CHATTERJEE & CHATTERJEE
Chartered Accountants

A-1, Commercial Centre,
Nimari Colony, Ashok Vihar,
New Delhi - 110052
Email : ca.ccnd@gmail.com
Tel : 011-27014664

## INDEPENDENT AUDITORS' REPORT

**To The Members of GMR Airports (Mauritius) Limited**

**Report on the financial statements**

We have audited the accompanying Ind AS financial statements of GMR Airports (Mauritius) Limited("the Company"), which comprises the balance sheet as at March 31, 2017, and the statement of profit and loss including statement of other comprehensive income, the cash Flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

The accompanying Ind AS financial statements have been prepared by the management, based on the audited financial statements of the Company for the financial year ended 31st March, 2017 prepared in accordance with the International Financial Reporting Standards, after making adjustments as were necessary under Ind AS and the Companies Act,2013.

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 and presentation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), Profit or loss (financial performance including other comprehensive income),cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards(Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules 2015, as amended. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and -presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, 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 and converted from IFRS to Ind AS.

Our audit involves performing procedures and applying our judgement as were necessary to obtain assurance that the Ind AS financial statements referred above are free from material misstatement and converted from IFRS to Ind AS correctly. We believe that the procedure we performed are sufficient and appropriate to provide a basis for our audit opinion.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

**Basis for Qualified Opinion**

The underlying financial statements of the company for the financial year ended March 31, 2017 prepared in accordance with the applicable corporate law and International Financial Reporting Standards, have not been audited by us. We have relied upon such audited financial statements and statutory auditor report for the year ended March 31, 2017 provided to us by the management, for the purposeof expressing our audit opinion and have not performed detailed verification of the underlying transactions which have been covered by statutory auditor in course of their audit.

**Qualified Opinion**

In our opinion and to the best of our information and according the explanations given to us *except for the effects of the matter(s)described in the basis for Qualified Opinion paragraph*, the financial statements give a true and fair view in conformity with accounting principles generally accepted in India:

a) In the case of the Balance sheet, of the state of the affair of the company as at March 31, 2017.
b) In case of the statement of the Profit and Loss, of the profit for the year ended on that date and
c) In the case of the cash flow statement, of the cash flow for the year ended on that date.

For Chatterjee & Chatterjee
Chartered Accountants
Firm Registration Number: 001109C

CHATTERJEE & CHATTERJEE CHARTERED ACCOUNTANTS NEW DELHI

Gaurav Agrawal
Partner
Membership no: 403788

Place: New Delhi
Date: May 4, 2017

GMR Airports (Mauritius) Limited
Balance Sheet as at 31st March 2017

(Amount in Rs.)

| Particulars | Notes | 31 March 2017 | 31-Mar-16 | 1-Apr-15 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Financial Assets | | | | |
| Investment | 3 | - | 6,677,000 | 6,307,198 |
| | | - | 6,677,000 | 6,307,198 |
| **Current assets** | | | | |
| Financial Assets | | | | |
| Investment | 3 | - | - | 4,004,310,000 |
| Cash and cash equivalents | 4 | 37,171,322 | 45,947,186 | 43,583,783 |
| Loans | 5 | 133,627 | 44,202 | 4,297,643 |
| Other current assets | 6 | 94,388,888 | - | - |
| | | 131,693,837 | 45,991,388 | 4,052,191,426 |
| **Total Assets** | | 131,693,837 | 52,668,388 | 4,058,498,624 |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity Share Capital | 7 | 9,840,066 | 10,015,567 | 9,459,063 |
| Other Equity | 8 | 26,482,458 | (59,213,808) | (492,516,138) |
| | | 36,322,524 | (49,198,241) | (483,057,075) |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial Liabilties | | | | |
| Borrowings | 9 | 93,657,317 | - | - |
| Other financial liabilities | 10 | 880,876 | - | - |
| Deferred tax liabilities (Net) | | | | |
| | | 94,538,193 | - | - |
| **Current liabilities** | | | | |
| Financial Liabilties | | | | |
| Borrowings | 9 | - | 66,920,566 | 4,452,036,000 |
| Other financial liabilties | 10 | 833,120 | 34,946,063 | 89,519,699 |
| | | 833,120 | 101,866,629 | 4,541,555,699 |
| **Total Equity and liabilities** | | 131,693,837 | 52,668,388 | 4,058,498,624 |

Summary of significant accounting policies 2.0
**The accompanying notes are integral part of the financial statements.**

As per our report of even date

**For Chatterjee & Chatterjee**
Chartered Accountants
ICAI Firm Registration no: 001109C

CHATTERJEE & CHATTERJEE CHARTERED ACCOUNTANTS NEW DELHI

**Gaurav Agrawal (Partner)**
Membership no. 403788
Place:
Date:

**For and on behalf of the Board of directors**
**GMR Airport (Mauritius) Limited**

**Name** Devabaude Naraidoo
**Director**
**DIN:**
Place: Ebene
Date: 04 MAY 2017

**GMR Airports (Mauritius) Limited**
**Statement of profit and loss for the period ended 31st March 2017**

(Amount in Rs.)

| Particulars | Notes | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| Other Income | 11 | 91,021,136 | 698,908,347 |
| **Total Income** | | **91,021,136** | **698,908,347** |
| | | | |
| **Expenses** | | | |
| Finance cost | 12 | 1,017,236 | 90,230,053 |
| Other expenses | 13 | 2,415,833 | 153,323,269 |
| **Total Expenses** | | **3,433,068** | **243,553,322** |
| | | | |
| **Profit/(loss) before exceptional items and tax** | | **87,588,067** | **455,355,024** |
| Exceptional item | | | - |
| **Profit / (Loss) before tax** | | **87,588,067** | **455,355,024** |
| **Tax expenses** | | | |
| Current tax | | - | - |
| Deferred tax | | - | - |
| **Profit/(loss) for the period from continuing operations** | | **87,588,067** | **455,355,024** |
| Profit/(loss) from discontinued operations | | - | - |
| **Profit/(loss) for the period** | | **87,588,067** | **455,355,024** |
| Other comprehensive income | | - | - |
| Remeasurement of define employee benefit plans | | | |
| **Total comprehensive income for the period** | | **87,588,067** | **455,355,024** |
| | | | |
| **Earnings per equity share.** | | | |
| Basic | | **583.92** | **3,035.68** |
| Diluted | | **583.92** | **3,035.68** |

Summary of significant accounting policies 2.0
The accompanying notes are integral part of the financial statements.
This Profit & Loss statement referred to our report of even date

**For Chatterjee & Chatterjee**
Chartered Accountants
ICAI Firm Registration no: 001109C

CHATTERJEE & CHATTERJEE CHARTERED ACCOUNTANTS NEW DELHI

Gaurav Ag

**Gaurav Agrawal (Partner)**
Membership no. 403788
Place: New Delhi
Date: 4/5/2017

**For and on behalf of the Board of directors**
**GMR Airport (Mauritius) Limited**

Name Devananda Naraidoo
Director
DIN:
Place: ebene
Date: 04 MAY 2017

**GMR Airports (Mauritius) Limited**
**Cash Flow Statement as at 31st March, 2017**

(Amount in Rs.)

| Particulars | 31 March 2017 | 31 March 2016 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before tax from continuing operations | 87,588,067 | 455,355,024 |
| Profit before tax from discontinuing operations | - | - |
| Profit before tax | 87,588,067 | 455,355,024 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Operating profit before working capital changes | 87,588,067 | 455,355,024 |
| **Net cash flow from/ (used in) operating activities (A)** | **87,588,067** | **455,355,024** |
| | | |
| **Cash flows from investing activities** | | |
| (Increase) other non current assets | (94,388,888) | - |
| Decrease in financial assets | 6,587,575 | 4,008,193,639 |
| Payment of financial liabilities | (6,495,316) | (4,439,689,070) |
| Decrease / (Increase) in other Current liabilities | - | - |
| **Net cash flow from/ (used in) investing activities (B)** | **(94,296,629)** | **(431,495,431)** |
| **Cash flows from financing activities** | | |
| Foreign exchange movement in financing activities (net) | (175,501) | 556,504 |
| **Net cash flow from/ (used in) in financing activities (C)** | **(175,501)** | **556,504** |
| | | |
| **Net increase/(decrease) in cash and cash equivalents (A + B + C)** | (6,884,063) | 24,416,099 |
| Effect of Exchange difference | (1,891,801) | (22,052,696) |
| Cash and cash equivalents at the beginning of the period | 45,947,186 | 43,583,783 |
| **Cash and cash equivalents at the end of the period** | **37,171,322** | **45,947,186** |
| | | |
| **Components of cash and cash equivalents** | | |
| With banks- on current account | 37,171,322 | 45,947,186 |
| **Total cash and cash equivalents (note 4)** | **37,171,322** | **45,947,186** |

**Notes:**

1. The above cash flow statement has been compiled from and is based on the balance sheet as at March 31, 2017 and the related profit and loss account for the year ended on that date.
2. Previous period figures have been regrouped and reclassified to confirm to those of the current period.
3. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 – Statement of cash flows

**For Chatterjee & Chatterjee**
Chartered Accountants
ICAI Firm Registration no: 001109C

CHATTERJEE & CHATTERJEE CHARTERED ACCOUNTANTS NEW DELHI

Gaurav Ag

**Gaurav Agrawal (Partner)**
Membership no. 403788
Place: New Delhi
Date: 4/5/2017

**For and on behalf of the Board of directors**
**GMR Airport (Mauritius) Limited**

**Name** Devananda Naraidoo
**Director**
**DIN:**
Place: Ebene
Date: 04 MAY 2017

**GMR Airports (Mauritius) Limited**
**Statement of change in equity**

(Amount in Rupees)

| Particulars | | Attributable to the equity holders of the parent | | Total Equity |
|---|---|---|---|---|
| | | Reserves and surplus | Foreign currency translation reserve | |
| | Equity share capital | Retained earnings | | |
| As at 1 April 2015 | 9,459,063 | (478,461,237) | (14,054,901) | (483,057,075) |
| Profit for the period | - | 455,355,024 | (22,052,694) | 433,302,330 |
| At 31 March 2016 | 10,015,567 | (23,106,213) | (36,107,595) | (49,198,241) |
| Profit for the period | - | 87,588,067 | (1,891,801) | 85,696,266 |
| At 31 March 2017 | 9,840,066 | 64,481,854 | (37,999,396) | 36,322,524 |

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**GMR Airports (Mauritius) Limited**
**Notes forming part of the financial statements.**

**1 Corporate Information**

GMR Airport(Mauritius)Limited ("the Company") is a private company limited by shares, incorporated in Mauritius on 18th January 2013, holds a category 1 Global Business Licences under Financial Services Act 2007 and is regulated by the Financial Services commission. The company's registered office is 6th floor, Tower A, 1 Cybercity, Ebene, Republic of Mauritius.

The principle activity of the company is that of investment holding

**2 Significant Accounting Policies**

**Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

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

The stand-alone financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) which have been measured at fair value.

The stand-alone financial statements are presented in INR.

**Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:
a) Expected to be realized or intended to be sold or consumed in normal operating cycle
b) Held primarily for the purpose of trading
c) Expected to be realized within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
All other assets are classified as non-current.

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

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

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

Leasehold land is amortized from the date of commercial operation till the end of the lease period. Leasehold improvements are amortized over the primary period of the lease or estimated useful life whichever is shorter.

**Foreign currency translation**

**i) Functional and presentation currency**

Items included in the financial statements of each of the company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The standalone financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**ii) Transaction and balances**

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:
a)Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

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b)Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. They are deferred in equity of they related to qualifying cash flow hedges and qualifying net investment in foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. Translation difference on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation difference on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non monetary assets such as equity investments classified as FVOCI are recognized on other comprehensive income.

**Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's orcas generating units' (CGUs) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill (if available) is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives (if available) are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

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**Provisions, Contingent liabilities, Contingent assets, and Commitments**
Provisions are recognized 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 recognized 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 recognized as a finance cost."

Contingent liability is disclosed in the case of:

• A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
• A present obligation arising from past events, when no reliable estimate is possible
• A possible obligation arising from past events, unless the probability of outflow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date

**Retirement and other Employee Benefits**
All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the statement of profit and loss in the period in which the employee renders the related service.

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

The Company recognizes contribution payable as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example. a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognized each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of:
i) The date of the plan amendment or curtailment, and
ii) The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
ii) Net interest expense or income

**d) Short term employee benefits**

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long—term employee benefit for measurement purposes. Such long—term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year—end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non—current liability.

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Gratuity is a defined benefit scheme which is funded through policy taken from Life Insurance corporation of India and Liability (net of fair value of investment in LIC) is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (based on last drawn basic salary) for each completed year of service. The cost of providing benefits under the scheme is determined on the basis of actuarial valuation under projected unit credit (PUC) method.

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

Past service costs are recognized in profit or loss on the earlier of:
a. The date of the plan amendment or curtailment, and
b. The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b. Net interest expense or income

Entities are required to state their policy for termination benefits, employee benefit reimbursements and benefit risk sharing
**Long term employee benefits**
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

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

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

**Subsequent measurement**
For purposes of subsequent measurement, financial assets are classified in four categories:
a. Debt instruments at amortized cost
b. Debt instruments at fair value through other comprehensive income (FVTOCI)
c. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost: A 'debt instrument' is measured at the amortized cost if both the following conditions are met:
a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

Debt instrument at FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On DE recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.
Debt instrument at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

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

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

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

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

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or

b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

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**Impairment of financial assets**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e) Loan commitments which are not measured as at FVTPL
f) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on;
a) Trade receivables or contract revenue receivables; and
b) All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

a) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
b) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. On that basis, the Company estimates the following provision matrix at the reporting date:

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:
a) Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.
b) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
c) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**Financial liabilities**

**Initial recognition and measurement**

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below:
**Financial liabilities at fair value through profit or loss**
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the profit or loss.

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

**Loans and borrowings** : This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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

**Reclassification of financial assets**
The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Derivative financial instruments**
The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss

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

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

**Cash dividend and non-cash distribution to equity holders of the parent**
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**Foreign currencies**
The financial statements are presented in INR, which is also the company's functional currency.

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Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

► Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

► Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

► Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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

**Fair value measurement**

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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.

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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The Company's Valuation Committee determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises of the head of the investment properties segment, heads of the Company's internal mergers and acquisitions team, the head of the risk management department, financial controllers and chief finance officer.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Valuation Committee and the Company's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.
For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summaries accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
a) Disclosures for valuation methods, significant estimates and assumptions (note 16)
b) Contingent consideration
c) Quantitative disclosures of fair value measurement hierarchy
d) Investment in unquoted equity shares (discontinued operations)

**Revenue recognition**

Revenue from Transmission charges is recognized on accrual basis in accordance with the provisions of the Transmission Service Agreement (TSA), after Commercial Operation Date

Interest income: For all debt instruments measured either at amortized 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 amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**Dividends**: Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Taxes on Income**

**Current 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 Income Tax Act, 1961

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

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

**Deferred tax**

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:
a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognized in profit or loss.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses
Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:
▶ When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
▶ When receivables and payables are stated with the amount of tax included
The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961 issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

**Earning per share**
Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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GMR Airports (Mauritius) Limited
Notes forming part of the financial statements.

3 Investments

(Amount in Rs.)

| | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Investment in subsidiaries | | | | | | |
| 100,000 shares of GMR Airport (Global) Limited | - | 6,677,000 | 6,307,198 | - | - | 4,004,310,000 |
| Total investments | - | 6,677,000 | 6,307,198 | - | - | 4,004,310,000 |

4 Cash and cash equivalents

(Amount in Rs.)

| | Current | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Balances with bank in current accounts | 37,171,322 | 45,947,186 | 43,583,783 |
| Total cash and cash equivalents | 37,171,322 | 45,947,186 | 43,583,783 |

5 Loans

(Amount in Rs.)

| | Current | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Ancillary borrowing costs to the extent not amortized | - | - | 3,995,744 |
| Prepaid expenses | 133,627 | 44,202 | 301,900 |
| Total loans | 133,627 | 44,202 | 4,297,643 |

6 Other current assets

(Amount in Rs.)

| | Current | | |
|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Other than trade-considered good | 94,388,888 | - | - |
| Total other current assets | 94,388,888 | - | - |

7 Share capital

| | Equity Shares | |
|---|---|---|
| | No's | Amount in Rs. |
| Authorized Share Capital | | |
| Equity shares, face value of $1 each | | |
| As at 1st April 2015 | 150,001 | 9,459,063 |
| Increase/(decrease)during the year | - | - |
| Change due to fluctuation in foreign exchange rate | - | 556,504 |
| As at 31st March 2016 | 150,001 | 10,015,567 |
| Increase/(decrease)during the year | - | - |
| Change due to fluctuation in foreign exchange rate | - | (175,501) |
| As at 31st March 2017 | 150,001 | 9,840,066 |

| | No's | Amount in Rs. |
|---|---|---|
| Issued Equity Capital | | |
| Equity shares of $1 each issued, subscribed & fully paid | | |
| As at 1st April 2015 | 150,001 | 9,459,063 |
| Increase/(decrease)during the year | - | - |
| Change due to fluctuation in foreign exchange rate | - | 556,504 |
| As at 31st March 2016 | 150,001 | 10,015,567 |
| Increase/(decrease)during the year | - | - |
| Change due to fluctuation in foreign exchange rate | - | (175,501) |
| As at 31st March 2017 | 150,001 | 9,840,066 |

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

| Equity Shares | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | No. | Amount in Rs. | No. | Amount in Rs. | No. | Amount in Rs. |
| At the beginning of the year | 150,001 | 10,015,567 | 150,001 | 9,459,063 | 150,001 | 9,073,560 |
| Issued during the year | - | - | - | - | - | - |
| Change due to fluctuation in foreign exchange rate | - | (175,501) | - | 556,504 | - | 385,503 |
| Outstanding at the end of the year | 150,001 | 9,840,066 | 150,001 | 10,015,567 | 150,001 | 9,459,063 |

B. Terms/Rights Attached to equity Shares

The company has only one class of shares having a par value of $1 per share. Each holder of equity is entitled to one vote per share. In the event of liquidation of the company the holder of equity shares would be entitled to receive remaining assets of the company after distribution of all preferential amounts.

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C. Shares held by holding /ultimate holding company /holding company and/or their subsidiaries/associates.

Out of equity issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below

| Name of Shareholder | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares held | Amount in Rs. | No. of Shares held (lakhs) | Amount in Rs. | No. of Shares held | Amount in Rs. |
| Holding Company - GMR Airports Limited | | | | | | |
| 150,001 (March 31, 2016 & March 31, 2015: 150,001) equity shares of $1 each fully paid up | 150,001 | 9,840,066 | 150,001 | 10,015,567 | 150,001 | 9,459,063 |

D) Details of shareholders holding more than 5% shares in the company

| Name of Shareholder | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
|---|---|---|---|---|---|---|
| | No | % holding in Class | No | % holding in Class | % holding in Class | No |
| Equity shares of $1 each fully paid | | | | | | |
| GMR Airports Limited | 150,001 | 100% | 150,001 | 100% | 100% | 0 |

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

E. No Shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date:

F. Shares reserved for issue under options

There are no shares reserved for issue under options and contract/commitments for the sale of shares/disinvestment.

8 Other Equity

(Amount in Rs.)

| Particulars | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| Surplus in the statement of profit and loss | | | |
| Balance as per last financial statements | (23,106,213) | (478,461,237) | (149,300,301) |
| Add: Net profit for the year | 87,588,067 | 455,355,024 | (329,160,936) |
| Net surplus in the statement of profit and loss | 64,481,854 | (23,106,213) | (478,461,237) |
| Equity component of financial instruments | - | - | - |
| Other items of Comprehensive Income | - | - | - |
| Exchange Fluctuation Reserve | (37,999,396) | (36,107,595) | (14,054,901) |
| Total other equity | 26,482,458 | (59,213,808) | (492,516,138) |

9 Borrowings

(Amount in Rs.)

| | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| Bank overdraft | - | - | - | - | 150,566 | - |
| Short Term Loan from related parties (unsecured) | 93,657,317 | - | - | - | 66,770,000 | 132,426,000 |
| Short Term Loan from Bank (secured) | - | - | - | - | - | 4,319,610,000 |
| **Total borrowings** | 93,657,317 | - | - | - | 66,920,566 | 4,452,036,000 |

10 Other financial liabilties

(Amount in Rs.)

| | Non Current | | | Current | | |
|---|---|---|---|---|---|---|
| | 31 March 2017 | 31 March 2016 | 01 April 2015 | 31 March 2017 | 31 March 2016 | 01 April 2015 |
| **Other financial liabilities at amortized cost** | | | | | | |
| Interest accrued but not due on borrowings | - | - | - | 833,120 | 489,647 | 17,017,314 |
| Interest payable on loan from group company | 880,876 | - | - | - | - | - |
| Non trade payables | - | - | - | - | - | 63,728,661 |
| Retention Money | - | - | - | - | 34,456,416 | 8,773,724 |
| **Total other financial liabilities** | 880,876 | - | - | 833,120 | 34,946,063 | 89,519,699 |

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**GMR Airports (Mauritius) Limited**
**Notes forming part of the financial statements.**

(Amount in Rs.)

**11** Other income

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Profit on Sale of Investment on Subsidiary | 90,868,089 | 690,614,672 |
| Liabilities/ Provisions no longer required, written back | - | 8,023,170 |
| Other Income - Misc Income | 153,047 | 270,504 |
| Total other income | **91,021,136** | **698,908,347** |

(Amount in Rs.)

**12** Finance cost

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Interest | 911,358 | 14,235,702 |
| Bank charges | 105,877 | 332,139 |
| Custody charges | - | 148,311 |
| Amortization of ancillary borrowing costs | - | 75,513,902 |
| Total finance cost | **1,017,236** | **90,230,053** |

(Amount in Rs.)

**13** Other expenses

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| Secretarial and Administration Fees | 1,221,660 | 1,926,074 |
| Rates and taxes | 139,134 | 134,829 |
| Professional & Consultancy | 604,043 | 1,081,390 |
| Business Support Fee | - | 149,288,872 |
| Directors' fees | 271,480 | 263,080 |
| Payment to auditor | 179,516 | 627,775 |
| Bad debts / advances or investments written off | - | 1,249.63 |
| Total other expenses | **2,415,833** | **153,323,269** |

Amounts in Rs.

| | 31 March 2017 | 31 March 2016 |
|---|---|---|
| *Payment to Auditors (Included in other expenses above) | | |
| As auditor: | | |
| Audit fee | 179,516 | 627,775 |
| | **179,516** | **627,775** |
| Total payment to auditor | | |

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GMR Airports (Mauritius) Limited
Notes forming part of the financial statements.

14 Related Party Transactions :

A) Name of related parties and description of relationship:

| S.No | Description of relationship | Name of related parties |
|---|---|---|
| I | Ultimate Holding company | GMR Enterprises Private Limited (formerly known as GMR Holding Private Limited) |
| II | Intermediate Holding company | GMR Infrastructure Limited |
| III | Holding company | GMR Airports Limited |
| IV | Fellow subsidiaries | GMR Holding (Mauritius) Limited |

B) Only those items which are included in Balance Sheet are only to be reported

Long term borrowings

(Amount in Rs.)

| Counter Party Group Company | Nature of Transaction | Where it is shown in Financial Statements ( Should be the description of the line item in Sch III financials) | Current / Non-current/Classification | March 31 2017 Amount |
|---|---|---|---|---|
| GMR Airport (Global) limited | Long term loan | Long term borrowings | Non current | 93,657,317 |

Other current assets

| Counter Party Group Company | Nature of Transaction | Where it is shown in Financial Statements ( Should be the description of the line item in Sch III financials) | Current / Non-current/Classification | March 31 2017 Amount |
|---|---|---|---|---|
| GMR Holding (Mauritius) Limited | Sale of Investment | Other current assets | Current | 94,388,888 |

Payables - Trade payables / Interest accrued but not due / Deposits Received

| Counter Party Group Company | Nature of Transaction | Where it is shown in Financial Statements ( Should be the description of the line item in Sch III financials) | Current / Non-current/Classification | March 31 2017 Amount |
|---|---|---|---|---|
| GMR Airport (Global) Limited | Interest on loan | Other long term liabilities | Non current | 880,876 |

Share Capital

| Counter Party Group Company | Nature of Transaction | Where it is shown in Financial Statements ( Should be the description of the line item in Sch III financials) | Current / Non-current/Classification | March 31 2017 Amount |
|---|---|---|---|---|
| GMR Airports Limited | Share capital | Share capital | Shareholders' funds | 9,840,066 |

C) Only those items which are included in statement of profit & loss are only to be reported

Income

(Amount in Rs.)

| Counter Party Group Company | Nature of Transaction | Where it is shown in Financial Statements | March 31 2017 Amount |
|---|---|---|---|
| GMR Holding ( Mauritius ) Limited | Sale of Investment | Other revenue from operations | 90,868,039 |

Expenditure

| Counter Party Group Company | Nature of Transaction | Where it is shown in Financial Statements | March 31 2017 Amount |
|---|---|---|---|
| GMR Airports (Global) Limited | Interest on Loan | Finance Cost | 622,164 |

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**GMR Airports (Mauritius) Limited**
**Notes forming part of the financial statements.**

**15 Foreseeable losses**

The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

There are no micro and small enterprises to which the company owes dues which are outstanding for more than 45 days as at March 31, 2017. This information as required to be disclosed under the Micro Small and Medium Enterprises Development Act 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

**16 Gratuity and other post-employment benefit plans**

There is no employees on the payrolls of company.

**17 Commitments and Contingencies**

I **Operating lease: Company as lessee**
The company has not entered into any

II **Contingent Liabilities**

| Particulars | 31st March, 2017 | 31st March, 2016 |
|---|---|---|
| Contingent Liability | Nil | Nil |

NIL

**A. Claims made against the company not acknowledged as debts**
NIL

**B. Gurantees other than financial guarantee**
None

**B. Guarantees excluding financial**
None

III **Financial guarantees**
None

IV **Capital Commitments & Other Commitments**
None

**18 Segment Information**

The company is engaged primarily in the business of investment. As the basic nature of the activities is governed by the same set of risk and returns these have been grouped as a single business segment. Accordingly separate primary and secondary segment reporting disclosures as envisaged in on Segmental Reporting Ind AS 108 issued by the ICAI are not applicable to the present activities of the company.

**19** Deferred Tax Assets and Deferred Tax Liability have not been recognized in financials as there is no timing difference.

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**GMR Airports (Mauritius) Limited**
**Notes forming part of the financial statements.**

**20. Fair values Measurement**
The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the financial statements is reasonable approximation of fair values.

| Particulars | Carrying value | | | Fair value | | |
|---|---|---|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 01 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 01 April 2015 |
| **Financial assets at Amortised cost** | | | | | | |
| **Non-current assets** | | | | | | |
| **Financial Assets** | | | | | | |
| Investment | - | 6,677,000 | 6,307,198 | - | 6,677,000 | 6,307,198 |
| **Current assets** | | | | | | |
| Investment | - | - | 4,004,310,000 | - | - | 4,004,310,000 |
| Cash and cash equivalents | 37,171,322 | 45,947,186 | 43,583,783 | 37,171,322 | 45,947,186 | 43,583,783 |
| Loans | 133,627 | 44,202 | 4,297,643 | 133,627 | 44,202 | 4,297,643 |
| **Total** | 37,304,949 | 52,668,388 | 4,058,498,624 | 37,304,949 | 52,668,388 | 4,058,498,624 |
| **Financial Liabilities at Amortised cost** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Borrowings | 93,657,317 | - | - | 93,657,317 | - | - |
| Other financial liabilities | 880,876 | - | - | 880,876 | - | - |
| **Current liabilities** | | | | | | |
| Borrowings | - | 66,920,566 | 4,452,036,000 | - | 66,920,566 | 4,452,036,000 |
| Other financial liabilties | 833,120 | 34,946,063 | 89,519,699 | 833,120 | 34,946,063 | 89,519,699 |
| **Total** | 95,371,313 | 101,866,629 | 4,541,555,699 | 95,371,313 | 101,866,629 | 4,541,555,699 |

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**21. Capital management**

The Company's objective for managing capital is to ensure as under:
i) To ensure the company's ability to continue as a going concern
ii) Maintain an optimal capital structure.

For the purpose of capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company.

The management reviews the capital structure on a quarterly basis. As part of this review, the management considers risks associated with the Company that could result in erosion of its total equity.

**22 .Categories of financial instruments**

| Particulars | As at March 31, 2017 | As at March 31, 2016 | As at April 1 2015 |
|---|---|---|---|
| **Financial assets at amortised cost** | | | |
| **Non-current** | | | |
| Investments | - | 6,677,000 | 6,307,198 |
| | - | 6,677,000 | 6,307,198 |
| **Current** | | | |
| Investments | - | - | 4,004,310,000 |
| Cash and cash equivalents | 37,171,322 | 45,947,186 | 43,583,783 |
| Loans | 133,627 | 44,202 | 4,297,643 |
| | 37,304,949 | 45,991,388 | 4,052,191,426 |
| Total | 37,304,949 | 52,668,388 | 4,058,498,624 |
| **Financial liabilities at amortised cost** | | | |
| **Non-current** | | | |
| Borrowings | 93,657,317 | - | - |
| Other financial liabilities | 880,876 | - | - |
| | 94,538,193 | - | - |
| | | | |
| **Current** | | | |
| Borrowings | - | 66,920,566 | 4,452,036,000 |
| Other financial liabilities | 833,120 | 34,946,063 | 89,519,699 |
| | 833,120 | 101,866,629 | 4,541,555,699 |
| Total | 95,371,313 | 101,866,629 | 4,541,555,699 |

**23. Financial risk management**

The Company's principal financial liabilities comprise borrowings and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks under appropriate policies and procedures.

i) 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 receivable/payable.

a) Foreign exchange risk
The Company is exposed to foreign exchange risk through its transactions in foreign currencies. The exchange rate between the rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Company's operations are adversely affected as the rupee appreciates/ depreciates against USD.

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The Company's foreign currency risk from financial instruments are as under :

| Particulars | Currency | As at March 31, 2017 | Currency | As at March 31, 2016 | Currency | As at March 31, 2015 |
|---|---|---|---|---|---|---|
| | USD | | USD | | USD | |
| **Financial assets** | | | | | | |
| **Non-current** | | | | | | |
| Investments | | - | 100,000 | 6,677,000 | 100,019 | 6,307,198 |
| | | - | | 6,677,000 | | 6,307,198 |
| **Current** | | | | | | |
| Investments | | - | | - | 63,500,000 | 4,004,310,000 |
| Cash and cash equivalents | 566,636 | 37,171,322 | 688,141 | 45,947,186 | 691,148 | 43,583,783 |
| Loans | 2,037 | 133,627 | 662 | 44,202 | 68,152 | 4,297,643 |
| | | 37,304,949 | | 45,991,388 | | 4,052,191,426 |
| Total | | 37,304,949 | | 52,668,388 | | 4,058,498,624 |
| **Financial liabilities** | | | | | | |
| **Non-current** | | | | | | |
| Borrowings | 1,427,703 | 93,657,317 | | - | | - |
| Other financial liabilities | 13,428 | 880,876 | | - | | - |
| | | 94,538,193 | | - | | - |
| **Current** | | | | | | |
| Borrowings | | - | 1,002,255 | 66,920,566 | 70,600,000 | 4,452,036,000 |
| Other financial liabilities | 12,700 | 833,120 | 523,380 | 34,946,063 | 1,419,594 | 89,519,699 |
| | | 833,120 | | 101,866,629 | | 4,541,555,699 |
| Total | | 95,371,313 | | 101,866,629 | | 4,541,555,699 |

The above foreign currency exposures are not hedged by a derivative.

ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities. Credit risk is managed by company's established policy, procedures and control relating to customer credit risk management.

iii) Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of different mode of financing. Liquidity risk is managed by company's established policy & procedures made under liquidity risk management framework.
The Company manages liquidity risk by maintaining adequate reserves via equity, by continuously forecast and actual cash flows, and by matching the maturity profile of financial assets and liabilities.

24. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

**For Chatterjee & Chatterjee**
**Chartered Accountants**
**ICAI Firm Registration no: 001109C**

CHATTERJEE & CHATTERJEE CHARTERED ACCOUNTANTS NEW DELHI

**Gaurav Agrawal (Partner)**
**Membership no. 403788**
**Place:** New Delhi
**Date:** 4/5/2017

**For and on behalf of the Board of directors**
**GMR Airport (Mauritius) Limited**

**Name** Devananda Narrayadoo
**Director**
**DIN:**
**Place:** Ebene
**Date:** 04 MAY 2017