

To,  
The Members

**GATEWAYS FOR INDIA AIRPORTS PRIVATE LIMITED.****Report on the Financial Statements :**

We have audited the accompanying Standalone Ind AS financial statements of **GATEWAYS FOR INDIA AIRPORTS PRIVATE LIMITED.** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (Including 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 (here in after referred to as "Standalone Ind AS financial statements").

**Management's responsibility for the financial Statements :**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Indian Accounting Standards 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 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 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 Standalone 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 Standalone 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 there under.

We conducted our audit in accordance with the Standards on Auditing 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 Standalone Ind AS financial statements are free from material misstatement.

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

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



In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017 and its Profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

**Report on Other legal and Regulatory requirements :**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, We report that :
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, including statement of Other Comprehensive Income, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards 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;
  - e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report and



**S. Venkatadri & Co.**

1408, Babukhan Estate,

Tel : 23237463, 23210182

Chartered Accountants

Hyderabad

Hyderabad - 500001

Auditor's Report in  
Fax : 040 - 23296341

accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,  
in our opinion and to the best of our information and according to the  
explanations given to us:

- i) the Company does not have any pending litigations which would impact its financial position in its Standalone Ind AS financial statements;
- ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- iv) the company has provided requisite disclosures in its Standalone Ind AS financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the company.

Place : Hyderabad

Date : 29.04.2017

For **S.Venkatadri & Co.,**  
Chartered Accountants  
Firm's Regn No.004614S

*K. Srinivasa Rao*

**(K.SRINIVASA RAO)**  
PARTNER  
M.No.201470



Chartered Accountants to the Independent Auditors' Report referred to in clause 1 of paragraph on the 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of **GATEWAYS FOR INDIA AIRPORTS PRIVATE LIMITED** on the Standalone Ind AS financial statements of the Company for the year ended March 31, 2017, We report that

- (i). (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
 b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.  
 c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of company.
- (ii). The company did not hold any physical inventories during the year and therefore had no stocks of finished goods, stores, spare parts and raw materials during / at the end of the year.
- (iii). The company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under section 189 of the Companies act 2013.
- iv). In our opinion and according to the information and explanation given to us the company has not granted any loan, made any investments, gave any guarantee or provided security in connection with a loan to any other body corporate or person in contravention of section 185 and 186 of the Companies Act, 2013, hence the provisions of clause (iv) of the order are not applicable to the company.
- v). The Company has not accepted any deposits from the public covered by the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- vi). As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- vii). a.) According to the information and explanations given to us and the records of the company examined by us, in our opinion the Company is generally regular in payment of undisputed statutory dues of Income Tax, Service Tax as applicable with appropriate authorities and there are no undisputed amounts payable as at 31st March 2017, which are outstanding for a period of more than six months from the date they become payable.  
 b) According to the information and explanations given to us and the records of the company examined by us, Except for the following service tax dues, there are no other dues of Income Tax, Value Added Tax, Sales Tax, Excise Duty, Customs Duty, Wealth Tax and Cess which have not been deposited on account of any dispute.

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Service Tax	Penalties	5,22,01,261	2007-08	CESTAT, Bangalore



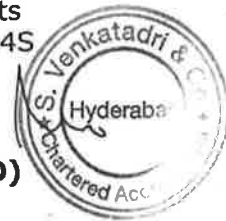
- viii). The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Govt. or dues to debenture holders.
- ix). The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- x). According to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi). During the year Company has not paid any Managerial remuneration hence the provisions of clause (xi) of the order is not applicable to the company.
- xii). In Our Opinion and according to the explanations given to us, the company is not a Nidhi company. Accordingly, provisions of clause (xii) of the order are not applicable.
- xiii). According to the information and explanations given to us the company has not done any transactions with related parties .
- xiv). According to the information and explanations given to us, the company has not made any preferential allotment or Private placement of shares or fully or partly convertible debentures during the year.
- xv). The company has not entered into any non-cash transactions with the directors or persons connected with him.
- xvi). The company is not required to be registered under section 45-IA of the Reserve bank of India Act, 1934.

Place : Hyderabad

Date : 29.04.2017

For **S.Venkatadri & Co.,**  
Chartered Accountants  
Firm's Regn No.004614S

  
**(K.SRINIVASA RAO)**  
P A R T N E R  
M.No.201470



**Annexure "B" to the Independent Auditors' Report of even date on the Financial Statements of GATEWAYS FOR INDIA AIRPORTS PRIVATE LIMITED**

**Report on the Internal Controls on Financial Controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **GATEWAYS FOR INDIA AIRPORTS PRIVATE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



We believe that the evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Hyderabad

Date : 29.04.2017

For **S.Venkatadri & Co.,**  
Chartered Accountants  
Firm's Regn No.0046145

  
**(K.SRINIVASA RAO)**  
PARTNER  
M.No.201470




Gateways for India Airports Private Limited  
Balance sheet as at March 31, 2017 - Ind AS

Amount in Rs.

	Particulars	Note No	Ind AS March 31, 2017	Ind AS March 31, 2016	Ind AS April 01, 2015
I	<b>ASSETS</b>				
(1)	<b>Non-current assets</b>				
	Property, Plant and Equipment	1	-		
	Deferred tax assets (Net)	2	1,84,057	2,13,117	2,46,933
(2)	<b>Current assets</b>				
(a)	<b>Financial assets</b>				
(i)	Current Investments	3	2,68,25,568	2,50,30,725	2,46,86,129
(ii)	Cash and cash equivalents	4	2,65,292	7,08,093	31,706
(b)	Short-term loans and advances	5	25,00,000	25,00,000	25,00,000
(c)	Current Tax Assets (Net)	6	-1,617	49,037	69,007
	<b>Total Assets</b>		<b>2,97,73,301</b>	<b>2,85,00,973</b>	<b>2,75,33,775</b>
II	<b>EQUITY AND LIABILITIES</b>				
(1)	<b>Equity</b>				
	Equity Share capital	7	1,00,000	1,00,000	1,00,000
	Other Equity	8	2,32,87,226	2,20,36,758	2,10,33,496
(1)	<b>LIABILITIES</b>				
	<b>Current liabilities</b>				
	Other current liabilities	9	63,86,075	63,64,215	64,00,280
	<b>Total Equity and Liabilities</b>		<b>2,97,73,301</b>	<b>2,85,00,973</b>	<b>2,75,33,776</b>

Significant accounting policies and notes to accounts forming an integral part of the financial statements

As per our report of even date attached  
For S Venkatadri & Co  
Chartered Accountants  
Firm Registration No. 0046145

  
K Srinivasa Rao  
Partner  
Membership no.:201470



For and on behalf of board of directors

  
K Sreemannarayana  
Director  
DIN:01876402

  
Ravi Majeti  
Director  
DIN:07106220



Place :  
Date : 29.04.2017

Place : Delhi  
Date : 29.04.2017

Place : Delhi  
Date : 29.04.2017



Gateways for India Airports Private Limited  
Statement of profit and loss for the year ended March 31, 2017

Amount in Rs.

	Particulars	Note No	Ind AS financial March'17	Ind AS financial March'16
<b>I</b>	<b>REVENUE</b>			
	Other Income	10	18,30,712	20,21,421
	<b>Total Income</b>		<b>18,30,712</b>	<b>20,21,421</b>
<b>II</b>	<b>EXPENSES</b>			
	Finance Cost	11	-	309
	Other expenses	12	43,350	5,39,537
	<b>Total Expenses</b>		<b>43,350</b>	<b>5,39,846</b>
<b>III</b>	<b>Profit/(loss) before exceptional items and tax from continuing</b>		<b>17,87,362</b>	<b>14,81,575</b>
<b>IV</b>	<b>Exceptional items</b>		-	-
<b>V</b>	<b>Profit/(loss) before and tax from continuing operations</b>		<b>17,87,362</b>	<b>14,81,575</b>
	(1) Current tax		5,09,617	4,25,964
	(2) Adjustment of tax relating to earlier periods		-1,784	3,130
	(3) Deferred tax		29,060	33,816
	<b>Income tax expense</b>		<b>5,36,893</b>	<b>4,62,910</b>
	<b>Profit/(loss) for the year from continuing operations</b>		<b>12,50,468.66</b>	<b>10,18,665.51</b>
	<b>Profit for the year</b>		<b>12,50,469</b>	<b>10,18,666</b>
<b>VI</b>	<b>OTHER COMPREHENSIVE INCOME</b>			
	A. Other comprehensive income to be reclassified to profit or loss in		-	-
	B. Other comprehensive income not to be reclassified to profit or loss		-	-
	<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>VII</b>	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>12,50,469</b>	<b>10,18,666</b>
<b>VIII</b>	<b>Earnings per share for continuing operations</b>			
	holders of the parent		125.05	101.87
	holders of the parent		125.05	101.87

Significant accounting policies and notes to accounts forming an integral part of the financial statements

As per our report of even date

For S Venkatadri & Co  
Chartered Accountants

Firm Registration No. 004614S

K Sanivasa Rao

Partner

Membership no.:201470



For and on behalf of the Board of Directors of  
Gateways for India Airports Private Limited

*K Sreemannarayana*

K Sreemannarayana  
Director  
DIN:01876402

*Ravi Majeti*

Ravi Majeti  
Director  
DIN:07106220



Place:

Date: 29.04.2017

Place: Delhi

Date: 29.04.2017

Place: Delhi

Date: 29.04.2017

*SA*

Gateways for India Airports Private Limited  
Notes to the financial statements as at March 31, 2017 - Ind AS

1 Tangible assets

	Amount in Rs.			
	Office Equipment	Furniture & Fixtures	Vehicles	Total
<b>Gross Block at cost</b>				
As At 1 April 2015	41,79,086	4,56,477	2,350	46,37,913
Additions	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2016	41,79,086	4,56,477	2,350	46,37,913
Additions	-	-	-	-
Disposals	-	-	-	-
As at March 31, 2017	41,79,086	4,56,477	2,350	46,37,913
<b>Depreciation</b>				
As At 1 April 2015	41,79,086	4,56,477	2,350	46,37,913
Charge for the year	-	-	-	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at March 31, 2016	41,79,086	4,56,477	2,350	46,37,913
Charge for the year	-	-	-	-
Disposals	-	-	-	-
Adjustments	-	-	-	-
As at March 31, 2017	41,79,086	4,56,477	2,350	46,37,913
<b>Net Block</b>				
As at March 31, 2016	-	-	-	-
As at March 31, 2017	-	-	-	-



**Gateways for India Airports Private Limited**

Notes to the financial statements as at March 31, 2017 - Ind AS

Amount in Rs

Note No.	IND AS classification	Ind AS Balance March '17	Ind AS Balance March '16	Ind AS Balance March '15
<b>2</b>	<b>Deferred Tax Assets</b>			
	Fixed assets: Impact of difference between tax depreciation and depreciation/ Net deferred tax Assets	1,84,057	2,13,117	2,46,933
		<u>1,84,057</u>	<u>2,13,117</u>	<u>2,46,933</u>
<b>3</b>	<b>Current Investments</b>			
	Unquoted mutual funds Birla Sun Life Cash Plus -Growth-Regular Plan 102,972.010 units of 260.5132 each	2,68,25,568	2,50,30,725	2,46,86,129
		<u>2,68,25,568</u>	<u>2,50,30,725</u>	<u>2,46,86,129</u>
<b>4</b>	<b>Cash and cash equivalents</b>			
	Cash and cash equivalents Balances with banks: - On current accounts	2,65,292	7,08,093	31,706
		<u>2,65,292</u>	<u>7,08,093</u>	<u>31,706</u>
<b>5</b>	<b>Short-term Loans and advances</b>			
	Balances with statutory/ government authorities Advances recoverable in cash or kind	25,00,000	25,00,000	25,00,000
		<u>25,00,000</u>	<u>25,00,000</u>	<u>25,00,000</u>
<b>6</b>	<b>Current Tax Assets (net)</b>			
	Advance Income-tax (net of provision for taxation)	-1,617	49,037	69,007
		<u>-1,617</u>	<u>49,037</u>	<u>69,007</u>
<b>7</b>	<b>Share capital</b>			
	<b>Authorized shares</b>			
	At 1 April 2016 50,000 (March 2015: 50,000) Equity Shares of Rs.10 each Increase/(decrease) during the year At 31 March 2017			
	<b>Issued, subscribed and fully paid-up shares</b>			
	At 1 April 2016 Add: Issued during the year Less: Forfeited during the year At 31 March 2017	1,00,000	1,00,000	
		<u>1,00,000</u>	<u>1,00,000</u>	
<b>8</b>	<b>Other Equity</b>			
	<b>Surplus in the statement of profit and loss</b>			
	At 1 April 2016 (Loss)/Profit for the year At 31 March 2017	2,20,36,758 12,50,469 2,32,87,226	2,10,33,496 10,03,262 2,20,36,758	2,10,33,496 - 2,10,33,496
		<u>2,32,87,226</u>	<u>2,20,36,758</u>	<u>2,10,33,496</u>
<b>9</b>	<b>Other current liabilities</b>			
	Non trade payables Statutory Dues Others	40,175 - 63,45,900	17,175 2,540 63,44,500	55,780 - 63,44,500
		<u>63,86,075</u>	<u>63,64,215</u>	<u>64,00,280</u>



Gateways for India Airports Private Limited  
Notes to the financial statements as at March 31, 2017

10 Other Income

	Amount in Rs.	
	March 31, 2017 In Rs.	March 31, 2016 In Rs.
Profit on sale of current investments (other than trade)	18,28,932	20,21,417
Other non-operating income	1,780	4
	18,30,712	20,21,421

11 Finance costs

	Amount in Rs.	
	March 31, 2017 In Rs.	March 31, 2016 In Rs.
Bank and other finance charges	-	309
	-	309

12 Other expenses\*\*

	Amount in Rs.	
	March 31, 2017 In Rs.	March 31, 2016 In Rs.
Rates and taxes	10,350	11,600
Legal and professional fees	10,000	4,82,400
Payment to auditors* (refer details below)	23,000	45,536
Miscellaneous expenses	-	1
	43,350	5,39,537

Payment to auditors

	Amount in Rs.	
	March 31, 2017 In Rs.	March 31, 2016 In Rs.
As auditor:		
Audit fee	23,000	22,875
In other capacity:		
Other services (certification fees)	-	22,661
	23,000	45,536



## Gateways for India Airports Private Limited

### 1 Corporate information

Gateways for India Airports Private Limited ('GFIAL' or 'the Company') is a private limited Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The company is wholly owned subsidiary of GMR Infrastructure limited. The Company has been incorporated with the objective of participation in various airport infrastructure related projects. Upon successful award of such bids, separate Special Purpose Vehicles (SPVs) are formed in consortium with other parties for execution of these projects. The expenses incurred by the company towards such projects are charged / recovered from the respective project companies.

The registered office of the company is located at 25/1, Skip Complex, Museum Road, Bangalore Karnataka - 560025, India.

### 2 Significant Accounting Policies

#### 1 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. Refer to note 21 for information on how the Company adopted 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 Rs.

#### 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:

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

- It is expected to be settled in normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period, or
  - 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 realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### 2 Fixed Assets

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

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

#### 3 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 4 Financial Instruments

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

##### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit 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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

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

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

Debt instruments at amortised cost: A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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



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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised 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 FVTOCI: A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised 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 Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

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

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to 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 Company of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The company has transferred its rights to receive cash flows from the asset 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 recognise the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognises 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

#### 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 recognised 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 Company 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 recognised 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 recognised 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 amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings. For more information refer Note 14.

Financial guarantee contracts: Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.



#### **Derecognition**

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

#### **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

#### **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 Company does not restate any previously recognised 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 recognised amounts and there is an intention to settle on a net basis, to realise 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 recognised 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.

### **5 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.

### **6 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

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



#### Deferred tax

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

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

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised 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 recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

#### 8 Corporate Social Responsibility ('CSR') expenditure

There is no CSR expenditure during the year.





Gateways for India Airports Private Limited  
Notes to the financial statements as at March 31, 2017

13. Statement of changes in equity

a. Equity share capital:  
6,035,945,275 equity shares of Rs.1 each

	No.	Rs.
At 1 April 2015	10,000	1,00,000
At 31 March 2016	10,000	1,00,000
At 31 March 2017	10,000	1,00,000

Particulars	Amount in Rs.										
	Share Application pending allotment	Equity component of other financial instruments	General reserve	Securities premium	Debenture redemption reserve	Reserves and surplus Capital reserve	FCTR	Money received against share warrants	Retained earnings	Other Comprehensive Income	Total equity
For the year ended 31 March, 2017											
As at 1 April 2016	0	-	-	-	-	-	-	-	2,20,36,758	-	2,20,36,758
Profit for the year	-	-	-	-	-	-	-	-	12,45,311	-	12,45,311
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	2,32,82,069	-	2,32,82,069
Dividends (note XX)	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution tax (note XX)	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-
Deemed dividend	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	-	-	-	-	-	-	-	-	2,32,82,069	-	2,32,82,069
For the year ended 31 March, 2016											
As at 1 April 2015	-	-	-	-	-	-	-	-	2,10,33,496	-	2,10,33,496
Profit for the year	-	-	-	-	-	-	-	-	10,03,262	-	10,03,262
Additions during the year	-	-	-	-	-	-	-	-	-	-	-
Transfer from Debenture redemption reserve	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	2,20,36,758	-	2,20,36,758
Dividends (note XX)	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution tax (note XX)	-	-	-	-	-	-	-	-	-	-	-
Transfer to debenture redemption reserve	-	-	-	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-
Deemed dividend	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2016	-	-	-	-	-	-	-	-	2,20,36,758	-	2,20,36,758



**Gateways for India Airports Private Limited**  
**Notes to accounts for the year ended March 31, 2017**

**14. Other Equity**

Particulars	Amounts in Rs.		
	31 March 2017	31 March 2016	1 April 2015
<b>Surplus in the statement of profit and loss</b>			
Balance as per last financial statements	2,20,36,758	2,10,33,496	2,10,33,496
Add: Net profit for the year	12,50,469	10,03,262	
Net surplus in the statement of profit and loss	2,32,87,226	2,20,36,758	2,10,33,496
<b>Other items of Comprehensive Income</b>			
Actuarial gain or losses			
<b>Total reserves and surplus</b>	<b>2,32,87,226</b>	<b>2,20,36,758</b>	<b>2,10,33,496</b>



Gateways for India Airports Private Limited  
Notes to accounts for the year ended March 31, 2017

15. Income Tax

A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied

	As at 31-Mar-17 <u>17,87,361.70</u>	As at 31-Mar-16 <u>14,81,575.06</u>
Accounting profit		
Tax at the applicable tax rate of xx% (31.3.2017: 29.87%, 31.3.2016: 30.90%)	5,33,884.94	4,57,806.69
<u>Tax effect of income that are not taxable in</u> determining taxable profit:		
Depreciation as per Income Tax Act	28,001	33816.99
<u>Tax effect of expenses that are not deductible in</u> determining taxable profit:		
Fines for environmental pollution		
Fair Value of Mutual fund	1,540.44	-
Interest u/s 234C	2283.00	1,974.00
<b>Tax expense</b>	<b><u>5,09,617.38</u></b>	<b><u>4,25,963.71</u></b>

An explanation of changes in the applicable tax rate(s) compared to the previous accounting  
In 2015-16, the Government enacted a change in the national income tax rate (Surcharge) from 5% to 7%.  
In 2016-17, the Government enacted a no change in the national income tax rate.

Deferred tax:

	As at 01-Apr-15	Provided during the year	As at 31-Mar-16	Provided during the year	As at 31-Mar-17
Deferred tax liability:					
Related to Fixed Assets	2,46,932.85	33,815.99	2,13,116.86	29,059.53	1,84,057.33
<b>Total deferred tax liability (A)</b>	<b><u>2,46,932.85</u></b>	<b><u>33,815.99</u></b>	<b><u>2,13,116.86</u></b>	<b><u>29,059.53</u></b>	<b><u>1,84,057.33</u></b>
Deferred tax assets:					
Business Losses	-	-	-	-	-
<b>Total deferred tax assets (B)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred Tax Liability (Net) (A - B)</b>	<b><u>2,46,932.85</u></b>	<b><u>33,815.99</u></b>	<b><u>2,13,116.86</u></b>	<b><u>29,059.53</u></b>	<b><u>1,84,057.33</u></b>



**Gateways for India Airports Private Limited**  
**Notes to accounts for the year ended March 31, 2017**

**16. Significant accounting judgements, estimates and assumptions**

**ESTIMATES AND ASSUMPTIONS**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

**Taxes**

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

**Fair value measurement of financial Instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note XX and XX for further disclosures.



17. Earnings Per Share (EPS)

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

Particulars	Amounts in Rs.	
	31-Mar-17	31-Mar-16
Profit attributable to equity holders of the parent	12,50,468.66	10,18,665.51
Continuing operations	-	-
Discontinued operation	-	-
<b>Profit attributable to equity holders of the parent for basic earnings</b>	<b>12,50,468.66</b>	<b>10,18,665.51</b>
Interest on convertible preference shares	-	-
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>12,50,468.66</b>	<b>10,18,665.51</b>
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	10,000	10,000
Effect of dilution:	-	-
Convertible preference shares	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution *</b>	<b>10,000</b>	<b>10,000</b>
Earning Per Share (Basic) (Rs)	125.05	101.87
Earning Per Share (Diluted) (Rs)	125.05	101.87
Face value per share (Rs)	10	10



18 Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those

Particulars	Carrying value			Fair value		
	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15	As at 31-Mar-17	As at 31-Mar-16	As at 01-Apr-15
<b>Financial assets</b>						
<b>Investments</b>						
<b>Cash and cash equivalents</b>						
-Cash on hand	-	-	-	-	-	-
<b>Bank balances</b>						
Current account	2,65,292	7,08,093	31,706	2,65,292	7,08,093	31,706
<b>Others</b>						
Others	2,68,00,000	2,50,00,000	2,46,40,000	2,68,25,568	2,50,30,725	2,46,86,129
<b>Total</b>	<b>2,70,65,292</b>	<b>7,08,093</b>	<b>2,46,71,706</b>	<b>2,70,90,860</b>	<b>7,08,093</b>	<b>2,47,17,835</b>
<b>Financial liabilities</b>						
<b>Other financial liabilities</b>						
Interest accrued but not due on borrowings	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Assumption used in estimating the fair values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current

- ▶ Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- ▶ The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- ▶ The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- ▶ The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.
- ▶ The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2017 was assessed to be insignificant.



**Gateways for India Airports Private Limited**  
**Notes to accounts for the year ended March 31, 2017**

**19. Financial risk management objectives and policies**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include loans and other receivables, and cash and cash equivalents 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. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided in Note 36.

The following assumptions have been made in calculating the sensitivity analyses:

- ▶ The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.
- ▶ The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges at 31 March 2017 for the effects of the assumed changes of the underlying risk

**Interest rate risk**

**Interest rate sensitivity**

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

	Increase/decrease in basis points	Effect on profit before tax
		Amt in lacs
31-Mar-17	+50	0
	-50	0
31-Mar-16	+50	-
	-50	-

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

**Credit risk**

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

**Excessive risk concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.



**Gateways for India Airports Private Limited**  
**Notes to accounts for the year ended March 31, 2017**

**20. Capital management**

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 50% and 70%. The Company includes within net debt, borrowings, trade and other payables, less cash and cash equivalents.

	Amounts in Rs. crores		
	At 31 March 2017	At 31 March 2016	At 1 April 2015
Borrowings	5,40,19,08,452.88	2,80,76,34,284.65	6,80,25,50,995.15
<b>Net debts</b>	<b>5,40,19,08,452.88</b>	<b>2,80,76,34,284.65</b>	<b>6,80,25,50,995.15</b>
<b>Capital Components</b>			
Share Capital	1,68,05,97,940.00	1,68,05,97,940.00	1,68,05,97,940.00
Reserves & Surplus	1,73,96,66,554.91	1,65,96,14,129.46	1,57,38,08,008.30
General Reserve	-	-	-
<b>Total Capital</b>	<b>3,42,02,64,494.91</b>	<b>3,34,02,12,069.46</b>	<b>3,25,44,05,948.30</b>
<b>Capital and net debt</b>	<b>8,82,21,72,947.79</b>	<b>6,14,78,46,354.11</b>	<b>10,05,69,56,943.45</b>
<b>Gearing ratio (%)</b>	<b>61.23%</b>	<b>45.67%</b>	<b>67.64%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.





## 21. First Time Adoption of Ind AS

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

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1 April 2015, the company's date of transition to Ind AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016 and 31 March 2017.

### Exemptions applied:-

#### Mandatory exemptions:

##### **Estimates**

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS, as of 31 March 2016.

##### **Impairment of financial assets: (Trade receivables and other financial assets)**

At the date of transition to Ind ASs, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

#### Optional exemptions:

##### **Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)**

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date after making necessary adjustments for de-commissioning liabilities.

Significant accounting policies and notes to accounts forming an integral part of the financial statements

As per our report of even date

For S Venkatadri & Co  
Chartered Accountants

Firm Registration No. 0046145

  
K Srinivas Rao  
Partner

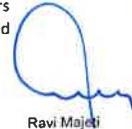
Membership no.:201470



For and on behalf of the Board of Directors  
Gateways for India Airports Private Limited



K Sreemannarayana  
Director  
DIN:01876402



Ravi Majhi  
Director  
DIN:07106220



Place:

Date: 29.04.2017

Place: Delhi

Date: 29.04.2017

Place: Delhi

Date: 29.04.2017

**\*Additional Note on Cash on Hand**

Particulars	SBNs	Other Denomination	Total
	Amount	Notes Amount	Amount
Closing Balance as at 8th November 2016.	-	-	-
(+):Withdrawal from Bank Accounts	-	-	-
(+):Receipts for permitted transactions	-	-	-
(+):Receipts for Non-permitted transactions	-	-	-
(-):Paid for Permitted transactions	-	-	-
(-):Paid for Non-Permitted transactions	-	-	-
(-):Deposited in the bank accounts	-	-	-
<b>Closing Balance as at 30th December 2016.</b>	-	-	-

