Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GVK AIRPORT DEVELOPERS LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of GVK Airport Developers Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. 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 to give a true and fair view of the financial position, 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 in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.

6. 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 auditors' 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.

7. 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.

Opinion

8. 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, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of loss and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 20, 2017, expressed an unmodified opinion on those financial statements.

   Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. 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 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 Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 26;

        ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

N.K. Varadarajan
Partner
Membership Number: 090196

Place: Hyderabad
Date: May 23, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of GVK Airport Developers Limited on the standalone financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of GVK Airport Developers Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under section 143(10) of the Act 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 authorisation's 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.

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N/N500016
Hyderabad

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of GVK Airport Developers Limited on the standalone financial statements for the year ended March 31, 2018

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

N.K. Varadarajan
Partner
Membership Number: 90196

Place: Hyderabad
Date: May 23, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of GVK Airport Developers Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The Company does not own any immovable properties as disclosed in Note 3 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has granted unsecured loans to 4 companies covered in the register maintained under Section 189 of the Act. There are no firms /LLPs/ other parties covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) In respect of the aforesaid loans, no schedule for repayment of principal has been stipulated by the Company. Therefore, in absence of stipulation of repayment terms we do not make any comment on the regularity of repayment of principal and payment of interest.

(c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services of 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 depositing undisputed statutory dues in respect of income tax and goods and services tax with effect from July 1, 2017, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees state insurance, sales tax including service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, service-tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	0.32	AY 2012-13	Commissioner of Income Tax
Income Tax Act, 1961	Income tax	305.07	AY 2013-14	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income tax	1,383.54	AY 2014-15	Income Tax Appellate Tribunal

Price Waterhouse Chartered Accountants LLP
LLPIN AAC-5001
FRN 012754N/N500016
Hyderabad

Annexure B to Independent Auditors' Report
Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of GVK Airport Developers Limited on the standalone Ind AS financial statements for the year ended March 31, 2018

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of term loans have been applied for the purposes for which they were obtained. The Company has not raised moneys through initial public offer or further public offer (including debt instruments).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. No managerial remuneration is paid or payable during the year under review. Accordingly the provisions of Clause 3(xi) of the Order are not applicable to the Company.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016

N.K. Varadarajan
Partner
Membership Number: 090196

Place: Hyderabad
Date: May 23, 2018

GVK Airport Developers Limited
Standalone Balance sheet
(All amounts are in Indian Rupees in Lakhs except for share data or otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	3	1	-
Financial assets			
Investments	4	178,067	166,064
Loans	5	89	89
Other financial assets	6	-	13,906
		178,157	**180,059**
Current assets			
Financial assets			
Investments	7	234	203
Trade receivables	8	2,758	7,883
Cash and cash equivalents	9	4,060	973
Loans	10	39,880	47,881
Other financial assets	11	32	-
Other current assets	12	31	250
		46,995	**57,190**
Total		**225,152**	**237,249**
Equity and Liabilities			
Equity			
Equity share capital	13	30,000	30,000
Other equity			
Equity component of compound financial instrument		57,866	57,866
Reserves and surplus		(245,600)	(208,567)
		(157,734)	**(120,701)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	14	78,268	65,092
		78,268	**65,092**
Current liabilities			
Financial liabilities			
Borrowings	15	203,490	146,295
Trade payables	16		
• Total outstanding dues of micro enterprises and small enterprises		-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		1,595	1,972
Other financial liabilities	17	97,461	138,099
Provisions	18	2,069	4,329
Other current liabilities	19	3	2,163
		304,618	**292,858**
Total		**225,152**	**237,249**
Summary of significant accounting policies	2		

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

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date: May 23, 2018

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

Dr. GVK Reddy
Director
DIN: 00005212

G V Sanjay Reddy
Director
DIN: 00005282

Place: Hyderabad
Date: May 23, 2018

GVK Airport Developers Limited

Standalone Statement of profit and loss

(All amounts are in Indian Rupees in Lakhs except for share data or otherwise stated)

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	20	-	6,374
Other income	21	2,099	25,685
Total revenue		2,099	32,059
Expenses			
Depreciation expense	3	-	-
Other expenses	22	285	2,324
Finance costs	23	40,426	65,690
Total expenses		40,711	68,014
Loss before tax		(38,612)	(35,955)
Income tax expense	24		
Current tax		82	1,661
Tax of earlier years		(1,661)	-
Total tax expense		(1,579)	1,661
Loss for the year		(37,033)	(37,616)
Other Comprehensive Income (OCI)			
Net other comprehensive income that may be reclassified to Statement of profit or loss		-	-
Net other comprehensive income that will not be reclassified to Statement of profit or loss		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(37,033)	(37,616)
Earnings/(Loss) per equity share:	25		
Basic and diluted earnings/(loss) per share		(12.34)	(12.54)
Nominal value per equity share		10.00	10.00
Summary of significant accounting policies	2		

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

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date: May 23, 2018

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

Dr. GVK Reddy
Director
DIN: 00005212

G V Sanjay Reddy
Director
DIN: 00005282

Place: Hyderabad
Date: May 23, 2018

GVK Airport Developers Limited
Standalone Cash flow statement
(All amounts are in Indian Rupees in Lakhs except for share data or otherwise stated)

		Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities			
Loss before tax		(38,612)	(35,955)
Adjustments for:			
Interest expense		40,426	65,679
Interest income		(431)	(25,674)
Unrealised foreign exchange (gain)/loss		27	254
Income from mutual funds		(26)	(11)
Provisions written Back		(1,489)	-
Advances written off		-	728
Operating profit before working capital changes		**(105)**	**5,021**
Movements in working capital:			
(Increase)/decrease in trade receivables		5,098	(2,643)
(Increase)/ decrease in loans and advances/ other current assets		15,361	(250)
Increase in trade payables		1,112	308
Movement in other bank balances		13,906	(13,900)
(Decrease)/ Increase in other current Liabilities		(7,673)	6,452
Cash Generated from Operations		**27,699**	**(5,012)**
Income taxes paid (net of refunds)		(681)	(2,829)
Net cash inflow from operating activities	**(A)**	**27,018**	**(7,841)**
Cash flows from investing activities			
Loans given to subsidiaries/related parties		(24,822)	(37,373)
Loans repaid by subsidiaries/related parties		17,645	201,767
Proceeds from sale of mutual funds		550	300
Investments in mutual funds		(555)	(492)
Interest received on bank deposits		431	7
Net cash inflow from investing activities	**(B)**	**(6,751)**	**164,209**
Cash flows from financing activities			
Proceeds from long term borrowings		98,865	15,350
Repayment of long term borrowings		(141,949)	(92,529)
Proceeds from loans taken from subsidiary		98,048	-
Proceeds from/(Repayment of) short term borrowings (net)		(40,853)	(43,153)
Interest paid		(31,291)	(35,804)
Net cash outflow used from financing activities	**(C)**	**(17,180)**	**(156,136)**
Net increase in cash and cash equivalents	**(A+B+C)**	**3,087**	**232**
Cash and cash equivalents at the beginning of the year		973	741
Cash and cash equivalents at the end of the year		**4,060**	**973**
Components of cash and cash equivalents			
Balance with banks:			
In Current accounts		901	973
Deposits with maturity of less than three months		3,159	-
Cash and bank balances as per balance sheet (refer note 9)		**4,060**	**973**

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements.

Notes:

1. During the year 631 preference shares obligation of Bangalore Airport & Infrastructure Developers Limited (BAIDL) was taken over by the Company, and has been recorded as non-current borrowings by corresponding debit to investment in preference shares of BAIDL which did not involve any cash inflow/outflow.

2. During the year interest of Rs. 10,036 (March 31, 2017: Rs. 24,764) accrued on loans from financial institutions has been converted into principal. This has been considered as non-cash item for the purpose of cash flow statement.

As per our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date: May 23, 2018

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

Dr. GVK Reddy
Director
DIN: 00005212

G.V Sanjay Reddy
Director
DIN: 00005282

Place: Hyderabad
Date: May 23, 2018

GVK Airport Developers Limited

Standalone Statement of Changes in Equity

(All amounts are in Indian Rupees in Lakhs except for share data or otherwise stated)

a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	Number of shares	Amount
As at April 01, 2016	300,000,000	30,000
Issued during the year	-	-
At March 31, 2017	**300,000,000**	**30,000**
Issued during the year	-	-
At March 31, 2018	**300,000,000**	**30,000**

b) Other Equity

	Equity component of preference shares	Reserves and Surplus	Total
		Deficit in the statement of profit and loss	
As at April 01, 2016	57,866	(170,951)	(113,085)
Loss for the year	-	(37,616)	(37,616)
As at March 31, 2017	**57,866**	**(208,567)**	**(150,701)**
Loss for the year	-	(37,033)	(37,033)
As at March 31, 2018	**57,866**	**(245,600)**	**(187,734)**

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Hyderabad

GVK Airport Developers Limited
Notes to standalone financial statements
(All amounts are in Indian Rupees in Lakhs except for share data or otherwise stated)

1. Corporate information

GVK Airport Developers Limited ('the Company' or 'GVKADL') is a public company domiciled in India and incorporated under the Companies Act, 1956 . The company is engaged in the business of development, construction and operations of domestic and international airports. The registered office of the company is located at 'Paigah House', 156-159 Sardar Patel Road, Secunderabad, Telangana- 500003, India

2. Statement of significant accounting policies

2.1 Basis of preparation

i. Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act., 2013 (the Act), read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:
- certain financial assets and liabilities are measured at fair value

2.2 Summary of significant accounting policies

(a) 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

The Company classifies 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.

(b) Foreign currency translation

The financial statements are presented in Indian rupees lakhs, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in foreseeable future is considered as part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).

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

(c) Fair value measurement

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

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, 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 credit risks.

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

Sale of services

Manpower and consultancy services:

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

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(e) Income tax

Current income tax

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 in the countries where the Company operates and generates taxable income.
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.

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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be 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 period/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 liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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(f) Borrowing costs

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

(g) Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of cash inflows from other assets or group of assets (cash generating units). Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) 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. Provisions are not recognised for future operating losses.

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.

(i) 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.

Subsequent measurement

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

a) Debt instruments at amortised cost.
b) Debt instruments at fair value through Other comprehensive income (FVTOCI).
c) Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL).
d) Equity instruments measured at fair value through other comprehensive income (FVOCI).

Debt instruments at amoritsed cost

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

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at 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 receivables, other receivables and loans.

Debt instruments, derivatives and equity instruments at fair value through profit or loss (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 Profit and loss.

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 Company's 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, and
i. the Company has transferred substantially all the risks and rewards of the asset, or
ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

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The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables

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

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

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

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (Profit and Loss). This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. In the Balance Sheet ECL is presented as an allowance i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the company does not reduce impairment allowance from the gross carrying amount.

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.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This category is 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.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through 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 Profit and Loss. 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.

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.

(j) 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.

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(k) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company;

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(l) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Companies Act, 2013, unless otherwise stated.

(m) New standards and interpretations not yet adopted

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018. There are no standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in this financial statements.

i) IndAS 115- Revenue from Contracts with customers

Ind AS 115, is effective for periods beginning on or after April 01, 2018. Ind AS 115 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). Ind AS 115 replaces the previous revenue Standards: Ind AS 18 Revenue and Ind AS 11 Construction Contracts, and the related appendices.

The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is transferred to the customer. The core principle in that framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the fair value of consideration to which the company expects to be entitled in exchange for those goods or services.

The management is in process of quantifying the effect of this standard.

ii) IndAS 21- The Effect of changes in exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

There would be no impact of this standard on the financials of the Company.

iii) IndAS 12 - Income taxes regarding recognition of deferred tax assets on unrealised losses

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the assets tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.

- The estimate of future taxable profit may include the recovery of some an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount.

- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

The management is in process of quantifying the effect of this standard.

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3 Property, plant and equipment

	As at March 31, 2018	As at March 31, 2017
Year ended March 31, 2018		
Gross carrying amount		
Data Processing Equipment		
Opening balance	-	-
Additions	1	-
Closing gross carrying amount	**1**	-
Accumulated depreciation		
Opening balance	-	-
Depreciation charge during the year	-	-
Closing accumulated depreciation	-	-
Net carrying amount	**1**	-

4 Non current investments

		As at March 31, 2018	As at March 31, 2017
a) Unquoted, in fully paid equity shares (at cost)			
In subsidiaries			
249,999,900 (March 31, 2017: 249,999,900) equity shares of Rs. 10 each in GVK Airport Holdings Limited		25,000	25,000
50,000 (March 31, 2017: 10,000) equity shares of Rs. 10 each in Bangalore Airport & Infrastructure Developers Limited		5	1
165,000 (March 31, 2017: 165,000) equity shares of $ 1/- each in GVK Airports International Pte Limited, Singapore		77	77
	A	25,082	25,078
b) Unquoted, in fully paid preference shares			
In subsidiaries			
119,990,000 (March 31, 2017: Nil) preference shares of Rs. 10 each in Bangalore Airport & Infrastructure Developers Limited		11,999	-
	B	11,999	-
c) Loan given to subsidiary classified as equity (at cost)			
Unsecured, considered good:			
GVK Airport Holdings Limited		140,986	140,986
	C	140,986	140,986
Total	A+B+C	178,067	166,064
Aggregate carrying value of unquoted investments		178,067	166,064

Refer note 14 & 15 for details of investments pledged as security.

5 Loans

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good:		
Loans to related parties	89	89
Total	**89**	**89**

Loans amounting to Rs. 89 (March 31, 2017: Rs. 89) are interest free and are receivable on demand.

6 Other financial assets

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good:		
Non-current bank balances	-	13,900
Interest accrued on bank deposits	-	6
Total	-	13,906

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7 Current investments

	As at March 31, 2018	As at March 31, 2017
Investments in mutual funds:		
Quoted		
260,336 (March 31, 2017: 912,075) units of Rs. 10 each of Franklin India Ultra Short Bond Fund - Super Institutional Plan	63	203
840,885 (March 31, 2017: Nil) units of Rs. 10 each of Franklin India Low Duration Fund - Direct - Growth	171	-
Total	**234**	**203**
Aggregate carrying and market value of quoted investments	234	203

8 Trade receivables

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good:		
Receivables from related parties	2,747	7,872
Other trade receivables	11	11
Total	**2,758**	**7,883**

9 Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Balance with banks:		
In current accounts	901	973
Deposits with maturity of less than three months	3,159	-
Total	**4,060**	**973**

There are no Repatriation restrictions with regard to cash and cash equivalents as at the end of reporting period and prior periods.

10 Loans

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good:		
Loans to related parties	39,880	47,881
Total	**39,880**	**47,881**

Loan amounting to Rs. Nil (March 31, 2017: Rs. 14,229) carried an interest rate of 16% p.a.

11 Other financial assets

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good:		
Interest accrued on deposits	32	-
Total	**32**	-

12 Other current assets

	As at March 31, 2018	As at March 31, 2017
Advances for supply of services	31	18
Prepayments	-	232
Total	**31**	**250**

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13 Share capital

	As at March 31, 2018	As at March 31, 2017
a. Authorised Share Capital		
1,000,000,000 (March 31, 2017: 1,000,000,000) equity shares Rs. 10 each	100,000	100,000
1,500,000 (March 31, 2017: 1,500,000) 13.3% Non-cumulative redeemable preference shares of Rs.10,000 each	150,000	150,000
Total	**250,000**	**250,000**
b. Issued, subscribed and fully paid-up share capital		
300,000,000 (March 31, 2017: 300,000,000) equity shares Rs. 10 each fully paid up	30,000	30,000
Total	**30,000**	**30,000**

c. Reconciliation of number of shares outstanding and amount at the beginning and at the end of the year

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	300,000,000	30,000	300,000,000	30,000
Issued during the year	-	-	-	-
Balance at the end of the year	**300,000,000**	**30,000**	**300,000,000**	**30,000**

d. Terms and rights attached to equity shares

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

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitle to one vote.

e. Shares of the Company held by holding company

	As at March 31, 2018	As at March 31, 2017
GVK Power and Infrastructure Limited	30,000	30,000

f. Details of shareholders holding more than 5% equity shares in the Company

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	% holding	Number of shares	% holding
GVK Power & Infrastructure Limited	300,000,000	100.00%	300,000,000	100.00%

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14 Non Current borrowings

	As at March 31, 2018	As at March 31, 2017
Secured:		
Term loans:		
From financial institutions	95,879	138,963
Unsecured:		
Preference shares		
1,000,000 (March 31, 2017: 1,000,000) 13.3% Non-cumulative redeemable preference shares of Rs.10,000 each fully paid up	66,269	57,783
631 (March 31, 2017: Nil) 9% Compulsory convertible Preference Shares	11,999	-
Total	**174,147**	**196,746**
Less: Current maturities of long term debt	95,879	131,654
Total	**78,268**	**65,092**

a. Non Cumulative redeemable preference shares

Non Cumulative redeemable preference shares have a par value of Rs.10,000 per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Preference shares are re-payable after a period of ten years with an option of an early redemption any time after one year from the date of allotment or such period as may be mutually agreed by giving a month's notice. The Company intends to repay the same by March 31, 2021. The loan carries an effective interest rate of 13.94% per annum

b. Compulsorily convertible preference shares

The CCPS have a par value of Rs. 10 per share. The Company declares and pays dividends in Indian rupees. CCPS carry a dividend rate of 9% p.a. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Preference shares are convertible into equity shares at the end of March 31, 2021 at the price to be determined at a future date based on the average valuation in the manner provided in binding term sheet agreement between the Company and the prefernce shareholder.

c. Term loans - Details of terms of repayment, interest and security

The above term loans carry an interest rate of 11.75% payable on quarterly basis and principal is repayable at the end of July 05, 2022.

Security details:

1) First ranking security interest by way of the pledge, over 100% equity shares of the Company held by GVK Power and Infrastructure Limited (GVK PIL). Provided that the pledge of 16% of shares currently pledged for the benefit of Hancock Lenders shall be pledged immediately upon release of the same and the no objection certificate.

2) First ranking security interest by way of a pledge, over 68% equity shares of GVK Airport Holdings Limited (GVK AHL), held by the Company.

3) First ranking security interest by way of a pledge, over 100% equity shares of Bangalore Airport and Infrastructure Developers Limited (BAIDL) held by the Company.

4) First ranking security interest by way of a pledge, over 100% of Compulsory Convertible instruments issued by Bangalore Airport Infrastructure Developers Limited now transferred to the Company.

5) First ranking security interest by way of a Pledge of 59,200 Preference shares held by GVK PIL. Provided that, these will be pledged on release of the same by Axis bank Limited.

6) First ranking security interest by way of a pledge over 9,40,800 preference shares of the Company, held by Sutara Roads and Infrastructure Limited. Provided that 239,800 of the preference shares will be pledged upon release of the same by Axis bank Limited.

7) A charge over

(a) The proceeds of any sale or transfer or other disposal of shares held by GVK PIL in the Company including pursuant to any enforcement of pledge created over the shares of the Company.

(b) a designated account of GVK PIL in which the amounts specified in (a) are to be deposited, and all amounts deposited in such account from time to time.

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8) A charge over all the assets of the Company excluding the

(a) GVK Airport Developers Limited Hancock Lenders Designated account and the amounts deposited therein from time to time and any amounts to be deposited by the Company into GVK PIL Hancock Lenders Designated account.

(b) The equity shares of GVK AHL required to be pledged for the benefits of the banks along with all rights including dividend relating to the equity shares of GVK AHL.

(c) The existing Company's loan Hancock Lenders - Portion and all rights and receivables of rights and receivables of the Company in relation thereto including:

(i) A designated account of the Company in which amounts corresponding to 68% (Percentage shall be revised from time to time to correspond to the percentage of equity capital of GVK AHL pledged for the benefit of the continuing airport lenders) of all dividends and distributions of any kind and any other sums received by the Company in its capacity as a shareholder of GVK AHL (including proceeds of any buy back, reduction of share capital or any other corporate reorganisation) and over all amounts deposited in such account from time to time.

(ii) Existing Company's Airport Lenders portion and all rights and receivables of the Company in relation to thereto

9) A charge by GVK AHL over

(a) A designated account of GVKAHL in which amounts corresponding to 68% of all dividends and distributions of any kind and any other sums received by GVKAHL in its capacity of a shareholder in Mumbai International Airport Private Limited (Including proceeds of buy back, Reduction of share capital or any corporate reorganisation).

(b) And also overall amounts deposited in such account from time to time.

10) A charge over all assets of BAIDL (excluding the BAIDL Hancock Lenders Designated Account and the amounts deposited there in from time to time.)

11) Corporate Guarantee by GVK PIL.

12) Second Rank mortgage over the land owned by GVK Perambalur SEZ Private Limited.

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15 Current borrowings

	As at March 31, 2018	As at March 31, 2017
Secured:		
Rupee loan from banks	78,771	106,034
Unsecured		
Cash credit from banks	26,671	40,261
Loans and advances from related parties repayable on demand	98,048	-
Total	**203,490**	**146,295**

A. Cash credit from banks are unsecured and carry an effective interest rate ranging from 9.50% p.a to 10.70% p.a. and is repayable on demand.

B. Rupee loans from banks currently carries an effective interest of 11% per annum and secured by
i. First Pari passu charge on Loans and advances of GVK Power and Infrastructure Ltd (GVKPIL) to the Company and/or charge on loans and advances provided by the Company to GVK Airport Holdings Limited (GVK AHL) and/or charge on loans and advances provided by the Company to Bangalore Airport & Infrastructure Developers Limited (BAIDL) such that Yes bank Limited has a total cover of 1.5x on the facility.

ii. Yes bank Limited to have charge on proportionate proceeds of Liquidity event of the Company, GVK AHL, and BAIDL.

iii. First pari passu charge on shares of the Company and BAIDL along with other lenders or any other lender representing atleast 61% of paid up capital of GVK AHL and BAIDL such that Yes Bank Limited share on pledge does not exceed 30% of the paid up share capital of the company.

iv. First pari passu charge on shares of GVK AHL and BAIDL along with HDFC bank or any other lenders representing atleast 61% paid up share capital of of the GVK AHL and BAIDL such that Yes Bank Limited share on Pledge does not exceed 30% of the paid up share capital of the company.

v. Second Pari passu charge on land of 2685 acres located at Eraiyar and Periyar villages in Veppanthattai Taluk, Thirumandurai Pennakonam North& Pennakonam south villages in kunnam Taluk, Perambalur District currently second charged to HDFC and first charged to Syndicate bank owned by GVK Perambalur SEZ Private Limited.

vi. Corporate guarantee by GVK PIL.

Net debt reconciliation:
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at March 31, 2018	As at March 31, 2017
Current borrowings	(203,490)	(146,295)
Non-current borrowings including current maturities	(174,147)	(196,746)
Cash and cash equivalents	4,060	973
Liquid investments	234	203
Net debt	**(373,343)**	**(341,865)**

	Other assets		Financial Liabilities		Total
	Cash and cash equivalents	Liquid investments	Non current borrowings	Current borrowings	
Net debt as at March 31, 2017	973	203	(196,746)	(146,295)	(341,865)
Cash flows	3,087	5	43,084	(57,195)	(11,019)
- Acquisitions*	-	-	(11,999)	-	(11,999)
- Fair value adjustments - Interest unwinded on NCF	-	26	(8,486)	-	(8,460)
Net debt as at March 31, 2018	**4,060**	**234**	**(174,147)**	**(203,490)**	**(373,343)**

* Comprises of preference shares obligation of Bangalore Airport and Infrastructure Developers Limited (BAIDL) taken over by the Company by recording corresponding investment in BAIDL. This transaction did not involve cash inflow/ cash outflow.

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16 Trade payables

	As at March 31, 2018	As at March 31, 2017
- Outstanding dues to micro enterprises and small enterprises (note 27)	-	-
- Outstanding dues to creditors other than micro enterprises and small enterprises	100	128
- Outstanding dues to related parties (note 28)	1,495	1,844
Total	**1,595**	**1,972**

17 Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
Current maturities of long-term borrowings (note 15)	95,879	131,654
Interest accrued but not due on borrowings	1,582	933
Others liabilities	-	5,512
Total	**97,461**	**138,099**

18 Provisions

	As at March 31, 2018	As at March 31, 2017
Provision for income tax		
Opening balance (net of advance tax and TDS receivable)	4,329	5,497
Add: Provision for the year	82	1,661
Less: Taxes paid (net of refunds/ write back)	(2,342)	(2,829)
Total	**2,069**	**4,329**

19 Other current liabilities

	As at March 31, 2018	As at March 31, 2017
Statutory liabilities	3	2,163
Total	**3**	**2,163**

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20 Revenue from operations

	Year ended March 31, 2018	Year ended March 31, 2017
Income from manpower and consultancy services	-	6,374
Total	-	6,374

21 Other income

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income		
- on bank deposits	431	7
- on others	-	25,667
Income from mutual funds	26	11
Provisions written back	1,489	-
Others	153	-
Total	2,099	25,685

22 Other expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Legal and professional fees	195	1,229
Rates and taxes	9	48
Auditor's remuneration		
- For statutory audit	15	12
Travelling and conveyance	8	24
Director's sitting fees	-	1
Miscellaneous expenses	2	11
Business development expenses	30	25
Foreign exchange loss (net)	26	246
Advances written off (refer note 28)	-	728
Total	285	2,324

23 Finance costs

	Year ended March 31, 2018	Year ended March 31, 2017
Interest on debts and borrowings	40,424	65,679
Interest others	1	-
Bank charges	1	11
Total	40,426	65,690

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24 Income tax expense:

The major components of income tax expenses for the year ended March 31, 2018 and for the year ended March 31, 2017 are as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
a. Income tax expense		
Current tax	82	1,661
Provision for income tax written back for earlier years	(1,661)	-
Total	**(1,579)**	**1,661**

(b) Reconciliation of effective tax rate:

Particulars	**Year ended March 31, 2018**	**Year ended March 31, 2017**
Loss before tax (A)	(38,612)	(35,955)
Enacted tax rates in India (B)	27.553%	34.608%
Computed expected tax expenses (C = A*B)	(10,639)	(12,443)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Effect of non-deductible expenses (net)	11,138	14,108
Dividend income - Exempted	(7)	(4)
Excess provision of interest u/s 234B & 234C written back to statement of profit and loss	(410)	-
Income tax expense	**82**	**1,661**

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25 Earnings per equity share

Basic EPS amounts are calculated by dividing the profit/ loss for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/ loss attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares, if any.

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Loss for the year	(37,033)	(37,616)
Weighted average number of equity shares	3,000	3,000
Earnings per share		
- Basic and diluted*	(12.34)	(12.54)

* In view of losses, impact of potential equity shares is considered to be anti-dilutive, hence both basic and diluted earnings per share are the same.

26 Commitments and Contingencies

A. Capital and other commitments

The Company does not have any outstanding capital commitment as at year end (March 31, 2017 - Nil).

B. Contingent liabilities

The Company has pledged 79,999,968 (March 31, 2017: 79,999,968) equity shares held by the Company in GVK Airport Holdings Limited for securing the loan taken by GVK Coal Developers (Singapore) Pte. Limited, an entity in which the parent company has 10% stake.

27 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information available with the company, there are no suppliers who are register as micro, small or medium enterprises under "The Micro, small and Medium Enterprises Development Act 2006" as at March 31, 2018 and March 31, 2017.

28 Related party disclosures

Related parties where control exists

Holding Companies

GVK Power & Infrastructure Limited (GVKPIL)

Subsidiaries

GVK Airport Holdings Limited (GVKAHL)
PT. GVK Services, Indonesia
Bangalore Airport & Infrastructure Developers Limited (BAIDL)
Mumbai International Airport Private Limited
GVK Airports International Pte Ltd.

Related parties where control does not exist

Fellow Subsidiaries

GVK Jaipur Expressway Private Limited
GVK Transportation Private Limited
GVK Developmental Projects Private Limited
GVK Energy Limited
GVK Perambalur SEZ Private Limited

Enterprises over which key management personnel or their relatives exercise significant influence

Orbit Travels & Tours Private Limited
GVK Technical & Consultancy Services Private Limited
Crescent EPC Projects and Technical Services Limited (Formerly GVK Projects and Technical Services Limited)
GVK Employee Welfare Trust
Paigah House Hotels Private Limited

Key managerial personnel

Mr. G.V. Krishna Reddy
Mr. G.V. Sanjay Reddy
Mr. Krishnaram Bhupal

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Notes to standalone financial statements
(All amounts are in Indian Rupees except share data and unless otherwise stated)

28 Related party transactions

Particulars	PT. GVK Services, Indonesia	GVK Airport Services Private Limited	GVK Airport Holdings Limited	Bangalore Airport & Infrastructure Developers Limited	GVK Airports International Pte Limited	Sutara Roads & Infra Limited	GVK Power & Infrastructure Limited	GVK Transportation Private Limited	GVK Developmental Projects Private Limited	Orbit Travels & Tours Private Limited	GVK Technical & Consultancy Services Private Limited	GVK Employee Welfare Trust	Mumbai International Airport Private Limited
Transactions during the year													
Services provided	-	-											
	(6,374)	-	-	-	-	-	-	-	-	-	-	-	-
Services availed/reimbursable expenses	-	-	-	-	-	-	-	-	-	10	-		
	-	-	-	-	-	-	-	-	-	(1)	(1,079)	-	-
Advances/loan received during the year	-	-	-	-	-	-	594	-	-	-	-	-	-
	-	-	-	-	-	-	(19,087)	-	(19,857)	-	-	-	-
Advances/loan/ repaid during the year	-	-	-	-	-	-	594	-	-	-	-		40
	-	-	-	-	-	-	(47,578)	-	(31,597)	-	-	-	-
Loans/advances given during the year	-	5	1	11,495	-	-	-	5,604	18,624	-	-	-	
	-	-	(1)	(14,875)		-	(39)	(13,706)	(19,907)	-	-	-	-
Loans/advances recovered during the year	-	-	-	19,338	-	-	39	652	17,309	-	-	-	-
	-	-	-	(201,663)	-	-	-	-	-	-	-	(105)	-
Loans taken during the year	-	-	-	98,049	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares allotted during the year*	-	-	-	11,999	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity shares allotted during the year	-	-	-	4	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantees taken	-	-	-	-	-	-	106,128	-	-	-	-	-	-
	-	-	-	-	-	-	(7,916)	-	-	-	-	-	-
Corporate guarantees released	-	-	-	-	-	-	13,494	-	-	-	-	-	-
	-	-	-	-	-	-	(51,440)	-	-	-	-	-	-
Advances written off	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	(728)	-
Interest expense	-	-	-	-	-	7,984	498	-	-	-	-	-	-
	-	-	-	-	-	(6,961)	(438)	-	-	-	-	-	-
Interest income/Other Income	-	-	-	-	-	-	6	-	-	-	-	-	-
	-	-	-	(25,667)	-	-	-	-	-	-	-	-	-
Balances outstanding													
Receivables/(Payables) - March 31, 2018	2,747	5	140,986	(98,048)	89	(62,346)	(3,919)	18,658	21,222	-	(1,495)	-	(18)
Receivables/(Payables) - March 31, 2017	7,872	-	140,986	14,233	89	(54,362)	(3,382)	13,706	19,907	-	(1,785)	-	(58)
Corporate guarantees received- March 31, 2018	-	-	-	-	-	-	111,705	-	-	-	-	-	-
Corporate guarantees received- March 31, 2017	-	-	-	-	-	-	19,071	-	-	-	-	-	-

* Represents preference share obligation of BAIDL transferred to the Company. The same has been accounted as borrowings with corresponding debit to investment in BAIDL.
Figures in parenthesis represents numbers for last year except for balance outstanding at year end.
Refer note 14 and 15 for details of shares pledged by the Company for securing loan of subsidiary.
Refer note 14 and 15 for security given by GVK Power & Infrastructure Limited and other related parties for loans taken by the Company.
Refer note 26B for security given by the Company for loans taken by GVK Coal Developers (Singapore) Pte. Limited, an entity in which the Parent company has 10% stake.
The advances/loans have been provided to meet the normal business needs of the respective entity.

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29 Capital management

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

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. 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 includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and cash equivalents.

	Year ended March 31, 2018	Year ended March 31, 2017
Borrowings including interest accrued on borrowings	379,219	343,974
Trade payables	1,595	1,972
Other liabilities	-	5,512
Less: Cash and cash equivalents	(4,060)	(973)
Net debt	**376,754**	**350,485**
Equity	30,000	30,000
Other Equity	(187,734)	(150,701)
Total Equity	**(157,734)**	**(120,701)**
Gearing ratio (Net Debt/ Total Equity)	**(2.39)**	**(2.90)**

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.

The company has delayed the repayment of dues to the banks and other financial institutions during the year. The following is the summary of delays:

	Year ended March 31, 2018		Year ended March 31, 2017	
Particulars	**Amount**	**Delay in days**	**Amount**	**Delay in days**
Repayment of interest to banks	-	-	3,445	1-30
Repayment of interest to banks	-	-	2,857	31-60
Repayment of interest to banks	-	-	734	61-120
Repayment of principal to banks	-	-	11,477	57-150
Repayment of principal to banks	-	-	9,353	57-150
Repayment of principal to banks	-	-	2,868	1-10 days
Repayment of principal to banks	-	-	1,103	44-54 days
Principal & Interest repayments on loans from banks	4,612	Unpaid as at March 31, 2018	-	-

No Changes were made in the objectives, policies or processes for managing capital during the year.

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30 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

A. Judgements

Discount rate

The Company has considered incremental borrowing rate of 13.94% per annum as at transition date for measuring debt and equity component of non-cumulative redeemable preference shares.

B. 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 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.

(i) Non-cumulative redeemable preference shares

The Company has issued 1,000,000 non-cumulative redeemable preference shares having par value of Rs.10,000 per share. The shares are re-payable after a period of ten years with an option of an early redemption any time after one year from the date of allotment or such period as may be mutually agreed by giving a month's notice. For the purpose of computing equity and debt component of the shares, the Company has estimated the expected repayment date to be March 31, 2021.

(ii) Taxes

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.

(iii) Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the company, 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. Refer note 26(B) for further disclosure.

(iv) 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 Discounted cash flow 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.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

31 Fair Value measurement

The management assessed that loans given, trade receivables, cash and cash equivalents, other financial assets, borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities or interest bearing nature of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

a) Financial instruments by category

	Level	Year ended March 31, 2018		Year ended March 31, 2017	
		Carrying value	Fair value	Carrying value	Fair value
Measured at amortised cost					
Financial assets					
Trade receivables	2	2,758	2,758	7,883	7,883
Cash and cash equivalents	2	4,060	4,060	973	973
Loans	2	39,969	39,969	47,970	47,970
Other financial assets	2	32	32	13,906	13,906
Mandatorily measured at fair value through profit and loss					
Financial assets					
Investments	1	234	234	203	203
Total financial assets		47,053	47,053	70,935	70,935
Measured at amortised cost					
Financial liabilities					
Borrowings	3	377,637	377,637	343,041	343,041
Trade payables	2	1,595	1,595	1,972	1,972
Other financial liabilities	2	1,582	1,582	6,445	6,445
Total financial liabilities		380,814	380,814	351,458	351,458

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents are considered to be the same as their fair values, due to their short term nature.

Level 1: Level 1 hierarchy includes financial instruments measuring using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net asset value.

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Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity shares, contingent consideration and indemnification asset included in level 3.

c) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments.
- The fair values for non-current borrowings and non-cumulative preference shares are based on discounted cash flows using a borrowing rate at the date of transition. They are classified as level 3 fair values in their fair value hierarchy due to the use of unobservable inputs, including own credit risk.

32 Financial risk management objectives and policies

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

The Company is exposed to market risk (fluctuations in foreign currency exchange rates and interest rate), liquidity risk and credit risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings and trade receivable.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

Foreign Currency exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue is denominated in a foreign currency) and the Company's corresponding trade receivable. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company is intending to enter into derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. The Company has not entered into derivative instruments during the year.

a. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under:

	In foreign currency (in Lakhs)		In Rupees Lakhs	
Particulars	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Trade receivable - USD	42	121	2,747	7,872
Trade receivable - Omani Riyal	0	0	11	11
Investment in USD	2	2	77	77
Loans and advances in USD	1	1	89	89

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b. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Increase/(decrease) in profit before tax	
	Year ended March 31, 2018	Year ended March 31, 2017
Change in USD rate		
- 5% increase	142	398
- 5% decrease	(142)	(398)

* Holding all other variables constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to convert variable rate loan to fixed rate loan if the perceived uncertainty of such variable market rates is for a long term. As at March 31, 2018, approximately 13% of the Company's borrowings are at a fixed rate of interest (March 31, 2017: 17%).

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period for actual outstanding balances as at year end:

Particulars	March 31, 2018	March 31, 2017
Borrowings	201,321	285,258

As the company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate sensitivity

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

	Increase/(decrease) in profit before tax	
Particulars	March 31, 2018	March 31, 2017
Change in interest rate		
-increase by 50 basis points	(1,176)	(1,753)
-decrease by 50 basis points	1,176	1,753

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and loans) and from its financing activities including deposits with banks.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 42,802 and Rs. 55,853 as of March 31, 2018 and March 31, 2017 respectively, being the total of the carrying amount of balances with trade receivables and loans.

Trade receivables and loans:

An impairment analysis is performed at each reporting date. The Company does not hold collateral as security. Impairment analysis takes into account historical credit loss experience and adjusted for forward-looking information. The entire trade receivables and substantial loans as of March 31, 2018 and March 31, 2017 are to subsidiaries. However there were no default in the past.

Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	On Demand	Within 12 months	After 12 months	Total
Year ended March 31, 2018				
Borrowings (other than Non- Cumulative Redeemable preference shares)	124,719	174,650	-	299,369
Non- Cumulative redeemable preference shares	-	-	100,000	100,000
Other financial liabilities	1,582	-	-	1,582
Trade and other payables	-	1,595	-	1,595
Total	126,301	176,245	100,000	402,546
Year ended March 31, 2017				
Borrowings (other than Non- Cumulative Redeemable preference shares)	40,261	238,467	7,908	286,636
Non- Cumulative redeemable preference shares	-	-	100,000	100,000
Other financial liabilities	6,445	-	-	6,445
Trade and other payables	-	1,972	-	1,972
Total	46,706	240,439	107,908	395,053

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LLPIN AAC-5001
FRN 012754N/N500016
Hyderabad

GVK Airport Developers Limited

33 Segment reporting

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, segment information has been given in the consolidated financial statements of the Company, and therefore no separate disclosure on segment information is given in these financial statements.

34 Details of specified bank notes

The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and the Company did not have any such transaction during the previous year.

For Price Waterhouse Chartered Accountants LLP
Firm registration number: 012754N/N500016

N.K. Varadarajan
Partner
Membership number: 90196

Place: Hyderabad
Date: May 23, 2018

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

Dr. GVK Reddy
Director
DIN: 00005212

G.V. Sanjay Reddy
Director
DIN: 00005282

Place: Hyderabad
Date: May 23, 2018