

GMR INFRASTRUCTURE (MAURITIUS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

GMR INFRASTRUCTURE (MAURITIUS) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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		Date of appointment	Date of resignation	
DIRECTORS	: Noursath Begum Bhugeloo	18 December 2007	-	
	Venkatesen Saminada Chetty (Alternate to Noursath Begum Bhugeloo)	24 April 2008	06 December 2016	
	Sachinanda Payandee Govinda (Alternate to Noursath Begum Bhugeloo)	07 October 2011	06 December 2016	
	Devananda Naraidoo	20 March 2013	-	
	Venkatesen Saminada Chetty (Alternate to Devananda Naraidoo)	21 June 2013	06 December 2016	
	Sulekera Lingadevaru Ravi	24 July 2013	23 September 2016	
	Rishikesh Batoosam (Alternate to Noursath Begum Bhugeloo)	20 May 2016	-	
	Loulie Jean Marie Nicolas (Alternate to Devananda Naraidoo)	04 August 2014	06 December 2016	
	TUMMALAPALLI, Srinivasa Subrahmanya Veerabhadra			
	Lakshminarayana	23 September 2016	-	
	Rishikesh Batoosam (Alternate to Devananda Naraidoo)	06 December 2016	-	
	ADMINISTRATOR AND SECRETARY	: Abax Corporate Services Ltd 6th Floor, Tower A 1 CyberCity Ebène REPUBLIC OF MAURITIUS		
	REGISTERED OFFICE	: Abax Corporate Services Ltd 6th Floor, Tower A 1 CyberCity Ebène REPUBLIC OF MAURITIUS		
AUDITOR	: RSM Mauritius Chartered Accountants 109, Moka Business Centre Mount Ory Road, Bon Air Moka REPUBLIC OF MAURITIUS			

The directors present their commentary and the audited financial statements of GMR Infrastructure (Mauritius) Limited ("the Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding and provision of advisory, support and technical services relating to projects of the GMR Group and trading of commodities such as coal and steel in the international market at a mark-up.

RESULTS AND DIVIDENDS

The Company's profit for the year ended 31 March 2017 is **USD 1,885,281** (2016: Loss of USD 7,133,320).

The directors do not recommend the payment of dividends for the year under review (2016: USD Nil)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards, as modified by the exemption provided by the Mauritius Companies Act 2001, have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, RSM Mauritius, have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

By Order of the Board

RISHAL TANEE
FOR
ABAX CORPORATE SERVICES LTD



SECRETARY

17 MAY 2017

**SECRETARY'S CERTIFICATE
GMR INFRASTRUCTURE (MAURITIUS) LIMITED**

UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

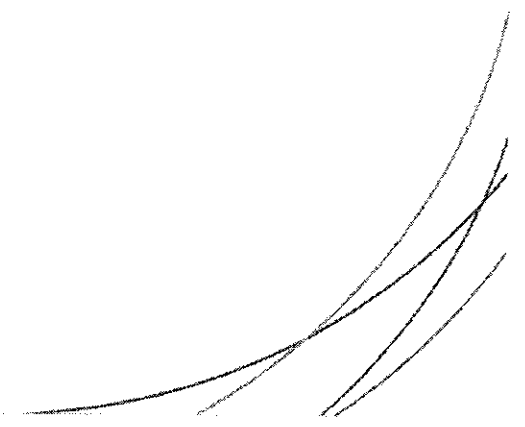
We confirm, as secretary of the Company, that based on records and information made available to us by the Directors and sole Shareholder of the Company, the Company has filed with the Registrar of Companies, for the year ended 31 March 2017, all such returns as are required of the Company under the Mauritian Companies Act 2001.

RISHAL TANEE
FOR
ABAX CORPORATE SERVICES LTD



ABAX CORPORATE SERVICES LTD
COMPANY SECRETARY

17 MAY 2017





RSM

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Independent Auditor's Report To the Shareholder of GMR Infrastructure (Mauritius) Limited

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This report is made solely to the shareholder of GMR Infrastructure (Mauritius) Limited (the "Company"), in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder for our audit work, for this report, or for the opinion we have formed.

Opinion

We have audited the financial statements of GMR Infrastructure (Mauritius) Limited set out on pages 8 to 35, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of GMR Infrastructure (Mauritius) Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius. We have fulfilled our other ethical responsibilities in accordance with these requirements and to the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 in the financial statements, which describes the basis of accounting. The statutory financial statements have been prepared in accordance with the requirements of the Mauritius Companies Act 2001 (the "Act") and applicable to a company holding a Category 1 Global Business Licence. The applicable financial reporting framework is IFRS and the Company has made use of the exemption as available under the fourteenth schedule of the Act not to present consolidated financial statements. The financial statements are for the Company only and does not include the results of the subsidiaries.

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Emphasis of matter (continued)

The Company, therefore, prepares and presents consolidated financial statements covering the Company and its subsidiaries in a separate document and as such, no opinion is being expressed on such consolidated financial statements in this report.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Mauritius Companies Act 2001. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Else, we have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Independent Auditor's Report
To the Shareholder of GMR Infrastructure (Mauritius) Ltd

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

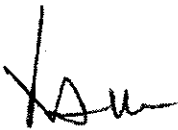
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The Mauritius Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- We have no relationship with, or interests in, the Company, other than in our capacity as auditor;
- We have obtained all information and explanations we have required; and
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



RSM
Chartered Accountants
Moka, Mauritius



Ravi Kowlessur, FCCA
Licensed by FRC

Date: 17 May 2017

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GMR INFRASTRUCTURE (MAURITIUS) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

8.

	Note	2017 USD	2016 USD
REVENUE			
Business support income	3	1,200,000	1,199,962
Dividend income		-	100,000
Revenue from sale of coal	4	-	3,459,827
		<u>1,200,000</u>	<u>4,759,789</u>
COST OF SALES			
Purchase of coal	6	-	2,943,159
Transport and Freight cost		-	448,122
		<u>-</u>	<u>3,391,281</u>
GROSS PROFIT		1,200,000	1,368,508
OTHER OPERATING INCOME			
Exchange gain (net)		155	284,741
Gain on fair valuation of financial assets at fair value through profit or loss	10	668,420	707,547
Other income		30,240	-
Gain on disposal of financial assets at fair value through profit or loss		2,837	-
		<u>701,652</u>	<u>992,288</u>
EXPENSES			
Other professional fees			(143,404)
Secretarial and administration fees		(55,450)	(57,450)
Audit fees		(6,098)	(7,015)
Accountancy fees		(14,500)	(13,700)
Directors' fees		(4,000)	(4,000)
Licence and registration fees		(2,063)	(2,050)
Tax fees		(1,500)	(1,500)
Rental expense		(5,766)	(5,641)
Travelling and accommodation expense		-	(200)
Business support fees	5	(979,007)	(1,018,493)
Custody fees		(67,768)	(75,193)
Impairment loss		-	(9,001,185)
Total expenses		(1,136,152)	(10,329,831)
OPERATING PROFIT/(LOSS)		765,500	(7,969,035)
Finance income	7	6,532,153	6,691,316
Finance cost	8	(5,412,372)	(5,855,601)
PROFIT/(LOSS) BEFORE INCOME TAX		1,885,281	(7,133,320)
Income tax expense	18	-	-
PROFIT/(LOSS) FOR THE YEAR		1,885,281	(7,133,320)
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,885,281	(7,133,320)

The notes on pages 12 to 35 form an integral part of these financial statements.

GMR INFRASTRUCTURE (MAURITIUS) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

9.

	Notes	2017 USD	2016 USD
ASSETS			
Non-current assets			
Investments in subsidiaries	9	82,001,933	82,001,933
Financial assets at fair value through profit or loss	10	31,303,804	30,707,547
Loans to related parties	19(a)	14,208,254	-
Other non-current financial assets	11	1,265	1,265
Total non-current assets		127,515,256	112,710,745
Current assets			
Deposit on shares	12	215,671,971	168,341,856
Amount due from affiliates	19(c), (e)	1,562,936	1,602,419
Loans to related parties	19(a)	58,965,443	79,565,051
Other current assets	13	44,656	131,016,372
Cash and cash equivalents	14	17,838,817	4,158,474
Total current assets		294,083,823	384,684,172
Total assets		421,599,079	497,394,917
EQUITY AND LIABILITIES			
Stated capital	15	320,550,001	320,550,001
Accumulated losses		(31,456,702)	(33,341,983))
Total equity		289,093,299	287,208,018
Non-current liabilities			
Loans payable	16	61,375,730	-
Current liabilities			
Loans payable	16	70,893,062	208,475,313
Accounts payable	17	236,988	1,711,586
Total current liabilities		71,130,050	210,186,899
Total liabilities		132,505,780	210,186,899
Total equity and liabilities		421,599,079	497,394,917

Authorised for issue by the Board of directors on 17 MAY 2017
and signed on its behalf by



Director



Director

The notes on pages 12 to 35 form an integral part of these financial statements.

GMR INFRASTRUCTURE (MAURITIUS) LIMITED
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2017

	Stated capital USD	Accumulated losses USD	Total equity USD
At 31 March 2015	320,550,001	(26,208,663)	294,341,338
Loss for the year	-	(7,133,320)	(7,133,320)
At 31 March 2016	320,550,001	(33,341,983)	287,208,018
Profit for the year	-	1,885,281	1,885,281
At 31 March 2017	320,550,001	(31,456,702)	289,093,299

The notes on pages 12 to 35 form an integral part of these financial statements.

GMR INFRASTRUCTURE (MAURITIUS) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

11.

	2017 USD	2016 USD
<i>Cash flows from operating activities</i>		
Profit/ (loss) before income tax	1,885,281	(7,133,320)
<i>Adjustment for:</i>		
Unrealised foreign exchange gain		531,262
Finance income	(6,532,153)	(6,691,316)
Finance cost	5,403,295	5,847,620
Gain on fair valuation of financial assets at fair value through profit or loss	(668,420)	(707,547)
Gain on disposal of financial assets at fair value through profit or loss	(2,837)	-
Impairment loss	-	9,001,185
Operating profit from operations before working capital changes	85,166	847,884
Decrease/(increase) in amounts due from affiliates	745,227	(1,225,190)
Decrease in other current assets	129,534,807	13,157,341
Increase in accounts payable	400,830	893,555
Net cash generated from operating activities	130,766,030	13,673,590
<i>Cash flows from investing activities</i>		
Acquisition of investment in subsidiaries	-	(275,000)
Disposal proceeds from sale of financial assets at fair value through profit or loss	75,000	-
Interest received	7,023,140	3,175,445
Amount due from affiliates received	31,803	-
(Increase)/decrease in deposit on shares	(47,330,116)	34,264,816
Interest received on loans to related parties	2,761,535	-
Loans repaid/(advanced) to related parties	3,838,192	(49,808,194)
Decrease/(increase) in amount due from parent	-	1,597,500
Net cash used in investing activities	(33,600,446)	(11,045,433)
<i>Cash flows from financing activities</i>		
Proceeds from borrowings	88,170,000	32,200,000
Repayment of borrowings	(164,933,243)	(23,474,104)
Interest and finance charges paid	(4,846,571)	(6,131,745)
Decrease in derivative financial liability	-	(2,004,243)
Repayment of other liabilities	(877,927)	-
Amount due to parent repaid	(997,500)	-
Net cash flow from financing activities	(83,485,241)	589,908
Net increase in cash and cash equivalents	13,680,343	3,218,065
Cash and cash equivalents at beginning of the year	4,158,474	940,409
Cash and cash equivalents at end of the year	17,838,817	4,158,474

The notes on pages 12 to 35 form an integral part of these financial statements.

1. GENERAL INFORMATION

GMR Infrastructure (Mauritius) Limited (the "Company") is a private limited company incorporated on 18 December 2007, holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by Financial Services Commission. The Company's registered office is C/o Abax Corporate Services Ltd, 6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius.

The principal activity of the Company is investment holding and provision of advisory, support and technical services relating to projects of the GMR Group and trading of commodities such as coal and steel in the international market at a mark-up.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

Basis of presentation

The financial statements have been prepared in accordance with and in compliance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. The Company has claimed exemption from preparing group financial statements as per the fourteenth schedule, paragraph 12 of the Mauritius Companies Act 2001 when it is the subsidiary of any Company. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS and Mauritius Companies Act 2001 requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described below:

Significant accounting judgements, estimates and assumptions

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described above, the directors have considered those factors therein and have determined that the functional currency of the company is the USD.

Changes in accounting policy and disclosures

(i) New and amended standards and interpretations adopted by the Company

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 April 2016.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment relevant to the Company are described below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures (Continued)

(i) *New and amended standards and interpretations adopted by the Company (continued)*

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1 - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated - where this is relevant to an understanding of the entity's financial position or performance.
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

These amendments affect presentation only and do not have any impact on the financial position or performance of the Company.

(ii) *New and amended standards and interpretations in issue but on yet adopted by the Company.*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 9 - Financial Instruments (effective for accounting periods beginning on or after 01 January 2018)

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Company plans to adopt the new standard on the required effective date. Early adoption is permitted.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. The Company plans to adopt the new standard on the required effective date. Early adoption is permitted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures (Continued)

(ii) *New and amended standards and interpretations adopted by the Company (continued)*

IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after 01 January 2018) (Continued)

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 01 January 2018)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company plans to adopt the new standard on the required effective date using the full retrospective method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policy and disclosures (Continued)

(ii) *New and amended standards and interpretations in issue but on yet adopted by the Company (Continued)*

IAS 7 Disclosure Initiative - Amendments to IAS 7 (effective for accounting periods beginning on or after 01 January 2017)

The amendments to IAS 7, 'Statement of Cash Flows', are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. The amendments are intended to provide information to help investors better understand changes in a company's debt.

IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealised Losses (effective for accounting periods beginning on or after 01 January 2017)

Narrow-scope amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

IFRIC 22 Foreign Currency Transactions and Advance Consideration effective for accounting periods beginning on or after 01 January 2018)

This interpretation addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency.

The directors anticipate that these IFRSs will be applied on their effective dates in the future periods. The directors have not yet assessed the potential impact of the adoption of these amendments.

Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in USD, which is the Company's functional and presentation currency. The USD is the currency that most faithfully reflects the underlying transactions, events and conditions that are relevant to the Company.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current and deferred income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of prior years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Investment in subsidiaries

A subsidiary is an entity (including special purpose entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of profit or loss and other comprehensive income. On disposal of the investments, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Consolidated financial statements

The Company has taken advantage of the exemption provided by the Mauritius Companies Act 2001 allowing a wholly owned or virtually owned subsidiary of any company and holding a Category 1 Global Business Licence not to present consolidated financial statements which contain financial information of the Company as an individual company and do not contain consolidated financial information as the parent of the group. The financial statements are for the Company only and do not consolidate the results of its subsidiary. The Company is a wholly owned subsidiary of GMR Infrastructure Limited, a company listed on the Stock Exchange of India who prepares consolidated financial statements in accordance with Indian GAAP. These consolidated financial statements are obtainable at No.25/1, Skip House, Museum Road, Bangalore - 560 025.

Financial instruments

Financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial instruments carried on the statement of financial position include financial assets at fair value through profit or loss, other non-current financial assets, amount due from affiliates, loans to related parties, other current assets (excluding prepayments), amount due from parent, cash and cash equivalents, loans payable, derivative financial liabilities, and accruals. The particular recognition methods adopted are disclosed below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables comprise of other non-current financial assets, amount due from affiliates, loans to related parties, amount due from parent, cash and cash equivalents and other current assets (excluding prepayments).

Other non-current financial assets, amount due from affiliates, loans to related parties, amount due to parent and other current assets

Other non-current financial assets, amount due from affiliates, loans to related parties, amount due from parent and other current assets are amounts due from related parties and third parties for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Other non-current financial asset, amount due from affiliates, loans to related parties, amount due from parent and other current assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Loans payable

Loans payable are recognised initially at fair value, net of transaction costs incurred. Loans payable are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the loans payable using the effective interest method. Loans payable are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Accruals

Accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from related parties and service providers. Accruals are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Stated capital

Ordinary shares are classified as equity.

Revenue recognition

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below:

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised using the effective interest method.

Business support income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Provisions

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. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. BUSINESS SUPPORT INCOME

Pursuant to the Agreement ("Agreement") dated 04 June 2013 entered into between the Company and GMR Airport (Global) Limited ("GMR Global"), GMR Global has requested the Company to liaise with the lenders to seek relaxation of certain conditions relating to the debt. In consideration of the services to be provided, GMR Global shall pay the Company a fee of USD 1,414,545 within 7 days from the effective date of the Agreement and a fee not exceeding USD 300,000 per quarter as from March 2013 (Note 16(c)). If the said fee exceed USD 300,000 per quarter, the fees is then mutually agreed between GMR Global and the Company.

During the year under review, business support income of USD 1,200,000 (2016: USD 1,199,962) has been recognized.

4. REVENUE FROM SALE OF COAL

Pursuant to the Agreements ("Agreement") dated 04 September 2015 and 04 November 2015 entered into between the Company and Asia Pacific Intertrading Pte Limited ("Asia Pacific"), the Company has sold Indonesian steam coal to Asia Pacific for a consideration of USD Nil (2016: USD 3,459,827).

5. BUSINESS SUPPORT FEE

The Company had availed a term loan facility from Axis Bank Limited ("the bank") for USD 144 Million. Pursuant to the Business Support Services Agreement ("Agreement") dated 24 December 2012, the Company has requested GMR Infrastructure Limited ("GIL") to liaise with the bank to negotiate the terms and negotiations of the loan facility. In consideration of the services to be provided, the Company shall pay GIL a fee of USD 1,000,000 within 5 days from the effective days from the Agreement and a service of USD 200,000 per quarter as from March 2013 (Note 16(d)). The Company shall also reimburse GIL for all out of pocket expenses reasonably incurred in the performance of the said services. Any additional services requested by the Company from GIL shall be at such fee as mutually agreed between GIL and the Company.

During the year under review, a business support fees of USD 979,007 (2016: USD 1,018,493) has been charged by GIL to the Company.

6. PURCHASE OF COAL

Pursuant to the Agreements ("Agreement") dated 18 December 2015 entered into between the Company and Trafigura Pte.Ltd ("Trafigura") and Energy Earth Public Co Ltd ("Earth Public"), the Company has purchased Indonesian steam coal from Trafigura and Energy Public for a total consideration of USD Nil (2016: USD 2,943,159).

7. FINANCE INCOME

	2017 USD	2016 USD
Interest income on fixed deposit	2,062,175	3,175,447
Interest receivable on loan receivable (Note 19(a)(i),(ii),(iv),(v))	4,469,978	3,515,869
	<u>6,532,153</u>	<u>6,691,316</u>

8. FINANCE COST

	2017 USD	2016 USD
Interest on loan payable (Note 16(a),19(b)(i),(ii),(iii),(v))	5,141,295	5,481,620
Upfront fee	262,000	366,000
Bank Charges	9,077	8,136
	<u>5,412,372</u>	<u>5,855,756</u>

9. INVESTMENTS IN SUBSIDIARIES

	2017 USD	2016 USD
<i>Unquoted investments at cost:</i>		
At beginning of the year	82,001,993	90,728,118
Acquired during the year	-	275,000
Impairment during the year	-	(9,001,185)
	<u>82,001,993</u>	<u>82,001,933</u>

**GMR INFRASTRUCTURE (MAURITIUS) LIMITED
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9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company held investments in the following companies:

Name of subsidiaries	% Holding	Country of incorporation	Class of shares	Nature of business	2017 USD	2016 USD
GMR Infrastructure (Cyprus) Limited	100% (2016: 100%)	Cyprus	Ordinary	Investment holding	10,622,231	10,622,231
GMR Infrastructure (UK) Limited	100% (2016: 100%)	United Kingdom	Ordinary	Investment holding	-	-
GMR Infrastructure Overseas Limited	100% (2016: 100%)	Malta	Ordinary	Investment holding	4,702	4,702
GMR Infrastructure (Singapore) Pte. Limited	99.99% (2016: 99.99%)	Republic of Singapore	Ordinary	Investment holding	48,000,000	48,000,000
GMR Male International Airport Private Limited	77% (2016: 77%)	Republic of Maldives	Ordinary	Investment holding	23,100,000	23,100,000
Indo Tausch Trading DMCC	100% (2016: Nil)	United Arab Emirates	Ordinary	Trading of commodities	275,000	275,000
At end of the year					82,001,933	82,001,933

An impairment review carried out at 31 March 2016 revealed that the investment in GMR Infrastructure (UK) Limited has been fully impaired due to capital deficit and sustained losses in the investee's financial statements as at that date. The directors have assessed that the recoverable amounts of all the other investments approximate their carrying values at the reporting date.

"GMR Infrastructure Limited ("GIL") along with its sole consortium partner Malaysia Airports Holdings Berhad was awarded the concession for the development and operation of airport in Maldives ("GMR Group contract"). Later Government of Maldives had declared the Concession Agreement as Void ab initio and took over the airport operation. Subsequently the matter was referred to arbitration panel where Arbitration Tribunal has awarded its final award on 25th Oct 2016 favouring GMIAL on various parameters and final quantum of award has been worked out to USD 271.59mn and Government of Maldives and MACL has settled the full award amount of USD 272mn."

GMR INFRASTRUCTURE (MAURITIUS) LIMITED
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10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 USD	2016 USD
At start of the year	30,707,547	30,000,000
Fair value adjustment at end of the year	668,420	707,547
Disposed during the year	(72,163)	-
	-----	-----
At end of the year	31,303,804	30,707,547
	=====	=====

Name of funds	Fair value	
	2017 USD	2016 USD
Capital Emerging Markets Bond Fund	9,997,500	9,997,500
Ilyya Multi-Sector Strategy Fund	10,666,127	10,338,560
Star Emerging Asia Fixed Income Fund	10,640,177	10,371,487
	-----	-----
	31,303,804	30,707,547
	=====	=====

The valuation of the above funds has been estimated based on the portfolio valuation statement as at 31 March 2017 as provided by Mirabaud (Middle East) Limited. The directors have relied on the statement to estimate the value of the above investments and are of opinion that the reported balance at 31 March 2017 of USD 31,303,804 (2016: USD 30,707,547) fairly reflects the market value of these investments.

11. OTHER NON-CURRENT FINANCIAL ASSETS

	2017 USD	2016 USD
At start and end of the year	1,265	1,265
	=====	=====

The Company entered into rental agreement with L&P Financial Services Limited, whereby L&P Financial Services Limited has accepted to rent premises to the Company. The rental is for a period of three years commencing on 01 December 2011 till the termination date that is 30 November 2014. The rental agreement has been renewed for another three years, that is, up to 30 November 2017. The Company shall deposit three months of monthly rental fees amounting to USD 1,265. L&P Financial Services Limited shall use this deposit for non-payment of rent or electricity bills and damage caused by negligence or alterations on termination of the agreement. The deposit shall be retained by L&P Financials Limited until the expiry of this agreement and the vacating of the premises by the Company and the complete discharge of all obligations by the Company. The deposit will be returned to the Company with no further delay if it has not been utilised.

12. DEPOSIT ON SHARES

	2017 USD	2016 USD
Advance against equity to be allotted, to the Company, by		
GMR Infrastructure (UK) Limited	17,254,797	16,740,681
GMR Infrastructure (Cyprus) Limited	3,720,956	27,720,956
GMR Infrastructure (Singapore) Pte. Limited	108,030,218	123,820,219
GMR Infrastructure Overseas Limited (Malta)	66,000	60,000
GMR Infrastructure (Overseas) Limited	86,600,000	-
	-----	-----
	215,671,971	168,341,856
	=====	=====

GMR INFRASTRUCTURE (MAURITIUS) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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13. OTHER CURRENT ASSETS

	2017 USD	2016 USD
Prepayments	2,575	662,045
Interest receivable on fixed deposit held at bank	81	768,665
Fixed deposit held at bank	-	129,534,807
Loan to third party	42,000	42,000
Other receivable	-	8,855
	<u>44,656</u>	<u>131,016,372</u>

The loan to third party is unsecured, interest free and shall be repayable on 22 October 2016.

14. CASH AND CASH EQUIVALENTS

	2017 USD	2016 USD
<i>Cash at bank</i>		
Current accounts	13,588,832	4,158,474
Deposit accounts	250,000	-
Cash in transit	3,999,985	-
	<u>17,838,817</u>	<u>4,158,474</u>

Funds placed on fixed deposits are unsecured, bears interest at 0.65% and is receivable on 30th June 2017.

15. STATED CAPITAL

	Number of shares		2017	2016
	2017	2016	USD	USD
<i>Issued and fully paid up</i>				
At beginning and end of the year	<u>320,550,001</u>	<u>320,550,001</u>	<u>320,550,001</u>	<u>320,550,001</u>

The par value of each ordinary share is USD 1.

The holder of an ordinary share in the Company shall confer on the holder:

- (a) the right to one vote on a poll at a meeting of the Company on any resolution;
- (b) the right to an equal share in dividends authorised by the Board;
- (c) the right to an equal share in the distribution of the surplus assets of the Company.

16. LOANS PAYABLE

	2017 USD	2016 USD
Loan from banks	-	144,104,268
Loan from affiliates	33,536,055	35,253,188
Loan from subsidiary	61,515,498	504,213
Loan from parent	37,217,239	28,613,644
	<u>132,268,792</u>	<u>208,475,313</u>

16. LOANS PAYABLE (CONTINUED)

	2017 USD	2016 USD
Non-current		
Loan from affiliate	33,536,055	-
Loan from parent	27,839,675	-
	61,375,730	-
Current		
Loan from banks	-	144,104,268
Loan from affiliates	-	35,253,188
Loan from subsidiary	61,515,498	504,213
Loan from parent	9,377,564	28,613,644
	70,893,062	208,475,313
Total loans payable	132,268,792	208,475,313

(a) Loan from banks

	2017 USD	2016 USD
<i>(i) ICICI Bahrain</i>		
At beginning of the year	-	24,065,286
Interest expense (Note 8)	-	1,214,171
Interest paid	-	(2,326,681)
Principal repaid	-	(23,474,104)
Exchange difference	-	521,328
	-	-
At end of the year	-	-

The Company has been granted a GBP denominated loan amounting to USD 76,500,000 (equivalent to GBP 46,431,173) from ICICI Bahrain where the investment in GMR Infrastructure (Singapore) Pte Limited, a subsidiary, has been pledged as security to the bank. The parent has offered a corporate guarantee of USD (2015: USD 90,000,000) to the bank as a part of the terms of sanction of loan to the Company. The loan bears interest at 12 months GBP LIBOR plus 6.45% margin per annum and has been repaid during the year ended 31 March 2016.

	2017 USD	2016 USD
<i>(ii) Axis Bank Limited</i>		
At start of the year	144,104,268	144,053,605
Interest expense (Note 8)	2,770,125	3,479,794
Interest paid	(2,874,393)	(3,429,131)
Principal repaid	(144,000,000)	-
	-	144,104,268
At end of the year	-	144,104,268

The company has been granted a USD denominated loan amounting to USD 144,000,000 from Axis Bank Limited towards funding of its subsidiaries. The parent has offered a standby letter of credit to Axis bank amounting to USD 145,000,000 as security. The loan bears interest at 3 months LIBOR plus 200 basis points per annum and has been repaid during the year under review.

GMR INFRASTRUCTURE (MAURITIUS) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
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16. LOANS PAYABLE (CONTINUED)

	2017 USD	2016 USD
<u>(b) Loan from affiliates</u>		
At end of the year (Notes 19(b) (iv),(v))	33,536,055	35,253,188
	=====	=====
	2017 USD	2016 USD
<u>(c) Loan from subsidiary</u>		
At end of the year (Notes 19(b) (ii)(iii))	61,515,498	504,213
	=====	=====
	2017 USD	2016 USD
<u>(d) Loan from parent</u>		
At end of the year (Notes 19(b) (i))	37,217,239	28,613,644
	=====	=====

17. ACCOUNTS PAYABLE

	2017 USD	2016 USD
Amount due from parent (Note 19(d))	200,000	797,500
Other liabilities	-	877,927
Accruals	36,988	36,159
	-----	-----
At end of the year	236,988	1,711,586
	=====	=====

Other liabilities refer to the last settlement due on purchase of coal from Trafigura, which is unsecured, interest free and has been repaid during the year under review.

18. INCOME TAX

The Company is subject to income tax in Mauritius on its net income at 15% (2016: 15%). However, the Company is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% (2016: 80%) of the Mauritius tax on its foreign source income, thereby giving an effective tax rate of 3% (2016: 3%). Gains or profits from the sale of units of securities by a company holding a Category 1 Global Business License under the Financial Services Act 2007 are exempt in Mauritius.

The foregoing is based on current interpretation and practice and is subject to any future changes in the Mauritian tax laws. At 31 March 2017, the Company had accumulated tax losses of USD 16,364,014 (2016: USD 25,537,672).

18. INCOME TAX (CONTINUED)

The tax losses are available for set off against taxable profits of the Company as follows:

Up to the year ending:

	2017 USD	2016 USD
31 December 2020	2,778,737	2,778,737
31 December 2019	4,901,717	4,901,717
31 December 2018	8,683,560	8,683,560
31 December 2017	-	10,898,780
31 December 2016	-	-
Utilised tax losses	-	(1,725,122)
	<u>16,364,014</u>	<u>25,537,672</u>

A reconciliation between the accounting profit/(loss) and the actual income tax expense is presented below:

	2017 USD	2016 USD
Profit/(loss) before taxation	1,885,281	(7,133,320)
Applicable income tax at tax rate of 15%	282,792	(1,069,998)
Impact of:		
Exempt income	(100,688)	(11)
Income not subject to tax	(4,536)	(184,499)
Expenses not deductible for tax purposes	10,165	1,513,276
Utilised tax losses	(187,733)	(258,768)
Income tax charge	-	-
Deferred income tax		

A deferred income tax asset of USD 401,625 (2016: USD 766,130) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

19. RELATED PARTY TRANSACTIONS

During the year under review, the Company entered into the following transaction with related parties. The nature, volume of the transactions and the balances are as follows:

<u>(a) Loans receivable</u>	2017 USD	2016 USD
(i) GMR Coal Resources Pte. Limited – Affiliate		
At beginning of the year	15,005,650	12,870,988
Interest receivable during the year (Note 7)	130,516	134,662
(Repaid)/ Addition during the year	(2,000,000)	2,000,000
At end of the year	<u>13,136,166</u>	<u>15,005,650</u>

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Loans receivable (Continued)

Details of the above loans are given below:

- (i) Loan amounting to USD 8,162,444 (2016: USD 8,081,333) which carries interest at the rate of 1% per annum. The loan is unsecured and shall be repaid on 31 March 2019.
- (ii) Loan amounting to USD 4,962,363 (2016: USD 4,916,738) which carries interest at 1% per annum. The loan is unsecured and is repayable on 30 July 2017.
- (iii) Loan amounting to USD 11,359 (2016: USD 2,007,579) which carries interest at Libor+0.25% per annum. The loan is unsecured and is repayable on 21 December 2017.

	2017 USD	2016 USD
<i>(ii) GMR Infrastructure (Overseas) Limited - Affiliate</i>		
At beginning of the year	600,000	600,000
Addition during the year	26,545,000	-
Repaid during the year	(21,675,000)	-
Interest receivable during the year (Note 7)	575,810	-
	<u>6,045,810</u>	<u>600,000</u>

The loan receivable from GMR Infrastructure (Overseas) Limited is unsecured, interest rate at 6% per annum and is repayable on 31 March 2019.

	2017 USD	2016 USD
<i>(iii) GMR Energy (Mauritius) Limited - Affiliate</i>		
At start of the year	27,630,000	12,770,000
Addition during the year	-	14,860,000
Repaid during the year	(154,000)	-
Assigned during the year	(27,476,000)	-
	<u>-</u>	<u>27,630,000</u>

During the year under review, the loan receivable from GMR Energy (Mauritius) Limited was assigned to GMR Energy Project (Mauritius) Limited.

	2017 USD	2016 USD
<i>(iv) GMR Energy Project (Mauritius) Limited - Affiliate</i>		
At start of the year	-	-
Addition during the year	27,476,000	-
	<u>27,476,000</u>	<u>-</u>

The loan receivable from affiliate is unsecured, interest free and is repayable on 31 March 2018.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Loans receivable (Continued)

<i>(v) GMR Male International Airport Private Limited - Affiliate</i>	2017 USD	2016 USD
At start of the year	36,329,401	
Advanced during the year	10,853,066	32,948,194
Interest receivable during the year (Note 7)	3,641,931	3,381,207
Interest repaid during the year	(7,023,140)	-
Repaid during the year	(43,801,258)	-
	-----	-----
At end of year	-	36,329,401
	=====	=====

The loan receivable from affiliate is unsecured and bears interest at 14% per annum and has been repaid during the year under review.

(vi) GMR Energy Netherlands B.V - Affiliate

Advanced during the year	26,394,000	-
Interest receivable during the year (Note 7)	121,721	-
	-----	-----
At end of year	26,515,721	-
	=====	=====

The loan receivable from affiliate is unsecured and bears interest at 1% per annum and is repayable on 31 December 2017.

	2017 USD	2016 USD
<u>(b) Loans payable</u>		
<i>(i) GMR Infrastructure Limited - Parent</i>		
At start of the year	28,613,644	-
Advanced during the year	27,170,000	28,000,000
Interest payable during the year (Note 8)	2,189,338	613,644
Interest paid during the year	(502,500)	-
Repaid during the year	(20,253,243)	-
	-----	-----
At end of the year (Note 16)	37,217,239	28,613,644
	=====	=====

Details of the above loans are given below:

- (iv) Loan amounting to USD 9,377,564 (2016: USD 28,613,644) which carries interest at the rate of 6% per annum. The loan is unsecured and shall be repaid on 05 November 2017.
- (v) Loan amounting to USD 25,839,018 (2016: USD Nil) which carries interest at 6% per annum. The loan is unsecured and is repayable on 18 October 2019.
- (vi) Loan amounting to USD 2,000,658 (2016: USD Nil) which carries interest at 6% per annum. The loan is unsecured and is repayable on 30 March 2020.

19. RELATED PARTY TRANSACTIONS (Continued)

(b) Loans payable (Continued)

	2017 USD	2016 USD
<i>(ii) GMR Infrastructure (Singapore) Pte Ltd - Subsidiary</i>		
At start of the year	504,213	-
Advanced during the year	-	500,000
Interest payable during the year (Note 8)	11,285	4,213
	<u>515,498</u>	<u>504,213</u>
At end of the year (Note 16)	<u>515,498</u>	<u>504,213</u>

The loan payable to GMR Infrastructure (Singapore) Pte Ltd is unsecured, and bears interest at 12 months USD LIBOR plus 1% per annum and is repayable on 31 August 2017.

	2017 USD	2016 USD
<i>(iii) GMR Male International Airport Private Limited- Subsidiary</i>		
Interest expense during the year (Note 8)	-	-
Advanced during the year	61,000,000	-
	<u>61,000,000</u>	<u>-</u>
At end of the year (Note 16)	<u>61,000,000</u>	<u>-</u>

The loan payable to GMR Male International Airport Private Limited is unsecured, interest free and repayable on 14th December 2017.

	2017 USD	2016 USD
<i>(iv) GMR Airport (Global) Limited - Affiliates</i>		
At start of the year	1,207,680	-
Advance during the year	-	1,200,000
Interest expense during the year (Note 8)	-	7,680
Set off during the year	(1,207,680)	-
	<u>-</u>	<u>-</u>
At end of the year (Note 16)	<u>-</u>	<u>1,207,680</u>

The loan payable is unsecured, carries interest at the rate of 1.2% per annum and has been set off during the year under review.

	2017 USD	2016 USD
<i>(v) GADL (International) Limited - Affiliate</i>		
At beginning of the year	34,045,508	31,383,390
Addition during the year:		
Principal	-	2,500,000
Interest expense during the year (Note 8)	170,547	162,118
Repaid during the year	(680,000)	-
	<u>33,536,055</u>	<u>34,045,508</u>
At end of the year (Note 16)	<u>33,536,055</u>	<u>34,045,508</u>

The loan payable is unsecured, carries interest at the rate of 0.5% per annum and shall be repaid on 31 March 2019.

19. RELATED PARTY TRANSACTIONS (Continued)

	2017 USD	2016 USD
<i><u>(c) Amount due from affiliates - GMR Airport Global Limited</u></i>		
At beginning of the year	1,570,616	370,654
Expenses incurred during the year	1,200,000	1,200,000
Set off during the year	(1,207,680)	-
Reversed during the year	-	(38)
	<u>1,562,936</u>	<u>1,570,616</u>

The amount due from affiliates is towards business support services rendered and shall be paid within 30 days after the receipt of invoice from parent.

	2017 USD	2016 USD
<i><u>(d) Amount due to/(from) parent - GMR Infrastructure Limited</u></i>		
At start of the year	797,500	(800,000)
Expenses incurred during the year	400,000	1,597,500
Repaid during the year	(997,500)	-
	<u>200,000</u>	<u>797,500</u>

The amount due (from)/to parent is towards business support services received and has been repaid during the year under review.

	2017 USD	2016 USD
<i><u>(e) Amount due from affiliates - GMR Infrastructure (Overseas) Limited</u></i>		
At start of the year	31,803	6,575
Expenses paid on behalf of the company	-	25,228
Repaid during the year	(31,803)	-
	<u>-</u>	<u>31,803</u>

The amount due to affiliate is unsecured, interest free and repayable on demand

	2017 USD	2016 USD
<i><u>(f) Key management services</u></i>		
Expenses including directors' fees incurred by the Company	81,216	41,310
	<u>81,216</u>	<u>41,310</u>
Outstanding balance	30,921	6,020
	<u>30,921</u>	<u>6,020</u>

The compensation to key management personnel is provided on commercial terms and conditions.

20. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the said risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate measures and controls and to monitor risks and adherence to limits. Risks management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

The Company's exposure to the various types of risks associated to its activity and financial instruments is detailed below:

(a) *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Currency risk*

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company has assets and liabilities denominated in Great Britain Pound Sterling ("GBP") and EURO ("EUR"). Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to GBP and EUR may change in a manner, which has a material effect on the reported value of the Company's assets and liabilities which are denominated in GBP and EUR.

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	2017		2016	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Financial assets				
GBP	1,165	-	54,608	-
EURO	-	-	592	-
USD	123,921,435	132,505,780	246,333,883	210,186,899
	-----	-----	-----	-----
	123,922,600	132,505,780	246,389,083	210,186,899
	=====	=====	=====	=====

Investment in subsidiaries amounting to USD 82,001,933 (2016: USD 82,001,933), deposit on shares amounting to USD 215,671,971 (2016: USD 168,341,856) and prepayments amounting to USD 2,575 (2016: USD 662,045), have been excluded in the above table.

20. FINANCIAL RISK MANAGEMENT (Continued)

(n) Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Company's post-tax profit and equity in response to reasonable possible changes in the foreign exchange rates to which the Company has significant exposure at the reporting date, with all other variables held constant.

	Increase/(decrease) in Foreign exchange rates	Effect on post tax profit (loss)/ gain		Effect on equity (loss)/ gain	
		2017	2016	2017	2016
		USD	USD	USD	USD
Depreciation of GBP	+5%	58	2,730	58	2,730
Appreciation of GBP	-5%	(58)	(2,730)	(58)	(2,730)
Depreciation of EUR	+5%	-	30	-	30
Appreciation of EUR	-5%	-	(30)	-	(30)

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company holds significant interest bearing financial assets and liabilities such as cash and cash equivalents, loans to related parties and loans payable on which interest may fluctuate in amount, due to changes in market interest rates.

The Company's interest rate risk arises from interest received on cash and cash equivalents, loans to related parties and interest paid or payable on loans payable. Based on the assumption that the interest rate had been 0.5% higher or lower on the applicable interest rate, post-tax profits and equity would have been USD 6,034 higher or lower (2016: USD 6,048).

(iii) Price risk

Equity price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to price risk at year end.

(b) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. With respect to credit risk arising from financial assets which comprise of amount due from related parties, other current assets, loans to related parties and cash and cash equivalents, the Company's exposure arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets at the reporting date. Other current assets comprise of interest receivable on fixed deposit held at bank, loan to third party and other receivables. Cash and cash equivalents are maintained with reputable banks, interest receivable and fixed deposit are held with reputable banks. The Company has assessed the loan to third party and other receivable and there is deemed to be no significant risk. Amount due from related parties as well as loans to related parties are mainly with related parties where there is no significant credit risk.

(c) Liquidity risk

The Company manages liquidity risk by maintaining adequate cash reserves to meet its obligations as they fall due and through financing from related parties.

20. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The maturity profile of the financial instruments is summarised as follows:

	Due within 1 year USD	More than 1 year USD	Total USD
2017			
Loans payable	70,893,062	61,375,730	132,268,972
Accounts payable	236,988	-	236,988
	71,130,050	61,375,730	132,505,780
	71,130,050	61,375,730	132,505,780
2016			
Loans payable	208,475,313	-	208,475,313
Accounts payable	1,711,586	-	1,711,586
	210,186,899	-	210,186,899
	210,186,899	-	210,186,899

(d) Fair values

The carrying amounts of other non-current financial assets, amount due from affiliates, loans to related parties, other current assets (excluding prepayments), amount due from parent, cash and cash equivalents, loan payable, derivative financial liability approximate their fair values.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table analyses within the fair value hierarchy the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value, measured at 31 March 2017, is observable:

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
2017				
Financial assets at fair value through profit and loss	-	<u>31,303,804</u>	-	<u>31,303,804</u>
	-	<u>31,303,804</u>	-	<u>31,303,804</u>
2016				
Financial assets at fair value through profit and loss	-	<u>30,707,547</u>	-	<u>30,707,547</u>
	-	<u>30,707,547</u>	-	<u>30,707,547</u>

20. FINANCIAL RISK MANAGEMENT (Continued)

(e) *Capital management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management considers issued and paid up ordinary shares to be comprising the capital of the Company.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to shareholders, return capital to shareholders or issue new shares.

Gearing ratio

The Company's management reviews the capital structure on a regular basis and as part of this review the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of year was as follows:

	2017 USD	2016 USD
Debt	-	144,104,268
Cash and cash equivalents	-	(4,158,474)
Net debt	-	139,945,794
Equity	-	286,629,011
Net debt to equity ratio	-	48.82%

The loan payable done to ICICI Bahrain was repaid during the year ended 31 March 2016 and the loan payable to Axis Bank Limited was repaid during the year under review.

(f) *Financial instruments by category*

2017	Financial assets at fair value through profit or loss USD	Loans and receivables USD	Total USD
Other non-current financial assets	-	1,265	1,265
Financial assets at fair value through profit and loss	31,303,804	-	31,303,804
Other current assets	-	42,081	42,081
Amount due from related parties	-	1,562,936	1,562,936
Loans to related parties	-	73,173,698	73,173,698
Cash and cash equivalents	-	17,838,817	17,838,817
Total	31,303,804	92,618,797	123,922,601

20. FINANCIAL RISK MANAGEMENT (Continued)

(f) Financial instruments by category (Continued)

2016	Financial assets at fair value through profit or loss USD	Loans and receivables USD	Total USD
Other non-current financial assets	-	1,265	1,265
Financial assets at fair value through profit and loss	30,707,547	-	30,707,547
Other current assets	-	130,354,326	130,354,326
Amount due from subsidiaries	-	1,602,419	1,602,419
Loans to related parties	-	79,565,051	79,565,051
Cash and cash equivalents	-	4,158,474	4,158,474
Total	30,000,000	172,437,891	202,437,891
		Other financial liabilities at amortised cost	
		2017	2016
		USD	USD
Financial liabilities			
Loans payable		132,268,972	208,475,313
Accounts payables		236,988	1,711,586
Total		132,505,780	210,186,899

21. PARENT AND ULTIMATE PARENT

The directors consider GMR Infrastructure Limited, a public limited company listed on the Stock Exchange in India and GMR Enterprises Private Limited as the Company's parent and ultimate parent respectively.