a) The Company's business does not involve inventories and, accordingly, the requirements under Clause 3(ii) of the Order are not applicable to the Company.
- (iii) (a) 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, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable have generally been regularly deposited with the appropriate authorities though there has been serious delays in few cases.
- (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 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 outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount* (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute pending
Income Tax Act, 1961	Income tax liability	31,960	Assessment year 2012-13	Commissioner of Income Tax

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the Company has delayed in repayment of dues to banks during the year. The lender wise details are tabulated as under:

Particulars	Name of the Lender	Period	Amount (Rs.)	Delay in days
Interest on loans from banks	Yes Bank Limited	April 2015 to May 2015 & October 2015 to December 2015	211,030,014	30 to 70
Interest on loans from banks	Yes Bank Limited	January 2016	50,437,218	1 to 9
Interest on loans from financial institutions	SREI Infrastructure Finance Limited	November 2014 to October 2015	777,200,620	42 - 152
Interest on loans from financial institutions	Shriram City Union Finance Limited	February 2016	37,282,192	5
Interest on loans from financial institutions	SREI Infrastructure Finance Limited	September 2015 to March 2016 (including penal interest)	431,898,994	Unpaid as at March 31, 2016
Principal repayment on loans from banks	Yes Bank Limited	May 2015	36,750,000	47
Principal repayment on loans from banks	Yes Bank Limited	November 2015	36,750,000	88-107
Principal repayment on loans from banks	Yes Bank Limited	December 2015	100,000,000	31-40
Principal repayment on loans from financial institutions	Housing Development Finance Corporation Limited	September 2015	14,577,653,923	77
Principal repayment on loans from financial institutions	SREI Infrastructure Finance Limited	January 2015 to October 2015	496,741,935	42 - 152
Principal repayment on loans from financial institutions	SREI Infrastructure Finance Limited	January 2016	124,193,548	Unpaid as at March 31, 2016

- (ix) Based on our 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 and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised.
- (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 no fraud 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 provisions of section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (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.
- (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.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari
Partner
Membership Number: 93649

Place of Signature: Hyderabad
Date: May 16, 2016

Annexure-2 to the Independent Auditor's report of even date on the standalone financial statements of GVK Airport Developers 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 GVK Airport Developers Limited

We have audited the internal financial controls over financial reporting of GVK Airport Developers Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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 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.

Meaning of Internal Financial Controls Over Financial Reporting

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

acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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, 2016, 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.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Vikas Kumar Pansari

Partner

Membership Number: 93649

Place of Signature: Hyderabad

Date: May 16, 2016

GVK Airport Developers Limited
Balance Sheet as at March 31, 2016
(All amounts in Indian Rupees, unless otherwise stated)

	Notes	March 31, 2016	March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	13,00,00,00,000	13,00,00,00,000
Reserves and surplus	4	(16,10,31,97,666)	(11,42,31,15,534)
		(3,10,31,97,666)	1,57,68,84,466
Non-current liabilities			
Long-term borrowings	5	18,59,36,21,263	3,23,35,85,272
		18,59,36,21,263	3,23,35,85,272
Current liabilities			
Short-term borrowings	6	17,89,03,67,850	14,80,34,26,670
Trade payables			
-Total outstanding dues of micro and small enterprises	20	-	-
-Total outstanding dues of creditors other than micro and small enterprises		16,64,40,033	16,62,24,890
Other current liabilities	7	1,37,69,96,231	15,35,34,94,230
Short-term provisions	8	54,96,64,582	23,68,17,604
		19,98,34,68,696	30,55,99,63,394
TOTAL		35,47,38,92,293	35,37,04,33,132
ASSETS			
Non-current assets			
Non-current investments	9	2,50,78,32,550	2,50,78,32,550
Long-term loans and advances	10	31,89,24,72,523	32,29,15,92,397
Other non-current assets	11	7,85,56,502	6,95,04,742
		34,47,88,61,575	34,86,89,29,689
Current assets			
Trade receivables	12	54,92,93,389	23,43,08,798
Cash and bank balances	13	7,41,20,592	5,36,876
Short-term loans and advances	10	23,206	23,170
Other current assets	11	37,15,93,531	26,66,34,599
		99,50,30,718	50,15,03,443
TOTAL		35,47,38,92,293	35,37,04,33,132
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 093649

For and on behalf of the Board of Directors of
GVK Airport Developers Limited

Dr. G V Krishna Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

Place of Signature: Hyderabad
Date: May 16, 2016

GVK Airport Developers Limited
Statement of profit and loss for the year ended March 31, 2016
(Amounts expressed in Indian Rupees unless otherwise stated)

	Notes	March 31, 2016	March 31, 2015
INCOME			
Revenue from operations	14	95,87,42,994	47,10,71,880
Other income	15	71,08,287	12,50,643
Total		96,58,51,281	47,23,22,523
EXPENSES			
Operating and other expenses	16	12,31,23,570	20,01,80,966
Finance costs	17	5,23,10,39,758	3,71,82,26,716
Total		5,35,41,63,328	3,91,84,07,682
Loss before tax and prior period expense		(4,38,83,12,047)	(3,44,60,85,159)
Prior period expense - interest expense		-	2,89,86,620
Loss before tax		(4,38,83,12,047)	(3,47,50,71,779)
Tax expenses			
Current tax		29,17,70,085	9,26,70,869
Total tax expense		29,17,70,085	9,26,70,869
Loss for the year		(4,68,00,82,132)	(3,56,77,42,648)
Earnings per share			
Basic		(15.60)	(12.59)
Diluted		(15.60)	(12.59)
Nominal value per share		10	10
Weighted average number of shares		30,00,00,000	28,33,42,466

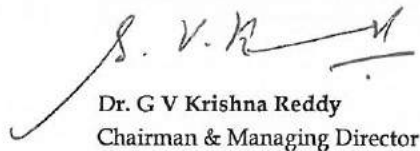
Summary of significant accounting policies 2.1

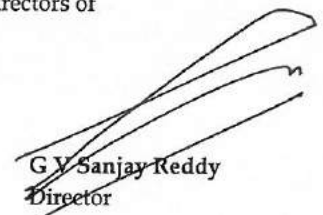
As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 093649

For and on behalf of the Board of Directors of
GVK Airport Developers Limited


Dr. G V Krishna Reddy
Chairman & Managing Director


G V Sanjay Reddy
Director

Place of Signature: Hyderabad
Date: May 16, 2016

GVK Airport Developers Limited
Cash Flow Statement for the year ended March 31, 2016
(Amounts expressed in Indian Rupees unless otherwise stated)

	March 31, 2016	March 31, 2015
A. Cash flow from operating activities		
Loss before tax	(4,38,83,12,047)	(3,47,50,71,779)
Adjustments to reconcile loss before tax to net cash flows		
Interest expense	4,26,58,42,900	3,09,35,33,421
Prior period expense- interest expense	-	2,89,86,620
Provisions written back	(20,343)	-
Interest income	(18,05,449)	-
Unrealised foreign exchange gain	(82,58,395)	(9,88,025)
Operating loss before working capital changes	(13,25,53,334)	(35,35,39,763)
Movements in working capital:		
Increase in trade receivables and other assets	(42,06,22,826)	(11,72,64,387)
Increase in short term loans and advances	(36)	(22,707)
Increase in trade payables	2,35,486	13,72,33,935
Increase in other current liabilities	6,65,52,487	4,49,16,757
Cash generated/(used) in operations	(35,38,34,890)	6,48,63,598
Taxes refunds/ (paid)	2,10,76,893	(2,70,00,000)
Net cash used in operating activities	A (46,53,11,331)	(31,56,76,165)
B. Cash flows from investing activities		
Loans/advances given to subsidiaries	(7,87,000)	(97,94,522)
Refund of loans/advances from subsidiaries	40,03,84,617	1,06,71,669
Interest received	12,13,645	-
Net cash generated/(used) in investing activities	B 40,08,11,262	8,77,147
C. Cash flow from financing Activities		
Proceeds from short term borrowings	3,08,69,41,180	4,26,74,93,206
Proceeds from long term borrowings (refer note below)	4,26,07,10,490	66,42,70,000
Repayments of long term borrowings	(4,42,67,41,936)	(12,41,85,484)
Interest paid (refer note below)	(2,09,67,25,949)	(1,30,35,16,123)
Proceeds from equity share capital	-	20,00,00,000
Proceeds from preference share capital	-	59,20,00,000
Refund of share application money	(68,61,00,000)	(3,98,39,00,000)
Net cash generated from financing activities	C 13,80,83,785	31,21,61,599
Net increase/ (decrease) in cash and cash equivalents	(A+B+C) 7,35,83,716	(26,37,419)
Cash and cash equivalents as at beginning of the year	5,36,876	31,74,295
Cash and cash equivalents as at the end of the year	7,41,20,592	5,36,876
Components of Cash and cash equivalents as at March 31		
Balances with banks on current accounts	1,71,20,592	5,36,876
Deposits with original maturity of less than three months	5,70,00,000	-
Cash and bank balance as per balance sheet	14 7,41,20,592	5,36,876

During the current year, interest of Rs. 1,853,046,791 (March 31, 2015: Rs. 1,752,527,011) accrued on loans from financial institutions has been converted into principal. This has been considered as non-cash item for the purpose of cash flow statement.

The cash flow statement has been prepared under indirect method as per Accounting Standard-3 "Cash flow Statement".

The accompanying notes are in intergral part of the financial statements.

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No: 101049W/E300004
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 093649

For and on behalf of the Board of Directors of
GVK Airport Developers Limited


Dr. G V Krishna Reddy
Chairman & Managing Director


G V Sanjay Reddy
Director

Place of Signature: Hyderabad
Date: May 16, 2016

GVK Airport Developers Limited

Notes to financial statements as at and for the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

1. Corporate information

GVK Airport Developers Limited ('the Company' or 'GVKADL') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is engaged in business of development, construction and operation of domestic and international airports.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Borrowing costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

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 respective asset. All other borrowing costs are expensed in the period they occur.

(c) Investments

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

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(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. The following specific recognition criteria must also be met before revenue is recognised:

Manpower and consultancy services

Revenues for manpower and consultancy services are recognised as and when services are rendered on time and material basis and in case of fixed price contract on a pro-rata basis over the period of contract as and when services are rendered.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

GVK Airport Developers Limited
Notes to financial statements as at and for the year ended March 31, 2016
(Amounts expressed in Indian Rupees unless otherwise stated)

Dividends

Dividend income is recognised when the company's right to receive dividend is established by the reporting date.

(e) Foreign currency transaction and balances

Initial recognition

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

Conversion

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

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items on reporting date at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(f) Income tax

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

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

(g) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue, share split, and reverse share split (consolidation of shares).

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.

GVK Airport Developers Limited

Notes to financial statements as at and for the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

(h) Provisions

A provision is recognised when the company has a present obligation as a result of 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(i) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(j) Contingent liability

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in the financial statement.

GVK Airport Developers Limited

Notes to financial statements as at the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

3 Share capital

	March 31, 2016	March 31, 2015
Authorised share capital		
Equity shares		
1,000,000,000 (March 31, 2015: 1,000,000,000) equity shares of Rs. 10 each	10,00,00,00,000	10,00,00,00,000
Preference shares		
1,500,000 (March 31, 2015: 1,500,000) redeemable preference shares of Rs. 10,000 each	15,00,00,00,000	15,00,00,00,000
	25,00,00,00,000	25,00,00,00,000
Issued, subscribed and paid up		
Equity shares		
300,000,000 (March 31, 2015: 300,000,000) equity shares Rs. 10 each fully paid up	3,00,00,00,000	3,00,00,00,000
Preference shares		
1,000,000 (March 31, 2015: 1,000,000) 13.3% Non-cumulative redeemable preference shares of Rs.10,000 each fully paid up	10,00,00,00,000	10,00,00,00,000
	13,00,00,00,000	13,00,00,00,000

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

	March 31, 2016		March 31, 2015	
	No.	Amount	No.	Amount
Equity shares of Rs. 10 each fully paid up				
At the beginning of the year	30,00,00,000	3,00,00,00,000	28,00,00,000	2,80,00,00,000
Issued during the year	-	-	2,00,00,000	20,00,00,000
Outstanding at the end of the year	30,00,00,000	3,00,00,00,000	30,00,00,000	3,00,00,00,000

	March 31, 2016		March 31, 2015	
	No.	Amount	No.	Amount
Preference shares of Rs. 10,000 each fully paid up				
At the beginning of the year	10,00,000	10,00,00,00,000	-	-
Issued during the year	-	-	10,00,000	10,00,00,00,000
Outstanding at the end of the year	10,00,000	10,00,00,00,000	10,00,000	10,00,00,00,000

b) Terms/right attached to shares

Equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Preference shares

The Company has only one class of preference shares having par value of Rs.10,000 per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Preference shares are re-payable after a period of ten years with an option of an early redemption any time after one year from the date of allotment or such period as may be mutually agreed by giving a month's notice.

GVK Airport Developers Limited

Notes to financial statements as at the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

c) Shares held by holding company and its subsidiary

Out of equity and preference shares issued by the Company, shares held by its holding company and its subsidiary are as below:

	March 31, 2016	March 31, 2015
	No.	No.
Equity shares		
GVK Power & Infrastructure Limited	30,00,00,000	30,00,00,000
Preference Shares		
GVK Jaipur Expressway Private Limited	-	9,40,800
Sutara Roads & Infra Limited	9,40,800	-
GVK Power & Infrastructure Limited	59,200	59,200

d) Details of shareholders holding more than 5% shares in the Company

	March 31, 2016		March 31, 2015	
	No.	% of holding	No.	% of holding
Equity shares				
GVK Power & Infrastructure Limited	30,00,00,000	100%	30,00,00,000	100%
Preference Shares				
GVK Jaipur Expressway Private Limited	-	-	9,40,800	94%
Sutara Roads & Infra Limited	9,40,800	94%	-	-
GVK Power & Infrastructure Limited	59,200	6%	59,200	6%

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

4 Reserves and surplus

	March 31, 2016	March 31, 2015
Deficit in statement of profit and loss		
Balance, beginning of the year	(11,42,31,15,534)	(7,85,53,72,886)
Loss during the year	(4,68,00,82,133)	(3,56,77,42,648)
Balance as at year end	(16,10,31,97,667)	(11,42,31,15,534)

5 Long-term borrowings

	Non current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
From financial institutions (secured)	18,59,36,21,263	3,23,35,85,272	62,09,67,740	14,29,39,88,386
	18,59,36,21,263	3,23,35,85,272	62,09,67,740	14,29,39,88,386
Amount disclosed under the head "other current liabilities" (Note 7)	-	-	(62,09,67,740)	(14,29,39,88,386)
Net amount	18,59,36,21,263	3,23,35,85,272	-	-

GVK Airport Developers Limited

Notes to financial statements as at the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

(i) The term loans from financial institutions are secured by:

a) Pledge of 61% of the equity shares of the Company held by GVK Power & Infrastructure Limited ("Parent Company"), pledge of 61% of the shares held by the Company in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited each on pari-passu basis with other lenders.

ii) The loans are also secured by way of charge on following properties:

a) First pari-passu charge on land admeasuring 143 acres situated at Himayathsagar Village & Gram Panchayat, Rejendra Nagar Mandal, Ranga Reddy District ("Himayath Sagar Property).

b) First pari-passu charge on GVK Office Building comprising of land admeasuring 17,500 sq. yards and building forming part of "Paigah House".

iii) Loan amounting to Rs. 15,985,766,423 is further secured by second pari-passu charge on land admeasuring 2,685 acres located in Perambalur District, Tamilnadu. Further, loan aggregating to Rs. 3,228,822,580 is secured by corporate guarantee of Parent Company and further pledge of 23% of the equity shares held by the Company in Bangalore Airport & Infrastructure Developers Private Limited and pledge of 63,648,000 shares of GVK Industries Limited held by GVK Energy Limited.

(iv) The loan amounting to Rs. 15,985,766,423 and Rs. 3,228,822,580 presently carries an interest rate of 13.50% p.a. and 20.00% p.a. respectively.

(v) Loan amounting to Rs. 15,985,766,423 is payable in single bullet payment on May 05, 2017.

(vi) Loan amounting to 3,228,822,580 is payable in quarterly instalments of Rs. 124,193,548 commencing from October 31, 2014.

6 Short-term borrowings

	March 31, 2016	March 31, 2015
Secured		
Rupee loan from financial institution	1,96,50,00,000	72,50,00,000
Rupee loan from banks	7,05,10,00,000	-
Unsecured		
Cash credit from banks	4,85,12,03,024	5,93,78,65,494
Interest free loans and advances from related parties repayable on demand (note 18)	4,02,31,64,826	8,14,05,61,176
	17,89,03,67,850	14,80,34,26,670

A. Cash credit from banks are unsecured and carry an interest ranging from 8.74% p.a. to 10.7% p.a. and is repayable on demand.

B. The loans from financial institution is secured by:

a) Pledge of 61% of the equity shares of the Company held by GVK Power & Infrastructure Limited ("Parent Company"), pledge of 61% of the shares held by the Company in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited each on pari-passu basis with other lenders.

b) The loan is also secured by way of charge on following properties:

i) First pari-passu charge on land admeasuring 143 acres situated at Himayathsagar Village & Gram Panchayat, Rejendra Nagar Mandal, Ranga Reddy District ("Himayath Sagar Property).

ii) First pari-passu charge on GVK Office Building comprising of land admeasuring 17,500 sq. yards and building forming part of "Paigah House".

iii) Further, loan is secured by corporate guarantee of Parent Company and further pledge of 23% of the equity shares held by the Company in Bangalore Airport & Infrastructure Developers Private Limited and pledge of 63,648,000 shares of GVK Industries Limited held by GVK Energy Limited.

c) The loan carries an interest rate of 13.00% p.a.

d) The loan is repayable in 25 equal quarterly instalments commencing from April 30, 2016. The lender holds an option to demand repayment of the entire loan once in every six months from the date of initial draw down.

C. Rupee loans from banks currently carries interest of 11.00%- 11.50% per annum and secured by

(i) Charge on loans and advances of provided by GVKADL to GVK Airport Holdings Private Limited ("GVKAHPL") and Bangalore Airport & Infrastructure Developer Private Limited ("BAIDPL");

(ii) Exclusive charge on shares of GVKADL to the extent of two times of facility amount;

(iii) Exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the Companies and the no. of shares to be pledged would be in proportion to the lenders at GVKADL;

(iv) First pari passu charge on Himayathsagar and Paigah House property, Hyderabad;

(v) Second pari passu charge on land of 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited;

(vii) Proportionate proceeds of liquidity event at GVKADL, GVK AHPL and BAIDPL and

(viii) Charge on shares of GVKADL, GVK AHPL and BAIDPL along with HDFC and SREI or any other future lender representing at least 61% of the paid up share capital of the Company.

GVK Airport Developers Limited

Notes to financial statements as at the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

The Company has not made payment of interest and principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay	Amount	Period of delay
Interest on bank overdrafts	-	-	1,41,14,576	Upto 5 days
Interest on bank overdrafts	-	-	86,41,975	Upto 33 days
Interest on bank overdrafts	-	-	15,18,250	Upto 64 days
Interest on bank overdrafts	-	-	14,03,493	Upto 95 days
Principal due on bank overdrafts	-	-	56,66,000	Upto 66 days
Principal due on bank overdrafts	-	-	68,01,756	Upto 96 days

7 Other current liabilities

	March 31, 2016	March 31, 2015
Current maturities of long-term debt (note 5)	62,09,67,740	14,29,39,88,386
Interest accrued but not due on borrowings	20,17,95,763	13,37,55,967
Interest accrued and due on borrowings	43,18,98,994	18,38,68,630
Other liabilities	12,23,33,734	5,57,81,247
Share application money due for refund (note 23)	-	68,61,00,000
	1,37,69,96,231	15,35,34,94,230

The Company has not made payment of interest and principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay	Amount	Period of delay
Principal on Indian rupee term loan from financial institutions (secured)	12,41,93,548	Upto 60 days	12,41,93,548	Upto 59 days
Interest/penal interest on Indian rupee term loan from financial institutions (secured)	-	Upto 60 days	18,38,68,630	Upto 59 days

8 Short term provisions

	March 31, 2016	March 31, 2015
Provision for tax (net)	54,96,64,583	23,68,17,604
	54,96,64,583	23,68,17,604

GVK Airport Developers Limited

Notes to financial statements as at the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

9 Non-current investments

	March 31, 2016	March 31, 2015
Trade investments (at cost)		
Unquoted equity instruments		
Investment in Subsidiaries		
249,999,900 (March 31, 2015: 249,999,900) equity shares of Rs. 10 each fully paid up in GVK Airport Holdings Private Limited	2,49,99,99,000	2,49,99,99,000
10,000 (March 31, 2015: 10,000) equity shares of Rs. 10 each fully paid up in Bangalore Airport & Infrastructure Developers Private Limited (note 20)	1,00,000	1,00,000
165,000 (March 31, 2015: 165,000) equity shares of \$ 1/- each fully paid up in GVK Airports International Pte Limited, Singapore	77,33,550	77,33,550
	2,50,78,32,550	2,50,78,32,550
Aggregate amount of unquoted investments	2,50,78,32,550	2,50,78,32,550

10 Loans and advances

	Non current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Loans and advances to related parties				
Unsecured, considered good (note 18)	31,89,24,72,523	32,29,15,92,397	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	23,206	23,170
	31,89,24,72,523	32,29,15,92,397	23,206	23,170

11 Other assets

	Non current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good				
Unamortised portion of ancillary cost of arranging the borrowings	7,85,56,502	6,95,04,742	37,10,01,728	26,66,34,599
Interest receivable	-	-	5,91,803	-
	7,85,56,502	6,95,04,742	37,15,93,531	26,66,34,599

12 Trade receivables

	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others	54,92,93,389	23,43,08,798
Total	54,92,93,389	23,43,08,798

13 Cash and bank balances

	March 31, 2016	March 31, 2015
Balances with banks on current accounts	1,71,20,592	5,36,876
Deposits with original maturity of less than three months	5,70,00,000	-
	7,41,20,592	5,36,876

GVK Airport Developers Limited

Notes to financial statements as at the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

14 Revenue from Operations

	March 31, 2016	March 31, 2015
Income from manpower and consultancy services	95,87,42,994	47,10,71,880
Total	95,87,42,994	47,10,71,880

15 Other Income

	March 31, 2016	March 31, 2015
Interest income	18,05,448	-
Provisions written back	20,343	-
Foreign exchange gain (net)	52,82,495	12,50,643
Total	71,08,287	12,50,643

16 Operating and other expenses

	March 31, 2016	March 31, 2015
Legal and professional fees	11,25,10,632	19,18,56,981
Rates & taxes	6,43,145	6,06,307
Auditor's remuneration		
- For statutory audit	8,01,500	16,85,400
- For other matters	9,34,709	11,92,707
Travelling and conveyance	62,29,920	19,49,716
Director's Sitting Fees	1,37,150	-
Sponsorship & exhibition Expenses	9,14,355	-
Miscellaneous expenses	3,75,530	17,466
Project bidding expenses	38,780	14,05,124
Business development expenses	5,37,849	14,67,265
Total	12,31,23,570	20,01,80,966

17 Finance costs

	March 31, 2016	March 31, 2015
Interest expense	4,26,58,42,900	3,09,35,33,421
Amortisation of ancillary borrowing costs	96,51,17,750	62,46,03,811
Bank charges	79,108	89,484
Total	5,23,10,39,759	3,71,82,26,716

GVK Airport Developers Limited

Notes to financial statements as at and for the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

18. Related party disclosures

Disclosure as required by Notified Accounting Standard 18 (AS -18) "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

A. Related parties where control exists

Holding Company	GVK Power & Infrastructure Limited (GVKPIL)
Subsidiaries	GVK Airport Holdings Private Limited (GVKAHPL) PT. GVK Services, Indonesia Bangalore Airport & Infrastructure Developers Private Limited (BAIADPL) Mumbai International Airport Private Limited GVK Airports International Pte Ltd.

B. Related parties where control does not exist

Fellow Subsidiaries	GVK Jaipur Expressway Private Limited GVK Transportation Private Limited GVK Developmental Projects Private Limited GVK Energy Limited GVK Perambalur SEZ Private Limited
Enterprises over which the key management personnel exercise significant influence	Orbit Travels & Tours Private Limited GVK Technical & Consultancy Services Private Limited GVK Projects and Technical Services Limited GVK Employee Welfare Trust Paigah House Hotels Private Limited
Key Management Personnel (KMP)	Mr. G.V. Krishna Reddy Mr. G.V. Sanjay Reddy Mr. Krishnaram Bhupal

GVK Airport Developers Limited**Notes to financial statements as at and for the year ended March 31, 2016**

(Amounts expressed in Indian Rupees unless otherwise stated)

19. Contingent liabilities

- a. The Company has pledged 152,500,000 shares and 8,400 shares held by the Company in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited respectively as security for loan of Rs. 420,000,000 (March 31, 2015: Nil) taken by Bangalore Airport & Infrastructure Developers Private Limited. This share has been pledged on pari-passu basis with other lenders.
- b. A tax demand for the assessment year 2012-2013 is Rs 31,960 (March 31, 2015: Rs. 31,960)

20. Micro, small and medium enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2016 and March 31, 2015.

21. Unhedged foreign currency exposure

Particulars	March 31, 2016	March 31, 2015
Trade receivable	549,293,389	234,308,798
Investment	7,733,550	7,733,550
Loans and advances	9,108,276	7,968,534

22. Terms of share application money

As at March 31, 2015 the Company had share application money of Rs. 686,100,000, which the Company has refunded in the current year. As the Company has refunded the share application money, it has not taken steps to increase the authorized preference share capital. Share application money did not carry any interest.

23. Segment information

In accordance with Accounting Standard 17 - Segment Reporting, segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these financial statements.

24. Expenditure in foreign currency

Particulars	March 31, 2016	March 31, 2015
Travelling expenses	4,832,259	1,359,120

25. Earnings in foreign currency

Particulars	March 31, 2016	March 31, 2015
Income from manpower and consultancy services	958,742,994	471,071,880

26. On January 17, 2013 and subsequently from time to time, Securities and Exchange Board of India (SEBI) made amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Equity Listing Agreement, pursuant to which listed entities have been prohibited from framing any employee benefit schemes involving acquisition of own securities from secondary market in excess of 10% of total assets of the scheme. The Group had formed GVK Employee Welfare Trust on July 15, 2009 which currently holds 18,083,890 own equity shares which were acquired from secondary market. The Company had advanced Rs. 250,000,000 (disclosed under note 10) to the Trust. SEBI circular requires such Trust to dispose shares within five years from October 28, 2014 or to align the Trust with SEBI (ESOS and ESPS) Guidelines. Management is evaluating options available in the circular and believes that application of this circular will not have any material impact on statement of profit and loss.

GVK Airport Developers Limited

Notes to financial statements as at and for the year ended March 31, 2016

(Amounts expressed in Indian Rupees unless otherwise stated)

27. As per Section 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has to appoint a whole time Company Secretary as the paid up share capital is more than Rs. 50,000,000. The Company is in the process of appointment of whole time Company Secretary. The Company based on internal assessment believes that aforesaid noncompliance will not have any material impact on the financial statements.

28. Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI Firm Registration No : 101049W/E300004

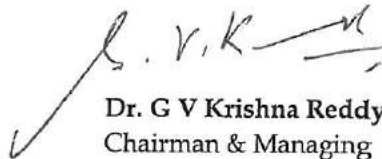
Chartered Accountants

per **Vikas Kumar Pansari**

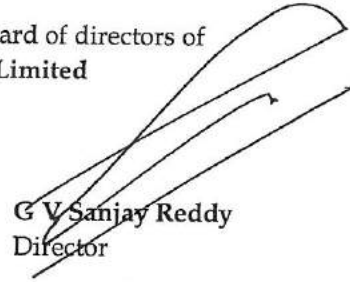
Partner

Membership No.: 93649

For and on behalf of the board of directors of
GVK Airport Developers Limited



Dr. G V Krishna Reddy
Chairman & Managing
Director



G V Sanjay Reddy
Director

Place of Signature: Hyderabad

Date: May 16, 2016