**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors of GMR Infrastructure Overseas Limited**

We have audited the accompanying Ind AS financial statements of GMR Infrastructure Overseas Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including the statement of Other Comprehensive Income, Cash Flow Statement and the statement of Changes in Equity for the period 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 preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with Indian Accounting Standard prescribed under Section 133 of the Companies Act, 2013 ("the Act"), with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The Board of Directors is also responsible for 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 interim condensed financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility on the interim condensed financial statements**

Our responsibility is to express an opinion on these interim condensed financial statements based on our audit. 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 interim condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim condensed financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the interim condensed 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 interim condensed financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. 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

C.G.R. & CO. Bangalore Chartered Accountant

overall presentation of the interim condensed 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 interim condensed financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view in accordance with Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

**Other matters**

1. The comparative financial information for the period ended March 31, 2017 presented in the accompanying interim condensed financial statements is based on Management certified financial statements and has not been audited by us.

2. The Company has also prepared separate set of special purpose financial statement for the period ended March 31, 2018 in accordance with recognition and measurement principles of Accounting Standard specified under section 133 of the Companies Act, read with the Companies (Accounting Standards) Amendment Rules, 2016 and other recognized accounting practices and policies in India.

3. The accompanying interim condensed financial statements have been prepared, and this report thereon issued, solely for the purpose of for the purpose of preparation of Special purpose financial statement of consolidated provisional IND-AS financial statement of GMR Airports Limited ('GAL') for the period ended March 31, 2018 and for the purpose of submission to the Board of Directors of Company, Board of Directors of GAL and their auditors in review of such consolidated provisional IND-AS financial statements. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

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

*for* C G R & Co.
Chartered Accountants
ICAI Firm Registration Number: 015078s

C.G.R. & CO. Bangalore Chartered Accountant

Chetan G.R.
Proprietor
Membership Number: 23479

Place : Bangalore
Date : May 18,2018

## GMR Infrastructure Overseas Ltd, Malta
**Balance sheet as at March 31, 2018 - Ind AS**
**(All amounts in Indian Rupees except as otherwise stated)**

| | Notes | Ind AS March 31, 2018 Amount in Rs | Ind AS March 31, 2017 Amount in Rs |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments | 3 | 7,299,196,345 | 6,259,088,020 |
| Financial assets | | | |
| Other financial assets | 4 | - | 14,787,970 |
| Loans | 5 | 6,659,346 | 65,312,755 |
| Other non-current assets | 6 | - | 6,703 |
| | | **7,305,855,691** | **6,339,195,448** |
| **Current assets** | | | |
| Financial assets | | | |
| Loans & advances | 5 | 19,707,333 | 21,097,627 |
| Trade receivables | 7 | 142,706 | 3,807,642 |
| Cash and cash equivalents | 8 | 360,204 | 3,857,680 |
| Other current assets | 9 | - | 80,344 |
| | | **20,210,243** | **28,843,293** |
| **TOTAL ASSETS** | | **7,326,065,930** | **6,368,038,741** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity Share Capital | 10 | 243,311 | 208,640 |
| Other Equity | 11 | 7,323,278,530 | 6,277,366,112 |
| **Total equity** | | **7,323,521,842** | **6,277,574,752** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 12 | - | 84,719,713 |
| Trade payables | 13 | 1,745,710 | 2,635,077 |
| Other financial liabilities | 14 | - | 3,109,199 |
| Short-term provisions | 15 | 798,378 | - |
| | | **2,544,088** | **90,463,989** |
| | | **2,544,088** | **90,463,989** |
| **TOTAL EQUITY AND LIABILITIES** | | **7,326,065,930** | **6,368,038,741** |

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

**Corporate Information** 1

**Significant Accounting Policies** 2

As per our report of even date

**For C G R & Co**
**Chartered Accountants**
**Firm registration no: 015078S**

**Chetan G R**
**Proprietor**
**Membership No: 234729**
**Place:**
**Date:**

C.G.R. & CO. Bangalore Chartered Accountant

**For and on behalf of Board of Directors**
**GMR Infrastructure Overseas Limited**

John Borg Olivier
Director

**Director**

## GMR Infrastructure Overseas Ltd, Malta

**Statement of profit and loss for the year ended March 31, 2018**
**(All amounts in Indian Rupees except as otherwise stated)**

| | Notes | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|---|
| Revenue From Operations | | - | - |
| Other income | 16 | 1,964,545 | 5,748,383 |
| **Total Income** | | **1,964,545** | **5,748,383** |
| Finance costs | 17 | 717,273 | 1,084,040 |
| Other expenses | 18 | 18,176,157 | 20,914,270 |
| **Total Expenses** | | **18,893,430** | **21,998,310** |
| **Profit/(loss) before exceptional items and tax** | | **(16,928,885)** | **(16,249,927)** |
| Exceptional items | | - | - |
| **Profit/(loss) before and tax** | | **(16,928,885)** | **(16,249,927)** |
| **Income tax expense** | | - | - |
| **Loss for the year** | | **(16,928,885)** | **(16,249,927)** |
| **Loss for the year** | | **(16,928,885)** | **(16,249,927)** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Other comprehensive income to be reclassified to profit or loss in subsequent periods:** | | | |
| Exchange differences on translation of foreign operations | | 1,054,648,919 | (552,142,639) |
| | | - | - |
| **Net other comprehensive income to be reclassified to profit or loss in subsequent periods** | | **1,054,648,919** | **(552,142,639)** |
| **Net other comprehensive income not to be reclassified to profit or loss in subsequent periods** | | - | - |
| **Other comprehensive income for the year, net of tax** | | **1,054,648,919** | **(552,142,639)** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | | **1,037,720,035** | **(568,392,566)** |
| **Other comprehensive income for the year, net of tax** | | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | | **(16,928,885)** | **(16,249,927)** |
| Earnings per share for continuing operations | | | |
| Basic, profit from continuing operations attributable to equity holders of the parent | | 5,624.21 - | 5,398.65 |
| Diluted, profit from continuing operations attributable to equity holders of the parent | | (5,624.21) - | 5,398.65 |

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

**Corporate Information** 1
**Significant Accounting Policies** 2

As per our report of even date
**For C G R & Co**
**Chartered Accountants**
**Firm registration no: 015078S**

C.G.R. & CO. Bangalore Chartered Accountant

**Chetan G R**
**Proprietor**
**Membership No: 234729**
**Place:**

**For and on behalf of Board of Directors**
**GMR Infrastructure Overseas Limited**

John Borg Olivier
Director

**Director**

GMR Infrastructure Overseas Limited

Statement of change in equity for the year ended March 31, 2018

(Amount in Rupees)

| Particulars | Equity share capital | Attributable to the equity holders of the parent | | | | |
|---|---|---|---|---|---|---|
| | | Reserves and surplus | Foreign currency translation reserve | Securities premium account | Share application money pending allotment | Total Equity |
| | | Retained earnings | | | | |
| As at 1 April 2017 | 208,640 | 6,710,144,412 | (436,778,026) | 622,346 | 3,377,376 | 6,277,366,108 |
| Profit for the period | | (16,928,885) | | | | (16,928,885) |
| Exchange differerance on foregin currency | | | 1,054,648,919 | 103,422 | 5,894,174 | 1,060,646,515 |
| At 31 March 2018 | 243,311 | 6,693,215,527 | 617,870,893 | 725,768 | 11,466,342 | 7,323,278,530 |
| | | | | | | |
| At at 1st April 2016 | 227,014 | 6,726,393,339 | 115,364,613 | 622,346 | 3,377,376 | 6,845,757,674 |
| Profit for the period | | (16,248,927) | | | | (16,248,927) |
| Exchange differerance on foregin currency | | | (552,142,639) | | | (552,142,639) |
| At 31 March 2017 | 208,640 | 6,710,144,412 | (436,778,026) | 622,346 | 3,377,376 | 6,277,366,108 |

* Change in equity share capital is mainly due to change in foreign exchange rates used for translating in current financial year.

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

**Corporate Information** 1

**Significant Accounting Policies** 2

As per our report of even date
For C G R & Co
Chartered Accountants
Firm registration no 015078S

Chetan G R
Proprietor
Membership No 234729
Place
Date

C.G.R. & CO. Bangalore Chartered Accountant

For and on behalf of Board of Directors
GMR Infrastructure Overseas Limited

John Borg Olivier
Director

Director

## GMR Infrastructure Overseas Limited
## Cash Flow Statement For The Year Ended March 31, 2018

| Particulars | March 31, 2018 Rs | March 31, 2017 Rs |
|---|---|---|
| Cash flow from operating activities | | |
| Profit before tax from continuing operations | (16,928,885) | (16,248,927) |
| Profit before tax from discontinuing operations | | - |
| Profit before tax | (16,928,885) | (16,248,927) |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Finance costs | 709,842 | 14,769 |
| Interest expense | | 1,069,271 |
| Interest income | (1,964,545) | (2,776,138) |
| Operating profit before working capital changes | (18,183,588) | (17,941,026) |
| Movements in working capital : | | |
| Increase/ (Decrease) in trade payables | (465,272.92) | 1,678,161 |
| Increase/ (decrease) in other current liabilities | (95,158,065.60) | 1,003,826 |
| Decrease / (increase) in trade receivables | 83,496,535 | 10,362,605 |
| Decrease / (increase) in other non current assets | 22,688 | (2,606,279) |
| Decrease / (increase) in other current assets | - | - |
| Decrease / (increase) long term loans and advances | - | 21,683,007 |
| Decrease / (increase) short term loans and advances | - | (44) |
| Increase / (decrease) in short-term provisions | | - |
| Cash generated from /(used in) operations | (30,287,705) | 14,180,250 |
| Direct taxes paid (net of refunds) | - | - |
| Cash flow from/ (used in) operating activities | (30,287,705) | 14,180,250 |
| Effect of exchange difference | | (568,058,866) |
| Net cash flow from/ (used in) operating activities (A) | (30,287,705) | (553,878,616) |
| | | |
| Cash flows from investing activities | | |
| Sale/(purchase) of investment | | 193,484 |
| Interest received | 1,964,545 | 2,776,138 |
| Cash flow from/ (used in) investing activities | 1,964,545 | 2,969,622 |
| Effect of exchange difference | | 551,246,749 |
| Net cash flow from/ (used in) investing activities (B) | 1,964,545 | 554,216,371 |
| | | |
| Cash flows from financing activities | | |
| Proceeds from issuance of share capital | | - |
| Proceeds from Share Application money | | - |
| Increase in share application money | 7,527,784 | 5,164,301 |
| Interest paid/ other finance costs | (709,842) | (1,084,041) |
| Cash flow from/ (used in) in financing activities | 6,817,943 | 4,472,890 |
| Effect of exchange difference | | (7,287,600) |
| Net cash flow from/ (used in) in financing activities (C) | 6,817,943 | (2,814,710) |
| | | |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | (21,505,217) | (2,476,955) |
| Effect of exchange differences on cash & cash equivalents | 18,007,695 | 474,335 |
| Cash and cash equivalents at the beginning of the year | 3,857,680 | 5,860,299 |
| Cash and cash equivalents at the end of the year | 360,159 | 3,857,679 |
| | | |
| Components of cash and cash equivalents | | |
| Cash on hand | - | - |
| With banks- on current account | 360,159 | 3,857,680 |
| With banks- on Deposit | - | - |
| Total cash and cash equivalents | 360,159 | 3,857,680 |

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

**Corporate Information** 1

**Significant Accounting Policies** 2

As per our report of even date
**For C G R & Co**
**Chartered Accountants**
**Firm registration no: 015078S**

C.G.R. & CO. Bangalore Chartered Accountant

Chetan G R
**Proprietor**
**Membership No: 234729**
**Place:**
**Date:**

For and on behalf of Board of Directors
GMR Infrastructure Overseas Limited

John Borg Olivier
Director

Director

## GMR Infrastructure Overseas Ltd, Malta
### Notes to the financial statements For The Year Ended March 31, 2018

**3 Non current investments**

| Particulars | Ind AS 31 Mar 18 Amount in Rs | Ind AS 31 Mar 17 Amount in Rs |
|---|---|---|
| **Unquoted equity instruments** | | |
| **Investment in joint venture** | | |
| Limak JV Ltd | 1,009,366 | 886,477 |
| **Investment in Group Companies** | | |
| **Preference shares** | | |
| GICL | 6,900,960,500 | 5,917,579,500 |
| **Preference shares application money** | | |
| GICL | 397,226,478 | 340,622,043 |
| | **7,299,196,345** | **6,259,088,020** |

C.G.R. & CO. ★ Bangalore ★ Chartered Accountant

**4 Other financial assets**

| | Ind AS March 31, 2018 Amount in Rs | Ind AS March 31, 2017 Amount in Rs |
|---|---|---|
| **Non-current** | | |
| Interest accrued on loan to group companies | - | 14,787,970 |
| | - | 14,787,970 |

**5 Loans**

| | Ind AS March 31, 2018 Amount in Rs | Ind AS March 31, 2017 Amount in Rs |
|---|---|---|
| **Non-current** | | |
| Loan to related parties | 839,752 | 65,312,755 |
| Loan to other parties | 5,819,595 | - |
| **Current** | | |
| Advance income-tax (net of provision for taxation) | 19,707,333 | 21,097,627 |
| | **26,366,679** | **86,410,382** |

**6 Other non-current assets**

| | Ind AS March 31, 2018 Amount in Rs | Ind AS March 31, 2017 Amount in Rs |
|---|---|---|
| Balances with govt. authorities | - | 6,703 |
| | **-** | **6,703** |

**7 Trade receivables**

| | Ind AS March 31, 2018 Amount in Rs | Ind AS March 31, 2017 Amount in Rs |
|---|---|---|
| Other receivables | | |
| Unsecured, considered good | 142,706 | 3,807,642 |
| Total | **142,706** | **3,807,642** |

**8 Cash and short-term deposits**

| | Ind AS March 31, 2018 Amount in Rs | Ind AS March 31, 2017 Amount in Rs |
|---|---|---|
| Cash and cash equivalents | | |
| Balances with banks: | | |
| – On current accounts | 360,204 | 3,857,680 |
| | 360,204 | 3,857,680 |

**9 Other current assets**

| | Ind AS March 31, 2018 Amount in Rs | Ind AS March 31, 2017 Amount in Rs |
|---|---|---|
| Prepaid expenses | - | 80,344 |
| | - | **80,344** |

C.G.R. & CO. ★ Bangalore ★ Chartered Accountant

## Notes to the financial statements For The Year Ended March 31, 2018

### 12 Long term borrowings

| | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|
| Loans from group company (unsecured) | - | 84,719,713 |
| | **-** | **84,719,713** |
| **The above amount includes** | | |
| Secured borrowings | - | 84,719,913 |
| Unsecured borrowings | - | - |
| | **-** | **84,719,913** |

### 13 Trade payables

| | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|
| Sundry Creditors (including acceptances) | 1,745,710 | 2,635,077 |
| | **1,745,710** | **2,635,077** |

### 14 Other financial liabilities

| | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|
| **Current** | | |
| Interest accrued and not due on borrowings | - | 3,109,199 |
| **Total current other financial liabilities** | **-** | **3,109,199** |

### 15 Other Liabilities

| | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|
| Short-term provisions | 798,378 | - |
| | **798,378** | **-** |

C.G.R. & CO. ★ Bangalore ★ Chartered Accountant

## GMR Infrastructure Overseas Ltd, Malta
### Notes to the financial statements For the Year Ended March 31, 2018

**16 Other income**

| | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|
| Interest income from inter corporate deposits | 1,964,545 | 2,775,138 |
| Bank deposits | - | 79 |
| Miscellaneous Income and others | - | 2,973,166 |
| | **1,964,545** | **5,748,383** |

**17 Finance costs**

| | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|
| Interest on Loan from related parties | 709,842 | 1,069,271 |
| Bank charges | 7,431 | 14,769 |
| | **717,273** | **1,084,040** |

**18 Other expenses**

| | Ind AS<br>March 31, 2018<br>Amount in Rs | Ind AS<br>March 31, 2017<br>Amount in Rs |
|---|---|---|
| Director Fee | 225,856 | 213,625 |
| Consultancy and other professional charges | 2,194,679 | 2,501,126 |
| Payment to auditor | 442,854 | 653,219 |
| Miscellaneous expenses | 2,129,377 | 5,133,282 |
| Foreign Ex. fluctuations Loss / (Gain) (Net) | 13,183,391 | 12,413,018 |
| | **18,176,157** | **20,914,270** |

C.G.R. & CO. ★ Bangalore ★ Chartered Accountant

# Legal Status and Business Activity

## 1) Corporate Information

GMR Infrastructure Overseas Limited was incorporated on 24th Jan, 2008. Its redomiciled to Malta with effect from 27th March 2013 and has its registered office at Level 2 West, Mercury Tower, The Exchange Financial & Business Centre, Elia Zammit Street, St. Julian's, STJ 3155, MALTA. GMR Infrastructure Overseas Limited is a fully owned subsidiary of GMR Infrastructure (Mauritius) Ltd which is in turn a wholly owned subsidiary of GMR Infrastructure Limited, India. GMR Infrastructure Overseas Limited – Turkey Branch office (the Branch) was established as representative office of GMR Infrastructure S.L.U Spain at 25 March 2008.

## 2) Significant Accounting Policies

### 2.1 Basis of Preparation

The financial statement of the company has been prepared In accordance with general accepted accounting principles in India (Ind AS). The company has converted these financial statements to comply in all material respects with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. Accounting policies have been consistently applied by the company. The accounting policies adopted in the preparation of the financial statements are consistent with those of previous year.

**(i) Functional and Presentation Currency**

The company's functional currency is EURO. All financial information presented in EURO has been rounded to the nearest dollar. For presentation purposes, the financials are being converted to Indian Rupees (INR) using average exchange rate for Profit & Loss account and closing exchange rate for Balance sheet items.

**(ii) Foreign Currency Transactions**

The decision has been taken by management of the Company to maintain the functional currency as EURO in the financial statements since most of the business transactions are dealt in EURO.

Transactions in currencies other than EURO are translated to EUROat the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in currencies

C.G.R. & CO. Bangalore Chartered Accountant

other than EURO are translated to EURO at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary assets and liabilities, which are measured at historical cost, denominated in currencies other than EURO, are translated to EURO at the exchange rates ruling at the dates of transactions. Non-monetary assets and liabilities, which are stated at fair value, denominated in currencies other than EURO, are translated to EURo at the exchange rates ruling at the dates the values were determined.

i. Summary of significant accounting policies

### i) 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:

(1) Expected to be realised or intended to be sold or consumed in normal operating cycle
(2) Held primarily for the purpose of trading
(3) Expected to be realised within twelve months after the reporting period, or
(4) 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:

(1) It is expected to be settled in normal operating cycle
(2) It is held primarily for the purpose of trading
(3) It is due to be settled within twelve months after the reporting period, or
(4) 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 or inventory for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### ii) Property, plant and equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2015.

C.G.R. & CO. Bangalore Chartered Accountant

Freehold land is carried at historical cost and is not depreciated. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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

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

### iii) Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

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C.G.R. & CO. Bangalore Chartered Accountant

### iv) Borrowing cost

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.
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 until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

### v) Inventories

Inventories are valued as follows:
Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis and includes all applicable costs in bringing goods to their present locations and condition.

### vi) Impairment of non-financial assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary, associate and joint venture companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.
Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

A. In the case of an individual asset, at the higher of the net selling price and the value in use; and
B. In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).
For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

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When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss

### vii) Provisions and contingent liabilities

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.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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 standalone financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

### viii) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit

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and loss are immediately recognised in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, associates and joint ventures, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Investment in preference shares/ debentures of the subsidiaries are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares/ debentures not meeting the aforesaid conditions are classified as debt instruments at amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

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For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

a. <u>Financial guarantee contracts</u>

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee

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b. De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### ix) 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.

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 but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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### x) Cash and cash equivalents

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

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

### xi) Foreign currencies

In preparing the financial statements, transactions in the currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period.

### xii) Fair value measurement of financial instruments

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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:

a) In the principal market for the asset or liability, or
b) 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.

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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 standalone 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 standalone 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.

### xiii) Current and deferred tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial at the financial position date in the country where the Company operates taxable income. Management periodically evaluates positions taken the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liabilities method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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### xiv) Investments in subsidiary

A subsidiary is an entity that is controlled by another entity. Control is determined when the entity is exposed, or has the rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investees.

Investments in subsidiary undertaking are initially shown at cost. Where an indication of impairment exits, the recoverable amount of the investment is assessed. Where the recoverable amount of the investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income.

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

### xv) Non-current assets held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

### xvi) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

### xvii) Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

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The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Note to Financials Statement for the year ended 31 March 2018

## 19. Details of transactions with related parties

### A. Names of related parties and related party relationship

| S.No. | Relationship | Name of the Parties |
|---|---|---|
| (i) | Ultimate Holding Company | GMR Infrastructure Limited (GIL) |
| (ii) | Immediate Holding company | GMR Infrastructure (Overseas) (GI(O)L) |
| (iii) | Joint Ventures | **Name of the Parties**<br>Limak GMR CJV (CJV) |
| (iv) | Enterprises where key management personnel and their relatives/Shareholders exercise significant influence | |
| (v) | Fellow subsidiary (where transactions have taken place) | GMR Infrastructure (Uk) Limited (GIUL)<br>GMR Airports (Malta) Limited (GAML)<br>GMR Infrastructure Singapore Pte Limited (GISPL)<br>GMR Infrastructure Cyprus Limited (GICL)<br>GMR Energy Projects Mauritius Limited (GEPML)<br>GMR Airports (Global) Limited (GAGL)<br>GADL International Limited<br>GMR Airports Limited |
| (vi) | Key management personnel and their relatives | None |
| (vii) | Group Joint Venture Partner | None |

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**(All the amounts are in Indian rupees except as otherwise stated)**

B. Summary of Transaction with related parties is as follows

| | As at the end of the year | | Transactions During the year | |
|---|---|---|---|---|
| **Name of the company** | **March ' 2018** | **March ' 2017** | **March ' 2018** | **March ' 2017** |
| Loans Advanced to Fellow Subsidiaries | | | | |
| GICL | - | 531,432 | (531,432) | (11,412) |
| GEPML | - | 69,039,364 | (69,039,364) | 2,816,242 |
| GMR Infrastructure (Mauritius) Limited | 839,752 | | 839752 | |
| Interest on Loan Advanced to Fellow Subsidiaries | | | | |
| GICL | | 3,096 | (3,096) | 5 |
| GEPML | | 15,748,970 | (15,748,970) | 2,497,545 |
| Trade Receivable & Other Receivable from Fellow Subsidiary | | | - | - |
| GMR Airports Limited | 142,706 | 130,348 | 12,358 | (2,799) |
| Investment in Fellow Subsidiary | | | | |
| GICL - Preference Shares Application Money | 397,226,478 | 362,828,777 | 34,397,702 | (7,791,405) |
| GICL - Preference Shares | 6,900,960,500 | 6,303,374,000 | 597,586,500 | (135,359,000) |
| Investment in Joint Venture | | | | |
| CJV | 1,009,366 | 944,271 | 65,095 | (2,30,802) |

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**GMR Infrastructure Overseas Ltd, Malta**
**Notes to financials statements for the year ended 31 March 2018**
**(All the amounts are in Indian rupees except as otherwise stated)**

| | | | | |
|---|---|---|---|---|
| Share Capital from Holding Company | | | | |
| GIML | - | 222,168 | (222,168) | (4,771) |
| GI(O)L | 243,230 | - | 243,150 | - |
| Share Capital from Fellow Subsidiary | | | - | - |
| GISPL | 81 | 74 | 7 | (2) |
| | | | - | - |
| Share Application Money from Holding Company | | | | |
| GIML | - | 3,597,563 | (3,597,563) | 349,953 |
| GI(O)L | 11,466,342 | - | 11,466,342 | - |
| Loan Taken from Fellow Subsidiary | | | | |
| GAGL | - | 90,242,985 | (90,242,985) | 3,681,231 |
| | | - | | - |
| Interest on Loan Taken from Fellow Subsidiary | | | - | - |
| GAGL | - | 3,311,914 | (3,311,914) | 1,021,113 |
| Interest Income from Fellow Subsidiary | | | | |
| GEPML | | | 616,618 | 13,251,425 |
| GI(O)L | | | 1,347,927 | - |

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| | | | | |
|---|---|---|---|---|
| GAGL | | | 709,842 | 1,032,995 |

**20. Fair values**

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair values.

## 21. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments.
The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPI investments and derivative financial instruments.
The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017.
The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives, if any, and the proportion of financial

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**(All the amounts are in Indian rupees except as otherwise stated)**

instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2018.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided in Note 36.
The following assumptions have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017

**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 changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.
The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Company enters into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

**Interest rate sensitivity**
The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| | **Increase/decrease in basis points** | **Effect on profit before tax** |
|---|---|---|
| **31-Mar-18** | | Amount in INR |
| INR | +50 | -754104 |
| | | |
| **31-Mar-17** | | |
| INR | -50 | 754104 |
| | | |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

**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. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

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Trade receivables- Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are Companied into homogenous Companies and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9.

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.
The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2018 and 31 March 2017 is the carrying amounts as illustrated in Note 9 except for financial guarantees and derivative financial instruments.

**Liquidity risk**
The Company monitors its risk of a shortage of funds using a liquidity planning tool.
The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and

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borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018 and 31 March 2017.

For CGR & Co.

Chartered Accountants
Firm Registration no : 015078S

Chetan G R
Partner
Membership No: 234729

C.G.R. & CO. Bangalore Chartered Accountant

For and behalf of Board of Directors
GMR Infrastructure Overseas Limited

John Borg Olivier
Director

Director

Place:
Date:

Related Party Transaction Details
For the period ended March 31, 2018

Balance Sheet

GMR Infrastructure Overseas (Malta) Limited (GIOSL)
Code [illegible]

Receivable/ Reimbursment / Sundry Debtors / Deposits Paid / Interest receivable

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Description | Main Head | Sub Head | Show in Financials | Transacti on GL | IGAAP Amount | Ind AS adjustment Amount | Total ( IGAAP + IND AS Adjustments) | DTL/(DTA) on Ind AS Adjustments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0 | GMR [illegible] Holding | | Trade Receivable | Trade & Other Receivables | Trade Receivable | | 0 | 142,706.05 | - | 142,706.05 | - |
| 2 | 0 | | | | 0 | 0 | 0 | 0 | - | - | - | - |

Payable / Sundry Creditors / Deposits Received / Interest Payable

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Description | Main Head | Sub Head | Show in Financials | Transactio | IGAAP Amount | Ind AS adjustment Amount | Total ( IGAAP + IND AS Adjustments) | DTL/(DTA) on Ind AS Adjustments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0 | | | | 0 | 0 | 0 | 0 | - | - | - | - |

Loan given to Group Companies / Share Application Money / Other advances

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Description | Main Head | Sub Head | Show in Financials | Transactio | IGAAP Amount | Investment in Equity Portion in loans / debentures | Notional interest accrued till date | Total(net of adjustment) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0 | GMR Infrastructure (Overseas) Ltd | | [illegible] | [illegible] | | 0 | 0 | [illegible] | | - | [illegible] |
| 2 | 0 | | | | 0 | 0 | 0 | 0 | | | | |

A. Loan taken from Group Companies / Share Application money refundable / Other Loans

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Description | Main Head | Sub Head | Show in Financials | Transactio | IGAAP Amount | Investment in Equity Portion in loans / debentures | Notional interest accrued till date | DTL/(DTA) on Ind AS Adjustments | IND AS loan Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | [illegible] | GMR [illegible] | | [illegible] | [illegible] | | 0 | 0 | [illegible] | - | - | - | [illegible] |
| 2 | 0 | | | | 0 | 0 | 0 | 0 | | - | - | - | |

A. Share Capital

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Description | Main Head | Sub Head | Show in Financials | Transactio | IGAAP Amount | Ind AS adjustment Amount | Total ( IGAAP + IND AS Adjustments) | DTL/(DTA) on Ind AS Adjustments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0 | GMR Infrastructure (Overseas) Ltd | | Share Capital | Share Capital | [illegible] | | [illegible] | [illegible] | | [illegible] | |
| 2 | 0 | GMR Infrastructure (Singapore) Pte Ltd | | Share Capital | Equity Capital | [illegible] | | [illegible] | [illegible] | | [illegible] | |
| 3 | 0 | GMR Infrastructure (Singapore) Pte Ltd | | Share Capital | Share Capital | Equity Issued and [illegible] | | [illegible] | [illegible] | | [illegible] | |
| 4 | 0 | | | | 0 | 0 | 0 | 0 | | | | |

A. Investments in Group Companies / Share Application Money

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Description | Main Head | Sub Head | Show in Financials | Transactio | IGAAP Amount | Investment in Equity Portion | Notional interest accrued till date | Total( net of adjustments) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0 | GMR Infrastructure (Cyprus) Ltd | | Preference Shares | Non Current Investments | Investment in Group Companies | | [illegible] | 6,900,960,509.00 | - | - | 6,900,960,509.00 |
| 2 | 0 | GMR Infrastructure (Cyprus) Ltd | | Share Application Money | Non Current Investments | Preference Share Application Money | | [illegible] | 397,226,478.25 | - | - | 397,226,478.25 |
| 3 | 0 | Limak GMR JV | | Investments | Non Current Investments | Investment in JV | | [illegible] | 1,009,334.15 | - | - | 1,009,334.15 |
| 4 | 0 | | | | 0 | 0 | 0 | 0 | | | | |

For and on behalf of the Board of Directors

per for C G R & Co
Firm registration number: 015078S
Chartered Accountants

Chetan CR
Partner
Membership no.: 234729

Place: Bangalore
Date:

C.G.R. & CO. ★ Bangalore ★ Chartered Accountant

Director
DIN

Company Secretary

John Borg Olivier
Director

**Related Party Transaction Details**
**For the period ended March 31, 2018**

**Profit & Loss**

**GMR Infrastructure Overseas (Malta) Limited (GIOSL)**
Code : C6133

**Income**

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Desc | Main Head | Sub Head | Show in Financials Transaction | IGAAP Amount | Ind AS adjustment Amount | Total (IGAAP + IND AS Adjustments) | DTL/(DTA) on Ind AS Adjustments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0 | GMR Energy Projects (Mauritius) Ltd | | Interest Income | Other Income | Income Others | 0 | 616,617.90 | - | 616,617.90 | - |
| 2 | 0 | GMR Infrastructure (Overseas) Ltd | | Interest Income | Other Income | Income Others | 0 | 1,347,927.48 | - | 1,347,927.48 | - |

**Expense**

(Rs. in Units)

| Sl No | Short Code | Inter Company | IC Code | Transaction Desc | Main Head | Sub Head | Show in Financials Transaction | IGAAP Amount | Ind AS adjustment Amount | Total (IGAAP + IND AS Adjustments) | DTL/(DTA) on Ind AS Adjustments |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 0 | 0 | | 0 | 0 | 0 | 0 | - | - | - | - |

For For C G R & Co
Firm registration number: 015078S
Chartered Accountants

Chetan G R
Partner
Membership no: 234729

Place: Banglaoare
#REF!

C.G.R. & CO. Bangalore Chartered Accountant

For and on behalf of the Board of Directors

0
Director
DIN

0
Company Secretary

John Borg Olivier
Director