# GMR Air Cargo And Aerospace Engineering Limited

# Fourteenth Annual Report
## FY 2020-21

# GENERAL INFORMATION

**GMR Air Cargo And Aerospace Engineering Limited**
**CIN: U45201TG2008PLC067141**

**Board of Directors**

**Mr. GBS Raju**
Chairman
**Mr. Puthalath Sukumaran Nair**
Director
**Mr. S.G.K. Kishore**
Director
**Mr. Rajesh Arora**
Director
**Dr. Kavitha Gudapati**
Woman and Independent Director
**Mr. N C Sarabeswaran**
Independent Director

**Key Managerial Personnel**
Mr. G. Chandrabushan, Manager
Mr. Srikanth Vetcha, Chief Financial Officer
Mr. Rakhal Panigrahi, Company Secretary

**Audit Committee**
Mr. N.C. Sarabeswaran - Chairman
Mr. Rajesh Kumar Arora - Member
Dr. Kavitha Gudapati – Member

**Nomination and Remuneration Committee**
Mr. N.C. Sarabeswaran - Chairman
Mr. Rajesh Kumar Arora - Member
Dr. Kavitha Gudapati – Member

**Non-Convertible Debentures Committee**
Mr. S.G.K. Kishore - Member
Mr. Rajesh Arora - Member

**Corporate Social Responsibility Committee**
Mr. N.C. Sarabeswaran - Chairman
Mr. P.S. Nair - Member
Dr. Kavitha Gudapati – Member

**Stock Exchanges**
BSE Limited
National Stock Exchange (NSE)

**Statutory Auditors**
**M/s. K S Rao & Co.,**
Chartered Accountants , Bengaluru
[Firm Reg. No. 003109S]

**Secretarial Auditors**
**M/s. KBG Associates**
1st Floor, 1-9-309/A, Achyuta Reddy Marg,
Vidya Nagar, Hyderabad - 500044

**Bankers**
ICICI Bank Limited
State Bank of India
HSBC Bank
Axis Bank Limited

**Registrar and Share Transfer Agent**
**KFin Technologies Private Limited**
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032

**Debenture Trustee**
Axis Trustee Services Limited
**Corporate Office Address**
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai- 400 028

**Registered Office**
Plot No.1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport,
Shamshabad, Hyderabad -500108, Telangana

## Branch Offices

**GMR Hyderabad Air Cargo Division**
Air Cargo Terminal,
Rajiv Gandhi International Airport,
Shamshabad, Hyderabad – 500108

**MRO Division**
Plot No.1, GMR Aerospace Park,
GMR Hyderabad Aviation SEZ Limited,
Rajiv Gandhi International Airport,
Shamshabad, Hyderabad – 500108

# Contents

# GMR Air Cargo And Aerospace Engineering Limited

(CIN: U45201TG2008PLC067141)
Regd. Office: Plot No. 1, GMR Hyderabad Aviation SEZ Limited,
Rajiv Gandhi International Airport, Shamshabad, Hyderabad-500 108
Tel: +91 4067251115/67251149, Fax: +91 40 6725 1010, Website: www.gmraerotech.in

## NOTICE OF THE FOURTEENTH (14TH) ANNUAL GENERAL MEETING

Notice is hereby given that the Fourteenth (14th) Annual General Meeting of the Members of GMR Air Cargo And Aerospace Engineering Limited will be held at **Shorter Notice** on Wednesday, September 22, 2021 at 11:00 A.M (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business:

**ORDINARY BUSINESS:**

1) To consider and adopt the standalone audited financial statements of the Company for the financial year ended March 31, 2021 together with the reports of the Board of Directors and Statutory Auditors thereon.

2) To consider and adopt the consolidated audited financial statements of the Company for the financial year ended March 31, 2021 and the report of Statutory Auditors thereon.

3) To appoint a Director in place of Mr. GBS Raju (DIN: 00061686), who retires by rotation, and being eligible, offers himself for re-appointment.

4) To appoint M/s. K.S. Rao & Co., Chartered Accountants as statutory auditors of the Company and to fix their remuneration.

   **"RESOLVED THAT** pursuant to the provisions of Section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, pursuant to the recommendation of the Board of Directors, consent of the members be and is hereby accorded for the appointment of **M/s. K S Rao & Co., Chartered Accountants, Firm Registration Number :003109S**, as statutory Auditors of the Company, to hold office from the conclusion of 14th Annual General Meeting (AGM) till the conclusion of the 19th AGM of the Company to be held in the year 2026 ), at such remuneration as may be agreed upon between the Board of Directors and Statutory Auditors, in addition to the reimbursement of actual out of pocket expenses incurred in relation with the audit of accounts of the Company.**"**

**SPECIAL BUSINESS:**

5) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act 2013 ("Act") and the Rules made thereunder and subject to the approval of the shareholders of the Company, the Board of Directors ("the Board") of GMR Air Cargo And Aerospace Engineering Limited ("GACAEL" or "the Company"), be and hereby approve for re-appointment of Dr. Kavitha Gudapati (DIN:02506004) as a Women Director ( in the category of Non-Executive) of the Company, from the conclusion of the ensuing fourteenth (14th) Annual General Meeting (AGM) of the Company and she shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, the Chief Financial Officer and the Company Secretary of the Company, be and are hereby severally authorised to submit necessary forms with the Registrar of Companies or the Ministry of Corporate Affairs and also to intimate to the concerned Statutory Authorities, Lenders, etc. if required and to take such actions as may be considered necessary to give effect to the said resolutions.**"**

6) To consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of Rs.2,00,000/- (Rupees Two Lakhs only) plus applicable taxes and reimbursement of out of pocket expenses, payable to M/s. Narasimha Murthy & Co., Cost Accountants, (Firm Registration Number: 000042), Cost Auditors, for conducting the audit of cost records of the Company for the financial year 2021-22, be and is hereby ratified.**"**

7) To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**

"**RESOLVED THAT** the consent of GMR Air Cargo and Aerospace Engineering Limited (the "**Company**") be and is hereby accorded in terms of Section 180(1)(a) of the Companies Act, 2013; other applicable provisions, if any, of the Companies Act, 2013; the Companies Act, 1956 (to the extent applicable) to the Board of Directors of the Company ("**Board**") to transfer, sell, lease, assign, deliver or otherwise dispose off, mortgage and/or charge (in addition to the mortgages/charges previously created) all the immovable and movable properties of the Company, where so ever situated, present and future, or the whole or substantially the whole of the undertaking or undertakings of the Company and/or conferring power, to enter upon and to take possession of assets of the Company in certain events, to or in favour of or for the benefit of banks and/or financial institutions, non-banking financial institutions, and/or multilateral agencies and/or export import banks and/or other creditors (together referred to as the "**Lenders**") to secure the financial assistance provided and/or to be provided by them to the Company, including any restructuring thereof, aggregating together with all interest, default interest, further interest, additional interest, liquidated damages, premia on prepayment, costs, fees and expenses and other monies whatsoever stipulated in or payable under their respective financing documents and any other agreements and amendments thereto that have or may be entered into by the Company or to secure any debenture issued/to be issued, upto a sum not exceeding INR 650 crores at any point of time.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalize with the Lenders, the documents for borrowing and creating the aforesaid mortgage and/or the charge and filing of necessary forms with the Registrar of Companies (ROC) and to do all such acts deeds and things as may be necessary for giving effect to the above resolutions.

**RESOLVED FURTHER THAT** certified true copies of the aforesaid resolutions under the signature of any one Director or the Chief Financial Officer or the Company Secretary of the Company be forwarded to such persons or authorities as may be required from time to time.**"**

8) To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**

**RESOLVED THAT** pursuant to Section 180(1)(c) of the Companies Act, 2013; other applicable provisions of the Companies Act, 2013; and the Companies Act, 1956 (to the extent applicable), the consent of Company be and is hereby accorded to the Board, to borrow from time to time from the Lenders any sum or sums of moneys which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in ordinary course of business), including any restructuring thereof, shall not exceed in the aggregate at any one time, INR 650 crores, irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalize with the Lenders, the documents for borrowing and creating the aforesaid mortgage and/or the charge, filing of necessary forms with the Registrar of Companies (ROC) and to do all such acts deeds and things as may be necessary for giving effect to the above resolutions.

**RESOLVED FURTHER THAT** the amounts borrowed/ to be borrowed, the mortgage/charge created/to be created and/or all agreements/ documents executed/ to be executed and all acts done by and with the authority of the Board are hereby confirmed and ratified.

**RESOLVED FURTHER THAT** certified true copies of the aforesaid resolutions under the signature of any one Director or the Chief Financial Officer or the Company Secretary of the Company be forwarded to such persons or authorities as may be required from time to time.**"**

9) To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**

**"RESOLVED THAT** pursuant to provision of Section 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, and applicable regulations and subject to all such approval(s), consent(s), permission(s), sanction(s), if any, of appropriate statutory, government and other authorities and departments in this regard and subject to such condition(s) and modification(s) as may be prescribed or imposed, while granting such approval(s), consent(s), permission(s) or sanction(s), the consent of the members be and is hereby accorded to the

Board of Directors of the Company (hereinafter called the "Board", which term shall be deemed to include any committee(s) constituted / to be constituted by the Board to exercise its powers including powers conferred by this resolution, to the extent permitted by law), to, inter alia, convert the whole or part of the term loan facility of Rs. 300,00,00,000/- (Rupees Three Hundred Crores only) ("Facility") to be availed by the Company from NIIF IFL and other banks and / or financial institutions ("Lenders"), along with all other outstanding payable in relation thereto in terms of the financing documents, at the option of the Lenders, into fully paid up equity shares of the Company on such terms and conditions as may be stipulated in the financing documents, subject to applicable laws and in the manner specified in a notice in writing to be given by the Lenders (or its agents or trustees) to the Company on the terms specified in the financing documents, in case of happening of an event of default by the Company in terms of the financing documents.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to finalise the terms and conditions for raising the Facility and conversion of the Facility (or any part thereof), along with all amounts payable in relation thereto, into equity shares of the Company anytime during the currency of the Facility, on the terms specified in the financing documents, including upon happening of an event of default by the Company in terms of the financing documents.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to accept such modifications and to accept such terms and conditions as may be imposed or required by the Lenders arising from or incidental to the aforesaid terms providing for such option and to do all such acts and things as may be necessary to give effect to this resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, the Chief Financial Officer and the Company Secretary of the Company, be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable as may be required to create, offer, issue and allot the aforesaid shares, to dematerialize the shares of the Company and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorized to delegate all or any of the powers herein conferred by this resolution on it, to any committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution.**"**

By Order of the Board
For GMR Air Cargo And Aerospace Engineering Limited

Sd/-
**Rakhal Panigrahi**
**Company Secretary**

Date: September 21, 2021
Place: Hyderabad

**Notes:**

1. In view of the prevailing Covid-19 pandemic and maintain the social distancing norms, the Ministry of Corporate Affairs ("MCA") has vide its General Circular dated May 05, 2020 read with General Circulars dated April 08, 2020, April 13, 2020, April 21, 2020, June 15, 2020, September 28, 2020, December 31, 2020 and the Companies (Meetings of Board and its Powers) Fourth Amendment Rules, 2020 (collectively referred to as "MCA Circulars and Amended Rules") permitted the holding of the General Meetings through Video Conferencing ("VC") facility or Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue, in compliance with the provisions of the Companies Act, 2013 ("Act"). Further, MCA vide its General Circular No. 02/2021, dated January 13, 2021, allowed the companies whose AGMs are due to be held in year 2021, to conduct their AGMs through video conferencing (VC) or other audio-visual means (OAVM), on or before December 31, 2021. Pursuant the aforesaid MCA Circulars, the 14th Annual General Meeting ("AGM" or "the Meeting") of GMR Air Cargo And Aerospace Engineering Limited ("GACAEL" or "the Company") is scheduled to be held on Wednesday, September 22, 2021 at 11:00 A.M (IST) through video conferencing (VC) / OAVM.

2. As per provisions of the Act and aforesaid MCA Circulars and Amended Rules, the Company is not required to provide the facility of e-voting. The MCA Circulars prescribe that in case the Company has in its records, the email address of the members of at least half of the total numbers, who represent not less than seventy-five percent of the paid-up share capital of the Company and gives a right to vote in the meeting, the AGM of such Company may be conducted through VC facility or OAVM only. The Company has in its records, the email addresses of all the Members of the Company representing hundred percent of the total paid-up share capital of the Company and gives right to the vote at the meeting. However, the Company is required to comply with the framework prescribed by the MCA vide its Circulars dated April 08, 2020, April 13, 2020 and January 13, 2021 for conducting the AGMs through VC facility or OVAM and issue of AGM Notice and subject to the fulfillment of the requirements which are covered hereunder in this Notice.

   The deemed venue for the 14th AGM is the address of the Registered Office of the Company i.e. at Plot No.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad – 500 108, Telangana.

3. A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on a poll instead of himself or herself and such proxy need not be a member of the Company. However, in view of the specific circumstances (due to prevailing Covid-19 pandemic) during which this AGM is being held, pursuant to MCA Circulars on holding of AGM through VC / OAVM, the requirement of physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, and Attendance Slip are not annexed to this AGM Notice.

4. Notice convening the 14th AGM along with the 14th Annual Report 2020-21 (including financial statements, auditors report, board's report and relevant documents) is being sent only through electronic mode i.e. by email to all the Members and others entitled to their e-mail addresses registered with the Company. The 14th AGM Notice has been uploaded on the website of the Company

5. The explanatory statement pursuant to Section 102(1) of the Act in respect of Special Business is annexed hereto.

6. All the documents referred to in the 14th AGM Notice in respect of special business, Annual Report as well as Annual Accounts of the subsidiary companies and Register of Directors' Shareholding, which are to be kept open for inspection by the Members of the Company, will be available for inspection through electronic mode during 11.00 a.m. and 5.00 p.m. on all working days till the date of the 14th AGM. In this regard, Members are requested to send an email from their registered email id to rakhal.panigrahi@gmraerotech.in. Further, the Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to rakhal.panigrahi@gmraerotech.in, on or before September 22, 2021 and response for the same will be sent by the Company accordingly.

7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. Corporate members intending to send their authorised representative to attend the Meeting are requested to send to the Company, the Authorisation Letter along with a certified copy of the Board Resolution authorising their representative to attend and vote thereat, on their behalf at the AGM. The scanned copy of Authorization Letter along with Board Resolution shall be sent by email from their registered email id to rakhal.panigrahi@gmraerotech.in.

9. The instructions or details of the AGM i.e. access link to the VC or OAVM, login id, passwords, helpline numbers, e-mail id of a designated person who shall provide assistance for easy access to the AGM, shall be shared separately.

10. Facility for joining the AGM will be kept open 15 minutes before the scheduled time of the AGM and shall not be closed till the expiry of 15 minutes after the scheduled time of the AGM.

11. The Chairman of the Board will preside as the Chairman of AGM. In case, the Chairman is not present due to other occupation, the Directors present will elect one among themselves to be the Chairman of the AGM. If no

director is willing to act as Chairman or if no director is present within 15 minutes after the time appointed for holding the AGM, the members present shall choose one of their members to be the Chairman of AGM.

12. The Chairman of the AGM may conduct a vote on the Resolutions by show of hands, unless a demand for poll is made by a member in accordance with the provisions of section 109 of the Act. Where a poll on any item is required, the members shall cast their votes on the resolutions only by sending e-mails to the email ID [Rakhal.panigrahi@gmraerotech.in] through their email addresses which are registered with the Company.

13. This AGM is being held through VC / OAVM, as such the route map to the venue is not annexed to this Notice.

14. Apart from the ordinary business, the following agenda items under special business are being placed at 14th AGM for consideration and approval of the Members, which are unavoidable in the opinion of the Board:

| | | |
|---|---|---|
| 1 | Change in Designation of Dr. Kavitha Gudapati as Women Director for the second term | The Board has recommended the re-appointment of Dr. Kavitha Gudapati (DIN 02506004) as a Women Director (Non-Independent) to the members for their approval who would be liable to retire by rotation. Hence placing this agenda in this AGM. |
| 2 | Ratification of remuneration of the Cost Auditors for the financial year 2021-22 | As per agreed scope of cost audit for the financial year 2021-22. The cost audit remuneration fixed by the Board is subject to ratification by the Members of the Company. Hence, placing this agenda in this AGM. |
| 3 | To increase the borrowing and security creation limits of the Company from INR 600 crores to INR 650 crores respectively | Keeping in view your Company's business requirements, growth plans and other general corporate purposes it is considered desirable to increase the existing borrowing limits under Section 180(1)(c) of the Companies Act, 2013 and the security creation limits under Section 180(1)(a) of the Act up to an amount of INR 650 crores respectively. |

| | | |
|---|---|---|
| | | Hence, placing this agenda in this AGM. |
| 4 | Approval for conversion of Debt into equity shares by virtue of availing Rupee Term loan facility | As per the Facility Agreement, conversion of Debt into Equity upon occurrence of default and at the option of the lenders is one of the covenants therefore, placing this agenda in this AGM. |

15. The recorded transcript of the VC / OAVM will be maintained in safe custody by the Company and such recorded transcript of the meeting, as soon as possible and will also be made available on the website of the Company.

16. Meeting through VC or OAVM facility is allowed two way teleconferencing for ease of participation of the members.

17. At least one Independent Director and the Auditor or his / her authorized representative, who is qualified to be an auditor would attend such meeting through VC or OVAM facility.

## ANNEXURE TO NOTICE OF THE 14TH ANNUAL GENERAL MEETING

**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013**

**Item No. 4**

M/s. K.S. Rao & Co., Chartered Accountants (Firm Registration No. 003109S), Bengaluru, were appointed as Statutory Auditors of the Company at the Extra Ordinary General Meeting ('EGM') held on January 12,2021 of the Company to fill the casual vacancy arisen due to the resignation of M/s. Deloitte Haskins & Sells, LLP, in terms of section 139(8) of the Companies Act,2013 for a period till the conclusion of 14th AGM. M/s. K.S. Rao & Co., are eligible for appointment for a period of 5 years. M/s. K.S. Rao & Co., have given their consent for their appointment as Statutory Auditors of the Company and has issued certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder.

The Auditors have reported their independence from the Company and its subsidiary according to the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the ethical requirements relevant to audit. Based on the recommendations of the Board of Directors, it is hereby proposed to appoint M/s. K.S. Rao & Co, Chartered Accountants, having registration No. 003109S, as the Statutory Auditors of the Company for the first term of five consecutive years, who shall hold office from the conclusion of this 14th AGM till the conclusion of the 19th AGM of the Company.

The Board of Directors may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

Therefore, the Board of Directors recommends the Resolution at Item No.4 of the accompanying Notice for the approval of the Members of the Company as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise in the said resolution.

**Item No. 5**

The Shareholders of the Company at their Ninth Annual General Meeting (AGM) held on September 28, 2016 had approved the appointment of Dr. Kavitha Gudapati as an Independent Director of the Company for a period of five years commencing from the date of Ninth AGM till the ensuing i.e., 14th AGM and presently, the Company being debt listed is not considered as a listed Company w.e.f. April 01, 2021 as per the MCA Notification dated February 19, 2021.

Further, GACAEL, being a Wholly Owned Subsidiary (WOS) of GMR Hyderabad International Airport Limited (GHIAL) and upon not considered as a listed company w.e.f. April 01, 2021 as per the MCA Notification dated February 19, 2021, is now exempted from appointing the Independent Directors. Hence, there is no requirement of having Independent Director.

In compliance with the provisions of Section 152 of the Companies Act, 2013, the appointment of Dr. Kavitha Gudapati as a Women Director to hold office from the conclusion of 14th AGM is being placed before the Members at the ensuing 14th Annual General Meeting for their approval.

None of the Directors or Key Managerial Personnel or their relatives of the Company, except Dr. Kavitha Gudapati, are concerned or interested in the resolution as set out in item No. 5.

The Board recommends the resolution as set out in Item No. 5 of the AGM Notice for approval of the shareholders, as an Ordinary Resolution.

**Item No.6**

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on April 22, 2021, had re-appointed M/s. Narasimha Murthy & Co, Cost Auditors (Firm Registration Number: 000042), as Cost Auditors of the Company, in terms of Section 148 of the Companies Act, 2013 and has fixed a sum of Rs.2,00,000/- (Rupees Two Lakhs only) as remuneration payable to the Cost Auditors for the financial year 2021-22.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, the

Board recommends the ordinary resolution as set out under Item No.6 of the accompanying Notice for approval of the shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out under Item No.6 of the accompanying Notice.

Relevant documents are available for inspection in the Company during business hours till the date of the Annual General Meeting

**Item No.7 & 8**

The Members of the Company, at their Extra Ordinary General Meeting held on September 22, 2017, authorized the Board of Directors to borrow money on behalf of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) and to create charge on the moveable and immovable properties of the Company as security in favour of lending agencies for a sum not exceeding INR 600 crores respectively.

Keeping in view your Company's business requirements, growth plans and other general corporate purposes it is considered desirable to increase the said borrowing limits under Section 180(1)(c) of the Companies Act, 2013 (the "Act") and the security creation limits under Section 180(1)(a) of the Act up to an amount of INR 650 crores respectively.

In terms of the provisions of Section 180(1)(c), the shareholders of the Company have already accorded approval to the Board of Directors of the Company to borrow money/ moneys upto an amount of 650 Crores by passing a Special Resolution.

The amount to be borrowed shall be within the limits specified in Section 180(1)(c) of the Companies Act, 2013.

The Board, therefore, recommends the resolutions under Item No.7 & 8 to the Shareholders for their approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out under Item No.7 & 8 of the accompanying Notice.

**Item No.9**

To meet funding requirements towards international expansion, product development, organic growth initiatives, repayment of debt and meeting other purposes related to the Business, your Company is exploring options to avail financial assistance by way of loan upon such terms and conditions as may be stipulated in the financing document of the Lenders.

One of the standard clauses of the Financing Documents executed/to be executed by the Company in favour of the Lender(s) provide that in case of the occurrence of an Event of Default which is not corrected/cured by the Company within the period stipulated in the Financing Document(s) or in case of restructuring of debt, the Lender(s) shall have the right to convert the outstanding amounts of the Loan(s) together with all interest, default interest, additional interest, costs, fees, charges and other monies in relation to the Loan(s), to equity or other capital of the Company.

Pursuant to the proviso to Section 62(3) of the Act approval of the company by way passing Special Resolution is necessary to convert the loan into shares in the Company.

The Board, therefore, recommends the resolutions under Item No.9 to the Shareholders for their approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out under Item No.9 of the accompanying Notice.

By Order of the Board

Sd/-
**Rakhal Panigrahi**
**Company Secretary**

Place: Hyderabad
Date: September 21, 2021

**Details of Directors seeking appointment / reappointment as Directors of the Company at the 13th Annual General Meeting, pursuant to Clause 1.2.5 of the Secretarial Standard-2 on General Meetings:**

| | |
|---|---|
| Name of Director | Dr. Kavitha Gudapati |
| DIN | 02506004 |
| Age (Years) | 47 |
| Educational Qualifications | Ph.D in Management and Organisational Behaviour; M.A. (Psychology) |
| Experience | 15 Years |
| Terms & Conditions of appointment | Being re-appointed as a Woman Director |
| Date of first appointment on Board | 28.09.2016 |
| Shareholding in the Company | Nil |
| Relationship with other Directors, Manager & KMPs | Nil |
| Directorships in Indian Companies | - GMR Warora Energy Limited<br>- GMR Bajoli Holi Hydro Power Private Limited<br>- GMR Kamalanga Energy Limited<br>- GMR Generation Assets Limited<br>- GMR Hyderabad Vijayawada Expressway Private Limited<br>- GMR Ambala Chandigarh Expressway Private Limited<br>- Parampara Family Business Institute<br>- GMR Kishangarh Udaipur Ahemadabad Expressways Limited<br>- GMR Highways Limited<br>- GMR Air Cargo and Aerospace Engineering Limited |

| | |
|---|---|
| | - GMR Hospitality And Retail Limited |
| Committee Chairmanships / Memberships in Indian Companies | Chairperson, Corporate Social Responsibility Committee in the following Companies:<br>- GMR Highways Limited<br>- GMR Hospitality and Retail Limited<br><br>Member, Audit Committee in the following Companies:<br>- GMR Highways Limited<br>- GMR Air Cargo and Aerospace Engineering Limited<br>- GMR Hyderabad Vijayawada Expressways Private Limited<br>- GMR Ambala – Chandigarh Expressways Private Limited<br><br>Member, Nomination And Remuneration Committee in the following Companies:<br>- GMR Highways Limited<br>- GMR Air Cargo and Aerospace Engineering Limited<br>- GMR Hyderabad Vijayawada Expressways Private<br>- GMR Ambala – Chandigarh Expressways Private Limited<br><br>Member, Corporate Social Responsibility Committee in the Following Companies:<br>- GMR Air Cargo and Aerospace Engineering Limited |
| Other information | - |

**GMR Air Cargo And Aerospace Engineering Limited**
**(Formerly '*GMR Aerospace Engineering Limited*')**

**BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021**

To,
The Members,
GMR Air Cargo And Aerospace Engineering Limited

Your Directors have pleasure in presenting the 14th (Fourteenth) Annual Report of the Company together with the Audited financial statements for the financial year ended March 31, 2021.

**FINANCIAL HIGHLIGHTS:**

The financial performance of your Company for the year ended 31st March, 2021 as compared to the previous financial year, is summarized below:

(Amount in Rs. Lakhs)

| **Particulars** | **Standalone** | | **Consolidated** | |
|---|---|---|---|---|
| | **2020-21** | **2019-20** | **2020-21** | **2019-20** |
| **Revenue**<br>Turnover<br>Other Income | <br>32565.19<br>774.70 | <br>29822.65<br>1331.42 | <br>32581.85<br>768.13 | <br>29920.80<br>1282.23 |
| **Total Income (i)** | **33339.89** | **31154.07** | **33349.98** | **31203.03** |
| **Expenses**<br>Employee benefits expense<br>Other expenses | <br>8638.51<br>18236.74 | <br>8052.94<br>15424.36 | <br>8682.49<br>18233.91 | <br>8087.23<br>15,431.00 |
| **Total expenses (ii)** | **26875.25** | **23477.30** | **26916.40** | **23518.23** |
| **Earnings before interest, tax, depreciation and amortization (i) – (ii)** | **6464.64** | **7676.77** | **6433.58** | **7684.80** |
| Depreciation and amortization expenses | 2698.05 | 2762.29 | 2698.68 | 2763.11 |
| Finance costs | 3204.93 | 3231.52 | 3204.93 | 3231.52 |
| **Profit before tax** | **561.66** | **1682.96** | **529.97** | **1690.17** |
| Deferred tax income | (6.14) | 45.89 | (6.24) | 47.47 |
| Profit/(Loss) for the year – (iii) | **567.80** | **1637.07** | **536.21** | **1642.70** |
| **Other comprehensive income for the year**<br>Re-measurement on defined benefit plans | 23.60 | (50.74) | 23.60 | (50.74) |
| Other comprehensive income for the year – (iv) | (6.14) | 13.19 | (6.14) | 13.19 |
| **Total comprehensive income for the year (iii)+(iv)** | **585.26** | **1599.92** | **553.67** | **1605.15** |

**STATE OF COMPANY'S AFFAIRS**

**Operational Review**

For the year ended 31st March, 2021, your Company earned a total income of Rs. 33,339.89 Lakh, as against the previous year's total income of Rs. 31,154.07 Lakh. The operations of the company during the year under review resulted in a net profit of Rs. 567.80 lakh as compared to a net profit of Rs. 1,637.07 Lakh in the previous year.

**Performance of MRO Division (doing business as GMR Aero Technic "GAT")**

During the financial year 2020-21, the MRO Division of the Company provided base maintenance services, Line Maintenance services and other allied services to the domestic and international customers at its MRO facility in Hyderabad. The aircraft type services include Airbus A320 family, Boeing B737-NG, Bombardier Q400 and ATRs. The MRO Division of the Company has Year-on-Year (YoY) growth of 20% when compared to previous year. It has also achieved EBITDA of INR 55.10 Crore, Cash profit of INR 27.03 Crore and PAT of INR 8.21 Crore. This is the second consecutive year of profitable operations.

During this FY, the MRO Division of the Company has enhanced the capability to include A320 New and B-737 Max in addition to the other capabilities added to the workshop area.

Though the aviation impacted by COVID-19 and there are many restrictions due to lockdown, the MRO business continue to operate throughout the lockdown period to support various customer maintainace requirement.

**Base Maintenance business highlights:**

Due to pandemic, many of the airlines deferred the C checks due to less flying and converted some of C-checks to End-Of-Lease (EOL) checks due to early termination of the Aircraft lease period. Therefore, the MRO Division of the Company took and performed many EOL Checks resulting in enhanced business and revenue to support the customers in the times of crisis. There has been reduction in the International Business as well due to the pandemic. Below are the significant highlights from the base maintenance business:

- Completed 9 EOL checks in FY21.
- 5 EOL checks WIP – Target May'21
- Increase in aircraft parking, preservation checks and storage.
- New Customer added – Fly-Big Airlines, Avro Global (South Africa), Regent Airways (Bangladesh)

**Inflatable Hangar:**

New one-line narrow body hanger added to our existing facility, thus increasing our capacity to handle more aircrafts. The new hanger is based on a new technology using Woven Polyester base cloth with PVC Coating, Fire-retardant (classified: M2 NFP 92 507) and Temperature Stability between -30°C and +70°C materials and this is first of kind in Asia pacific region.

**Line Maintenance business highlights:**

Line maintenance business was hit due to restrictions on International flights resulting from the pandemic. However, the MRO Division of the Company were successful in adding 10 new customers at various stations. The target revenue for line maintenance could not be achieved due to travel restriction and ban on International flight owing to COVID-19 outbreak.

**Regulatory Approvals:**

The MRO Division of the Company added CAA-Bermuda approval in FY21 and enhanced existing approvals of CAA-Bangladesh, GACA-Saudi Arabia, CAA-Qatar to service line maintenance at various stations across India. Currently we hold 21 International approvals including EASA and FAA.

**Business Strategies**

As part of the growth strategy management is evaluating new line of business such as developing Component, Military MRO services and establishing a premier AME Training School.

The Training school project has already been launched and construction activity is expected to start from August 2021 and the School is expected to be operational by May 2022. The School will be approved by DGCA and EASA. Evaluating to bring on board internationally reputed entity as knowledge partner to operate the School.

**Information Technology**

As we wanted to keep our self in par with the latest technology, we did invest in building our IT foothold, through activities such as Implementation of Process Automations through RPA to simplify routine activities, Remote Assistance application for our Engineers and an ERP for our Line maintenance operations. Also, we did digitize our Internal Audits and Component Work Orders. We've enhanced the Data security through enhancing our Firewall policies and did invest in revamping our Network Infrastructure considering the projects we've planned for the upcoming year, like Digitization of our Task Cards and going paperless.

**Performance of GMR Hyderabad Air Cargo Division (GHAC):**

GHAC achieved a total revenue of INR 83 Crore during the year under review with an EBTDA of 22%. In FY21, GHAC and handled about 1,01,259 MT, thereby standing out as one of the well performing metro airports in a challenging market scenario.

With an aim to increase stakeholder engagement and customer experience GMR Hyderabad Air Cargo has undertaken the below major initiatives in the FY21:

- Initiated and Executed critical infrastructure projects - Truck Dock Expansion, Pharma Zone and Special Cargo Handling Center
- Vaccine Handling Projects for International COVID Vaccine movement has been strategically planned in FY21 and is currently in its last stages of its execution
- Developed Interim Express Terminal and received AERA approval on Tariff.

- Renewal of crucial Certifications: RA and GDP, During the year under review, the GHAC division of the Company also started working on several new-tech initiatives focused on improving operational effectiveness.

**MRO & GHAC Business operation during Ongoing COVID-19 Pandemic**

COVID-19 pandemic has been one of the biggest challenges in recent times impacting human lives and disrupting businesses in equal proportions. Health and well-being of each of our employees and their families has been the first priority of the Company and all measures required to ensure this are being taken. Some employee safety and welfare initiatives at both the Division of the Company, are as below.

In keeping with its employee-safety first approach, the Company quickly instituted the following measures for employee's well-being.

• Disinfection of the entire facility on daily basis before the staff enters
• Sanitizing staff bus transport and Thermal Scanning
• Mandatory wearing of Masks
• Providing hand sanitizers at all strategic locations
• Social Distancing protocol devised and mandated
• Proactive RT PCR testing for all employees are being conducted at regular intervals to identify and break the chain of Infection.
• Provide COVID Tele Consultation Facility for employees
• Free Vaccination for employees and their immediate family members.
• Vaccination for staff above 45 years got covered by 30th April 2021.
•Every identified COVID Positive cases will be coordinated by HR Buddies on a daily basis to provide any assistance and support to the employees and their families.

As a responsible member of the communities that it operates in, the Company has contributed Rs. 1,00,00,000 (Rupees One Crore only) to "CM Relief Fund, Telangana State" to fight against ongoing COVID-19 in the Month of April,2020.

**Change in the Nature of Business, If Any:**

During the year under review, there is no change in the Business of the Company.

**Dividend**

Due to accumulated losses of the Company, the Board of Directors have not recommended any dividend to its shareholders for the Financial Year ended March 31, 2021.

**Appropriations to Reserves**

Due to accumulated losses of the Company, the board of director does not propose to carry any amount to any reserves for the year under review

**Fixed Deposits**

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

**Rating**

The existing Facility of the Rs. 275 Crore NCDs carries an instrument rating of AA (CE) (Negative) by ICRA Limited and India Ratings and Research Private Limited. Your Company has also obtained an issuer rating of A1+ by CRISIL for its working Capital covenants.

**Major Events and Achievements**

The Company received the following awards / accolades during the period under review recognizing the significant contributions made in different facets of functional excellence.

**Achievements of MRO Division**

- The MRO Division of GACAEL Won 'MRO of Year' award at Aero MRO India 2021 event, organized by MRO Association of India.
- Achieved YoY 20% more revenue compared to previous year.
- Achieved highest gross revenue of Rs. 247.17 Crore till date with a second consecutive year PAT positive of INR 8.21 Crore

**Achievements of GHAC Division**

GHAC has shown great resiliency in this global crisis and is moving towards a sustainable future along with its stakeholders with various Initiatives for strengthening its business:

- GHAC signed MoU with SpiceJet to ensure safe storage and seamless delivery of the COVID vaccines from the Hyderabad airport to domestic and international markets
- Strategic partnership done with Dubai Airports for launch of HYDXB-VAXCOR to develop global distribution channel for COVID Vaccines
- GHAC has seamlessly handled several freighters carrying Vaccines, medical equipment and COVID relief material like PPE Kits, masks, sanitizers etc. More importantly, starting Jan'21, GHAC has handled more than 50 MT of COVID vaccines till Mar'21 that were distributed from Hyderabad to various parts of the Country
- GHAC signed MoU with Telangana State Road Transport Corporation (TSRTC) to jointly promote Intl. Exports & Imports through the launch of one-of-its-kind first and last mile cargo bus feeder service (BFS) that would connect GMR Hyderabad Air Cargo Terminal to other parts of Telangana and neighboring states

GHAC Division of your Company has entered into an exclusive partnership with Singapore-based technology start up StaTwig for the launch of Vaccine Ledger to leverage the Next-Gen Block Chain technology to deliver enhanced Track and Trace Solution and real time monitoring of Vaccine shipments.

**Event Subsequent to the date of the Financial Statements**

Mr. N C Sarabeswaran (DIN: 00167868) who was appointed as an Independent Director from March 29, 2020 to the conclusion of 14th AGM of the Company ("the First Term") has expressed not to continue as an Independent Director for the second term due to his personal reasons with effect from the conclusion of 14th AGM of the Company.

**Corporate Governance**

The Board of Directors supports the broad principles of Corporate Governance. The Board has a formal schedule of matters reserved for its consideration and decision.

**Directors and Key Managerial Personnel**

The Board of Directors and Key Managerial Personnel of your company presently comprise of the following:

**Board of Directors**

| Sl. No. | Name | Designation |
|---|---|---|
| 1 | Mr. G B S Raju | Chairman |
| 2 | Mr. Gopalakrishna Kishore Surey | Director |
| 3 | Mr. Rajesh Kumar Arora | Director |
| 4 | Mr. Puthalath Sukumaran Nair | Director |
| 5 | Dr. Kavitha Gudapati | Independent cum Women Director |
| 6 | Mr. Nangavaram Chandramouli Sarabeswaran | Independent Director |

**Key Managerial Personnel**

| Sl. No. | Name | Designation |
|---|---|---|
| 1 | Mr. G. Chandrabushan | Manager |
| 2 | Mr. K Venkata Ramana | Chief Financial Officer |
| 3 | Mr. Rakhal Panigrahi | Company Secretary |

**CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):**

During the year under review:

1) Mr. Rakhal Panigrahi was appointed as Company Secretary and Compliance Officer w.e.f June 04, 2020;

2) Mr. Srikanth Vetcha was appointed as the Chief Financial Officer (CFO) of the Company with effect from April 22, 2021 in place of Mr. K. Venkata Ramana.

**Re-appointments / Change in Designation**

As per the provisions of the Companies Act, 2013, the Chairman of the Board, Mr. GBS Raju (DIN: 00061686), retires by rotation at the ensuing AGM and, being eligible, seeks reappointment.

Dr. Kavitha Gudapati (DIN: 02506004) was appointed as the Director in the category of Independent for a period of five (5) years with effect from September 28, 2016 till the conclusion of the ensuing 14th AGM of the Company. Her term as an Independent Director will be completed at the ensuing 14th AGM of the Company and she will continue as woman director in the category of Professional Director of the Company with effect from the conclusion of the ensuing 14th AGM.

**Committees of Board**

In accordance with the Companies Act, 2013, there are currently four Committees of the Board;

Following is the composition of the Committees:

| Sl. No. | **Name of the Committee** | **Composition** |
|---|---|---|
| 1. | Audit Committee | (i) Mr. N C Sarabeswaran, Chairman |
| | | (ii) Mr. Rajesh Kumar Arora, Member |
| | | (iii) Dr. Kavitha Gudapati, Member |
| 2. | Nomination and Remuneration Committee | (i) Mr. N C Sarabeswaran, Chairman |
| | | (ii) Mr. Rajesh Kumar Arora, Member |
| | | (iii) Dr. Kavitha Gudapati, Member |
| 3. | Non-Convertible Debentures (NCDs) Committee | (i) Mr. SGK Kishore |
| | | (ii)Mr. Rajesh Kumar Arora |
| 4. | Corporate Social Responsibility (CSR) Committee | (i) Mr. N C Sarabeswaran, Chairman |
| | | (ii) Dr. Kavitha Gudapati, Member |
| | | (iii) Mr. P.S. Nair, Member |

**Board Meetings:**

The Board of Directors of the company met 5 (Five) times during financial year under review and the details of attendance of Directors are as under:

| | | **Dates of the Board Meetings** |
|---|---|---|

| S. No. | Name of the Director | 04-06-20 | 20-07-20 | 04-11-20 | 08-02-21 | 18-02-21 |
|---|---|---|---|---|---|---|
| 1 | Mr. GBS Raju | LOA | LOA | LOA | Yes | LOA |
| 2 | Mr. Gopala Krishna Kishore Surey | Yes | Yes | LOA | Yes | LOA |
| 3. | Mr. Puthalath Sukumaran Nair | Yes | Yes | Yes | Yes | Yes |
| 4. | Mr. Rajesh Kumar Arora | Yes | Yes | Yes | Yes | LOA |
| 5. | Dr. Kavitha Gudapati | LOA | LOA | Yes | Yes | Yes |
| 6. | Mr. N C Sarabeswaran | Yes | Yes | Yes | Yes | Yes |

(Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

**NUMBER OF COMMITTE E MEETINGS HELD DURING THE FINANCIAL YEAR 2020-21:**

**<u>Audit Committee Meetings</u>**

Five Audit Committee Meetings were held during the financial year 2020-21 and the details of attendance of the Members are as under:

| S. No. | Name of the Committee Member | Dates of the Audit Committee Meeting | | | | |
|---|---|---|---|---|---|---|
| | | 04-06-20 | 20-07-20 | 04-11-20 | 08-02-21 | 18-02-21 |
| 1 | Mr. N C Sarabeswaran | Yes | Yes | Yes | Yes | Yes |
| 2 | Dr. Kavitha Gudapati | LOA | LOA | Yes | Yes | Yes |
| 3 | Mr. Rajesh Kumar Arora | Yes | Yes | Yes | Yes | LOA |

(Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

**<u>Nomination & Remuneration Committee: -</u>**

Two Nomination & Remuneration Committee Meetings were held during the financial year 2020-21 and the details of attendance of the Members are as under:

| S. No. | Name of the Committee Member | Dates of the NRC Meeting | |
|---|---|---|---|
| | | 04-06-20 | 20-07-20 |

| | | | |
|---|---|---|---|
| 1. | Mr. N C Sarabeswaran | Yes | Yes |
| 2. | Dr. Kavitha Gudapati | LOA | LOA |
| 3. | Mr. Rajesh Kumar Arora | Yes | Yes |

(Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

**Corporate Social Responsibility (CSR) Committee: -**

One CSR Committee Meeting was held during the financial year 2020-21 and the details of attendance of the Members are as under:

| S. No. | Name of the Committee Member | 08-02-21 |
|---|---|---|
| 1. | Mr. N C Sarabeswaran | Yes |
| 2. | Dr. Kavitha Gudapati | Yes |
| 3. | Mr. P.S. Nair | Yes |

(Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

Further the Annual General Meeting (AGM) of the Company was held on September 28, 2020 and three Extra- Ordinary General Meetings (EGM) of the Company were held on April 03 2020, May 28, 2020 and January 12, 2021 respectively.

**Separate Meeting of the Independent Directors:**

During the financial year under review, in terms of section 149 of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013, a separate meeting of the independent directors was held on February 18, 2021.

**During the financial year, the following Circular Resolutions were passed:**

| Sl No | Particulars | Date of Passing |
|---|---|---|
| 1 | Audit Committee | 11-09-2020<br>09-01-2021 |
| 2 | Board of Directors | 03-04-2020<br>27-05-2020<br>14-08-2020<br>11-09-2020<br>11-01-2021 |

**Secretarial Standards**

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

**Directors' Responsibility Statement**

To the best of their knowledge and belief and according to the information and explanations obtained, your Directors confirm the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

a. that in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies as mentioned in Note No. 2 of Notes to the financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the annual financial statements have been prepared on a going concern basis;

e. that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and were operating effectively;

f. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Statement on Declaration of Independent Directors**

Based on the confirmation / disclosures received from the Independent Directors and on evaluation of the relationships disclosed, the following Directors are Independent in terms of Section 149(6) of the Companies Act, 2013: -

- Mr. N.C. Sarabeswaran
- Dr. Kavitha Gudapati

Pursuant to Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, all the above Independent Directors have registered with the Independent Directors Databank, maintained by the Indian Institute of Corporate Affairs.

**Board Evaluation**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out the annual performance evaluation for the financial year, in respect of the Board and Committees, the Chairman, Self and Peers of the Directors. The exercise was carried out by circulating the structured and separate questionnaires among the Directors through DESS Digital Meeting Platform, for the Board and Committees Evaluation; the Chairman's Evaluation; the Directors' Self-Evaluation; and the Directors' Peer Evaluation, after taking into consideration various aspects of the management and governance. The Directors have successfully completed the said evaluation through DESS Digital Meeting Platform.

**Company's Policy on Directors' Appointment and Remuneration**

The Nomination and Remuneration Policy of the Company covering Director's appointment, remuneration, criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 is placed on the website of the Company www.gmraerotech.in.

The Salient features of the Nomination and Remuneration Policy are mentioned in **Annexure-1**

Sitting fees paid to the Independent Directors during the financial year 2020-21:

| Sl. No. | Name of the Independent Directors | Sitting fees paid (Amount in Rs.) |
|---|---|---|
| 1 | Mr. N C Sarabeswaran | 1,90,000 |
| 2 | Dr. Kavitha Gudapati | 1,05,000 |
| **Total** | | **2,95,000** |

Other than the aforesaid payment of the sitting fees during the Financial Year 2020-21, there were no other pecuniary relationships or transactions between the Non-Executive Directors and the Company.

**Particulars of loans, guarantees or investments under section 186 of the Companies act, 2013**

During the FY 2020-21, the Company has given an unsecured loan in the category of Inter Corporate Deposit (ICD) of Rs. 20,00,00,000/-(Rupees Twenty Crore only) to GMR Goa International Airport Limited (GGIAL).

**Particulars of contracts or arrangements with related parties referred to in section 188(1) of the companies act, 2013**

All transactions entered into with the related parties during the financial year under review were on arm's length basis and in the ordinary course of business. Your Company has not entered into any contracts or arrangements with the related parties referred to in Section 188(1) of the Companies Act, 2013 and as such no particulars are required to be given.

All related party transactions (RPTs) are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which were of a repetitive nature. All the transactions with the related parties are audited by the Management Assurance Group (Internal Auditors) of the Company, while placing the same before the Audit Committee for their review and approval. All RPTs are mentioned in the Note No. 33 to the Notes to the Financial Statements of the Company for the financial year 2020-21.

Further, the disclosures in compliance with the Accounting Standard on "Related Party" required as per point 1 of Part A of Schedule V of SEBI, LODR have been provided in Note 33 of Notes to Accounts included in the Financial Statements as on March 31,2021.

**Conservation of energy, technology absorption, and foreign exchange earnings and outgo**

Since the Company does not own any manufacturing facility, the particulars relating to technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable.

During the year ended 31st March, 2021, the particulars regarding foreign exchange earnings and outgo are as given below:

**(Rs. In Crores)**

| **Particulars** | **For the year ended 31.03.20201 (Rs.)** | **For the year ended 31.03.2020 (Rs.)** |
|---|---|---|
| **Foreign Exchange Earnings** | | |
| MRO Division<br>GMR Hyderabad Air Cargo Division | 243.33<br>1.23 | 202.23<br>0.7451 |
| | 244.56 | 202.9751 |
| **Foreign outgo (expenditure)** | | |
| MRO Division<br>GMR Hyderabad Air Cargo Division | 117.92<br>0.99 | 74.12<br>1.436 |
| | 118.91 | 75.556 |

**Risk Management**

The Company has established Enterprise Risk Management (ERM) framework to identify, assess, monitor and mitigate various risks that may affect the organization. As per ERM framework, the risks are identified considering the internal and external environment. No risks perceived that threatens the existence of the company.

**Internal Control System**

Your Company's internal control systems commensurate with the nature of its business and the size and complexity of its operations.

Your Company's internal control procedures ensure compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations. The Management Assurance Group (Internal Auditors) of the Company, carries out extensive audits throughout the year, across all functional areas and submits its reports to the Audit Committee.

**Internal Financial Controls and Its Adequacy:**

Your Company has adopted policies and procedures including 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 the Company's policies, the safeguarding of its assets, the prevention and detection of fraud and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures under the Companies Act, 2013.

During the year under review, such controls were reviewed and tested by the Internal Auditors and found to be adequate.

**Share Capital**

The Authorized Share Capital of the company as on March 31, 2021 is as follows:

**Authorised Capital - INR 700,00,00,000/-**

1) 68,15,00,000 (Sixty-Eight Crore Fifteen Lakhs) equity shares of Rs.10/- each aggregating to Rs. 681,50,00,000/- (Rupees Six Hundred and Eighty-One Crore fifty lakhs only)
2) 18,450 (Eighteen Thousand Four Hundred and Fifty) compulsory Convertible cumulative Preference shares series A of Rs. 10,000/- (Rupees Ten Thousand Only) per share ("Series A preference shares") aggregating to Rs.18,45,00,000/- (Rupees Eighteen Crores Forty-Five Lakhs Only); and
3) 50,000 (Fifty Thousand) compulsory Convertible cumulative Preference shares series B of Rs.10/- (Rupees Ten Only) each ("Series B preference shares") aggregating to Rs. 5,00,000/- (Rupees Five Lakhs Only).

**Paid up Capital of the Company:**

The paid-up equity capital as on March 31, 2021 is INR 473,83,09,350/- which comprises as follows

1) 45,58,12,130 (Forty-Five Crore Fifty-Eight Lakhs Twelve Thousand One Hundred and Thirty) equity shares of Rs.10/- each aggregating to Rs. 455,81,21,300/- (Rupees Four Hundred and Fifty-Five Crore Eighty-One lakhs Twenty One Thousand Three Hundred only)
2) 18,000 (Eighteen Thousand) compulsory Convertible cumulative Preference shares series A of Rs. 10,000/- (Rupees Ten Thousand Only) per share ("Series A preference shares") aggregating to Rs.18,00,00,000/- (Rupees Eighteen Crores Only); and
3) 18,735 (Eighteen Thousand Seven Hundred and Thirty-Five) compulsory Convertible cumulative Preference shares series B of Rs.10/- (Rupees Ten Only) each ("Series B preference shares") aggregating to Rs. 1,87,350/- (Rupees One Lakh Eighty-Seven Thousand Three Hundred and Fifty Only)

**Subsidiaries, Joint Ventures and Associate Companies**

Your Company has only one wholly owned subsidiary, named GMR Aero Technic Limited.

**Statement under Section 129(3) of the Companies Act, 2013**

GMR Air Cargo And Aerospace Engineering Limited has only one wholly owned subsidiary, GMR Aero Technic Limited ("GATL") and there has been no change in the number of subsidiaries.

GATL is working on Consultancy business. During the year under review, the financial performance of GATL by way of profit / (loss) after tax has decreased from Rs. 5.64 Lakhs in the FY 2019-20 to Rs. (31.60) Lakhs in the FY 2020-21.

The Consolidated Financial Statements for the year ended March 31, 2021 form the part of annual report and a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached as **Annexure-2.**

There are no associate and joint venture companies as on March 31, 2021.

**Auditors**

**Statutory Auditors**

M/s. K.S. Rao & Co., Chartered Accountants (Firm Registration No. 003109S), Bengaluru, were appointed as Statutory Auditors of the Company at the Extra Ordinary General Meeting ('EGM') held on January 12,2021 of the Company to fill the casual vacancy arisen due to the resignation of M/s. Deloitte Haskins & Sells, LLP, in terms of section 139(8) of the Companies Act,2013 for a period till the conclusion of 14$^{th}$ AGM. M/s. K.S. Rao & Co., are eligible for appointment for a period of 5 years. M/s. K.S. Rao & Co., have given their consent for their appointment as Statutory Auditors of the Company and has issued certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the rules made thereunder.

There are no qualifications, reservations or adverse remarks in the audit report for the financial year ended March 31, 2021.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the financial year under review.

**Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board had reappointed M/s. KBG Associates, a firm of Company Secretaries in Practice (CP No. 6262) represented by its Partner Mr. Srikrishna Chintalapati, to conduct the Secretarial Audit of the Company for the financial year 2020-21. The Secretarial Audit Report dated July 16, 2021 is appended to this Report as **Annexure - 3**.

There are no qualifications, reservations or adverse remarks in the secretarial audit report for financial year 2020-21.

**Cost Auditors**

The Board of Directors, on recommendation of the Audit Committee, has approved the re-appointment of M/s. Narasimha Murthy & Co, Cost Auditors of the Company for the financial year ending 31st March, 2022, under section 148 of the Companies Act, 2013, and recommends ratification of his remuneration by the shareholders at the ensuing Annual General Meeting of the Company. Further, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

There are no qualifications, reservations or adverse remarks in the cost audit report for the financial year.

**Listing on stock exchanges**

The Company's Non-Convertible Debenture are listed on BSE Limited and the National Stock Exchange of India Limited.

**Extract of Annual Return:**

Pursuant to the Companies (Management and Administration) Amendment Rules, 2021 effective from March 05, 2021, Rule 12 of Companies (Management and Administration) Rules, 2014 has been amended. Therefore, there is no requirement to annex to the Board's Report an extract of the annual return of the Company as on March 31, 2021 from the FY 2020-21.

**Corporate Social Responsibility (CSR)**

The Company is driven by Group's vision on CSR to make a difference, specifically to society by contributing to the economic development of the country and improving the quality of life of the local communities. The Company has constituted a Corporate Social Responsibility (CSR) Committee on June 04, 2020 in accordance with Section 135 of the Companies Act, 2013.

The Company's CSR Policy is available on our website, at https://www.gmraerotech.in/investors-relations.aspx

The annual report on our CSR activities is appended as **Annexure 4** to the Board's report

**Disclosure under the sexual harassment of women at workplace (prevention, prohibition and redressal) act, 2013**

The Company has in place an Anti-Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee is set up to redress complaints received regularly. All employees (permanent, contractual, temporary trainees) are covered under the policy.

During the financial year, the Company has not received any complaints pertaining to sexual harassment.

**Vigil Mechanism**

The Company has established a vigil mechanism for Directors, regular employees and consultants of the Company, including advisors, in-house consultants, Whole-time Directors and employees on contract. This Policy shall also apply to third parties with any commercial dealings with the Company, including vendors, service providers, partners, joint venture employees and customers. Any Whistle Blower making a complaint under this Policy may make a Disclosure to the Ombudsperson – Mr. HJ Dora of the Company, through the following modes.

(a) Oral complaints through teleconference or by personally meeting the Ombudsperson, or by calling 1800-1020-467 or such other number as is set out on the Company's website at www.gmraerotech.in

(b) Complaints filed through Electronic Means to gmr@ethicshelpline.in to raise a concern under the Policy.

The Policy provides for maintaining confidentiality and protection to the Whistle Blower against any victimization.

**Particulars of Remuneration**

The Company had 1103 employees (on a standalone basis) as of March 31, 2021. The percentage increase in remuneration, ratio of remuneration of each director and key managerial personnel (KMP) (as required under the Companies Act, 2013) to the median of employees' remuneration, and the list of top 10 employees in terms of remuneration drawn, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, form part of **Annexure 5** to this Board's report.

The statement containing particulars of employees employed throughout the year and in receipt of remuneration of Rs. 1.02 crore or more per annum and employees employed for part of the year and in receipt of remuneration of Rs. 8.5 lakh or more per month, as required under Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

In terms of the first proviso to Section 136 of the Companies Act, 2013 the Report and Accounts are being sent to the members excluding the aforesaid Annexure. Any member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure 5 is related to any Director of the Company.

**Details of Significant and material Orders passed by the Regulators/Courts/Tribunals impacting the Going Concern status and the Company's operations in future**

No significant material orders have been passed by the regulators or courts or tribunals which would impact the going concern status of the Company and its future operations.

**Debenture Trustee Details**

As the Company's debenture are listed on Bombay stock Exchange (BSE) and National stock Exchange (NSE) since October, 2017 by way of issue and allotment of Rated, senior, listed, secured, redeemable, Non–Convertible Debentures **["NCDs"]** for a nominal value of INR 10.00 lakh aggregating to not more than INR 275.00 Crores on private placement basis @ 8.55% per annum and hence the details of the Debenture Trustee are provided below.

**Name of Debenture Trustee:** Axis Trustee Services Limited

| Corporate Office Address | Registered Office Address |
|---|---|
| Axis Trustee Services Limited<br>The Ruby, 2nd Floor, SW,<br>29, Senapati Bapat Marg, Dadar West,<br>Mumbai- 400 028, Tel: 022-6230 0451<br>Email:<br>debenturetrustee@axistrustee.com | Axis Trustee Services Limited<br>Axis House, Bombay Dyeing Mills<br>Compound, Pandurang Budhkar Marg,<br>Worli, Mumbai - 400 025<br>Email:<br>debenturetrustee@axistrustee.com |

**Safety and Environment**

The GHAC Division of your Company have taken the following initiatives for Safety purpose during the Financial Year under review.

**Training.**
- Mandatory safety induction training by In-house faculty.
- Periodical refresher trainings by In-house and external faculty.
- Safety briefings (Toolbox Talk) before commencement of work shifts.

**Hazard Identification and Risk Assessment.**
- Effective hazard identification and fair reporting mechanism.
- Risk assessment for all the equipment (GSE), work sites and work activities.

**Audits and Inspection.**
- Weekly Cross-functional audits.
- Workplace inspections.
- Safety Inspection.
- Equipment (GSE) Safety Inspection.
- Emergency equipment inspection.

**Work Permit System.**
- Work permits are mandatory prior to any Civil, Mechanical, Electrical activities.
- Hot work permit for activities involving cutting, grinding, welding etc.

**Maintenance of Emergency Equipment.**

- Hazardous spill management kits availability at all DG storage areas.
- Medical first aid kits are available at all required locations.
- Smoke Detector – Ceiling mounted and Beam detectors.
- Heat Detector.
- Water Curtain.
- Hydrant and Sprinkler system.
- Alarm system.

**Sub-contractor Management.**

- Site assessment.
- Work plan documents.
- PPE and other safety precautions.
- Effective monitoring.

**LOTO – Lock out Tag Out System.**

- Breakdown/ equipment under maintenance is tagged.
- Electrical systems are isolated with locks – Pad & pin type locks.

**Signage & Communication.**

Safety communication, safety posters, warning & caution signage etc. is made available at all prominent locations.

The MRO Division of your Company have taken the following initiatives for Safety purpose during the Financial Year under review.

**Safety Management System**

Safety Week celebrated from 4th to 10th March 2021 with following activities:

- Safety Road shows in Production, Workshop and Planning department.
- Online Safety Quiz for all staff of MRO
- Safety Briefing organised by Safety Manager for staff of various departments.
- Felicitation of staff who have reported excellent hazards.
- Felicitation of SAG members who have contributed for effective implementation of SMS.
- Fire Mock Drill
- Foreign Object Debris (FOD) walk organised in hangar every Tuesday to keep work area clean and FOD free.

**Environmental Activities**

- Celebrated "Environment Day" on 5th June 2020 by organizing various programs such as plantation, online quiz, display of awareness poster, badge distribution to staff etc.

- To reduce the power consumption, all CFL lights are replaced by LED lights.

- To store and dispose Hazardous Waste effectively, separate room is built up for segregation and storage of waste and authorized agency is identified for proper disposal of the hazardous waste.

- Recyclable Hazardous Waste: The recyclable hazardous waste like used oil generated in MRO operations is being auctioned to registered recyclers.

- Liquid Waste: Being treated and re-utilized at ETP. Recycled water is used for gardening purpose for @ 250 plants and 1.5 acre of lawn in GAT premises.

- Emission norm's (PM 10, PM2.5, SO2, NOx SPM , Noise level) are checked once in a month.

- E-waste: Separate collection room and ensured its safe disposal/recycling through authorized recyclers only.

- Biomedical Waste: Bio medical waste is managed through 3rd party M/s Apollo hospital disposal through authorized recyclers only.

- Food waste: The kitchen waste generated from cafeteria being segregated and send to compost plant.

- Solid Waste Management Rules, 2016, HWM Rules 2016 and pollutions control norms of CPCB and SPCB being followed.

- Environmental Compliance reports (Form 3,4,5,11) being submitted to Central Pollution Control Board and State Pollution Control Board.

**Fire Safety:**

- Mandatory fire safety induction training and periodic refresher training provided to all the stakeholders including Fire Wardens.

- Preventive Maintenance of all firefighting equipment planned and carried out periodically.

- Conducted Fire Mock drills, Building Evacuation.

- Reviewed Emergency Evacuation Plan.

- Safety communication, safety posters, warning & caution signage etc. are displayed at all prominent locations.

- Received NOC from Director General, Telangana State Fire Services dept for the existing hangars for the duration 5 years starting from 2021 to 2025.

- Received NOC from DG, Telangana State Fire Services dept for inflatable hangar for the duration of 5 years (from 2021 to 2025).

**Acknowledgement**

Your Directors take this opportunity to express their sincere thanks and gratitude to GMR Air Cargo And Aero Space Engineering Limited, Various Government and Government Agencies and all the employees who have extended their co-operation and support in achieving the goals that the company is established for.

**By Order of the Board of Directors**
*For* **GMR Air Cargo And Aerospace Engineering Limited**

| | | |
|---|---|---|
| | **Sd/-** | **Sd/-** |
| **Place: Hyderabad** | **S G K Kishore** | **Rajesh Kumar Arora** |
| **Date: July 16, 2021** | **Director** | **Director** |
| | **DIN: 02916539** | **DIN: 03174536** |

**GMR Air Cargo And Aerospace Engineering Limited**

**Salient Features of the Nomination and Remuneration Policy**

The Nomination and Remuneration Policy is formulated in compliance with Section 178 of the Companies Act, 2013 and the applicable rules made thereunder. The Board has, on the recommendation of the Nomination and Remuneration Committee (Committee) approved the policy for selection and appointment of Directors, Senior Management and their remuneration.

**(1) The Key Objectives of the Committee are:**

(a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel (KMP) and Senior Management.

(b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.

(c) To recommend to the Board a policy relating to Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

**(2) Appointment criteria and qualifications**

(a) Subject to the applicable provisions of the Companies Act, 2013, other applicable laws, if any and GMR Group HR Policy, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or other Employees at Senior Management level and recommend to the Board his / her appointment.

(b) The Company shall not appoint or continue the employment of any person as the Managing Director / Whole-time Director / Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond the age of seventy years.

**(3) Term / Tenure**

*(a) Managing Director / Whole-time Director / Manager (Managerial Personnel)*

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the said term.

*(b) Independent Director*

(i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment is made in the Board's report.

(ii) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director in the Company.

**(4) Evaluation**

Subject to Schedule IV of the Companies Act, 2013, the Committee shall carry out the evaluation of Directors at such intervals as may be considered necessary.

**(5) Removal**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

**(6) Retirement**

The Director, KMP and Personnel of Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Personnel of Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company.

**(7) Provisions relating to Remuneration**

(a) The remuneration / compensation / commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

(b) The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

(c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs / scales approved by the Shareholders in the case of Managerial Personnel.

(d) The remuneration to Personnel of Senior Management shall be governed by the GMR Group HR Policy.

(e) The remuneration / commission to Non-Executive Directors shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

(f) The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof and such fees shall not exceed the maximum amount as prescribed in the Companies Act, 2013.

(g) The sitting fee paid to Independent Directors and Women Directors, shall not be less than the sitting fee payable to other directors.

(h) The Independent Director shall not be entitled to any stock option of the Company.

For and on behalf of the Board of Directors

| | | |
|---|---|---|
| | **Sd/-** | **Sd/-** |
| **Place: Hyderabad** | **S G K Kishore** | **Rajesh Kumar Arora** |
| **Date: July 16, 2021** | **Director** | **Director** |
| | **DIN: 02916539** | **DIN: 03174536** |

*Annexure-2 to GACAEL Board's Report FY 2020-21*

**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**<u>Part "A": Subsidiaries</u>**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

| Sl. No. | Particulars | Details |
|---|---|---|
| 1. | Name of the subsidiary | GMR Aero Technic Limited |
| 2. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | March 31, 2021 |
| 3. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Not Applicable |
| 4. | Share capital | 10,00,000 |
| 5. | Reserves & surplus | 1,08,000 |
| 6. | Total assets | 64,76,000 |
| 7. | Total Liabilities | 64,76,000 |
| 8. | Investments | Nil |
| 9. | Turnover | 47,14,000 |
| 10. | Profit before taxation | (31,70,000) |
| 11. | Provision for taxation | (10,000) |
| 12. | Profit after taxation | (31,60,000) |
| 13. | Proposed Dividend | NIL |
| 14. | % of shareholding | 100% |

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

**By Order of the Board of Directors**
**For GMR Air Cargo And Aerospace Engineering Limited**

**Place: Hyderabad**
**Date: July 16, 2021**

**Sd/-**
**S G K Kishore**
**Director**
**DIN: 02916539**

**Sd/-**
**Rajesh Kumar Arora**
**Director**
**DIN:03174536**

**Sd/-**
**Srikanth Vetcha**
**Chief Financial Officer**

**Sd/-**
**Rakhal Panigrahi**
**Company Secretary**

**Form No. MR-3**
**Secretarial Audit Report**
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**GMR Air Cargo And Aerospace Engineering Limited**
**(Formerly known as GMR Aerospace Engineering Limited)**
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500108

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

| Sl | Particulars |
|---|---|
| **1.** | The Companies Act, 2013 (the Act) and the Rules made thereunder; |
| **2.** | The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; |

| Sl | Particulars | |
|---|---|---|
| **3.** | The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')<br>(a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;<br>(b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;<br>(c) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015<br>(d) The Company has complied with the provisions of the Securities and Exchange Board of India (Debenture Trustee) (Amendment) Regulations 2017 | |
| **4.** | We have also examined compliance with the applicable clauses of the following:<br>Secretarial Standards issued by The Institute of Company Secretaries of India. | |
| **1.** | **Under the Companies Act, 2013** | |
| A. | That based on our examination and verification of the records produced to us and according to the information and explanations given to us by the Company that the Company has, in our opinion, complied with the provisions of the Companies Act. 2013 ("the Act") and the rules made under the Act and Memorandum, and Articles of Association of the Company, inter alia with regard to : | |
| | a. | Maintenance of various statutory registers and documents and making necessary entries therein; |
| | b. | Forms, returns, documents and resolutions required to be filed with the Register of Companies and the Central Government; |
| | c. | Service of documents by the company on its members and Registrar of Companies. |
| | d. | Notices, Agenda and Minutes of proceedings of General Meetings and of the Board and its Committee meetings including Circular Resolution; |
| | e. | The meetings of :<br>i. Board of Directors held on 04-06-2020, 20-07-2020, 04-11-2020, 08-02-2021 and 18-02-2021.<br>ii. Audit Committees of Members held on 04-06-2020, 20-07-2020, 04-11-2020, 08-02-2021 and 18-02-2021.<br>iii. Nomination & Remuneration Committee held on 04-06-2020 and 20-07-2020.<br>iv. Corporate Social Responsibility Committee meeting held on 08-02-2021. |

| Sl | | Particulars |
|---|---|---|
| | f. | The Annual General Meeting held on 28-09-2020 and three Extra Ordinary General Meeting (s) were held on 03-04-2020, 28-05-2019 and 12-01-2021; |
| | g. | Approvals of the Members, the Board of Directors, the Committees of Directors wherever required; |
| | h. | Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors. |
| | i. | Payment of remuneration to Directors. |
| | j. | **Appointment and remuneration of Auditors**;<br>During the year, M/s. K.S. Rao & Co., Chartered Accountants, Bengaluru, were appointed as the Statutory Auditors of the Company w.e.f 11$^{th}$ January, 2021 (as approved by the shareholders at the Extra Ordinary General Meeting held on 12$^{th}$ January, 2021 in place of M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants, Hyderabad who resigned as Statutory Auditors of the Company w.e.f 6$^{th}$ January, 2021) for the Financial Year 2020-2021 and hold the office of auditors till conclusion of ensuing Annual General Meeting. |
| | k. | Transfer and transmission of Company's shares and issue and dispatch of duplicate share certificates. There were no transfers and transmission of shares during the financial year. |
| | l. | Declaration and distribution of dividends (The Company has not declared any dividend during the financial year under review.) |
| | m | Transfer of Unpaid and Unclaimed dividend to the Investor Education and Protection Fund. (Not applicable as the Company does not have any unpaid and unclaimed dividend). |
| | n. | Borrowings and registration, modification and satisfaction of charges wherever applicable; |
| | o. | Investment of the Company’s funds including investments and loans to Wholly Owned Subsidiary.; |
| | p. | Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act; |
| | q. | Directors’ Report; |
| | r. | Contracts, common seal, registered office and publication of name of the Company. |

| Sl | Particulars |
|---|---|
| **B.** | **Under the Companies Act, 2013, we further report that** |
| i. | The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.<br>During the year under review:<br>(a) Mr. Rakhal Panigrahi was appointed as company secretary and compliance officer of the company w.e.f 4th June, 2020<br>(b) Mr. N C Sarabeswaran was appointed as Additional Director (Independent) w.e.f 29th March, 2020 and regularized at the Annual General Meeting of the Company. |
| ii. | Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. |
| iii. | All decisions at Board Meetings and Committee Meetings are carried out on requisite majority and recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. |
| iv. | There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, Depositories Act, Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers. |
| v. | The Directors (including Independent Directors) have complied with the disclosure requirements in respect of their eligibility of appointment, initial and annual disclosures / declarations. |
| **2.** | **Under the Depositories Act, 1996, we report that** |
| | The Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company. |

| Sl | Particulars |
|---|---|
| **3.** | **Under FEMA, 1999, we report that** |
| | As per the declarations issued by the Quarterly Compliance Certificate issued by CEO of the Company (and submitted to the Board of Directors at the Board Meetings held during the financial year 2020-2021 (for all 4 quarters), we are of opinion that the Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable. |
| **4.** | **Under the SEBI Act, We report that** |
| a. | We have been informed by the management that the Company has listed its non–convertible debentures on BSE and NSE in October, 2017 and since then Company has complied with the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. |
| b. | The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with regard to maintenance of records required under the Regulations. |
| c. | The Company has complied with the provisions of the Securities and Exchange Board of India (Debenture Trustee) (Amendment) Regulations 2017. |
| **5.** | **Under other Applicable laws, we report that** |
| | Based on the Quarterly Compliance Certificate issued by CEO of the Company (and submitted to the Board of Directors at the Board Meetings held during the financial year 2020-2021 (for all 4 quarters), we are of opinion there has been due compliance of all the Laws to the extent applicable. |
| **6.** | **We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. |
| **7.** | **We further report that** during the period under review the company has Contributed an amount of Rs. 100,00,000/- (Rupee One Crore only) as donation to "CM Relief Fund, Telangana State" to fight against ongoing COVID 19 & Rs. 25,00,000/- (Rupee Twenty Five Lakhs only) as donation to "Dr. Hedgewar Smarak Samiti (a Society registered under the Societies Registration Act, 1860) as approved by the shareholders at Extra Ordinary General Meetings held on 3rd April, 2020 & 28th May, 2020 respectively. |

| Sl | Particulars |
|---|---|
| **8.** | There are no other specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place. |

For **KBG Associates**
**Company Secretaries**

(**Srikrishna S Chintalapati**)
**Partner**
**CP # 6262**

**Place:** Hyderabad
**Date:** 17th April, 2021

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE-A" and Forms an integral part of this report.

Note: This report is subject to receipt of adopted financial statements / furnishing the relevant information as per the observation sheet.

**'ANNEXURE-A'**

To,
The Members
**GMR Air Cargo And Aerospace Engineering Limited**
**(Formerly known as GMR Aerospace Engineering Limited)**
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500108

Our report for the even date to be read with the following Letter;

| Sl | Particulars |
|---|---|
| 1. | Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility isto express an opinion on these secretarial records based on our audit. |
| 2. | We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. |
| 3. | We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. |
| 4. | Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc. |
| 5. | The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. |
| 6. | The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company. |

| Sl | Particulars |
|---|---|
| 7. | Though the audit scope includes such other Acts (not involving Companies Act, all Securities related Acts and FEMA); due to time, legal verification, transaction validation, expert knowledge (at certain peak levels) limitations and resulting in consequent omission of even random checking on various Acts (such as Labour Laws, Pollution and Environment related Laws, Laws governing Aircraft and Airport Authorities of India Act,1994, all connected State and Central such other applicable Acts); we had to rely upon the undertaking, declaration and written representation from the management only and had to be certified thereon. |

For **KBG Associates**
**Company Secretaries**

(**Srikrishna S Chintalapati**)
**Partner**
**CP # 6262**

**Place:** Hyderabad
**Date:** 17th April, 2021

**GMR Air Cargo And Aerospace Engineering Limited**

**Annual Report on CSR Activities for the Financial Year 2020-21**

1. **Brief outline on CSR Policy of the Company**.

GMR Air Cargo And Aerospace Engineering Limited ("**the Company**") forming part of GMR Group has adopted the CSR Policy of GMR Group. The Company has adopted CSR Policy as recommended by the CSR Committee and the Board which covers mainly (i) preamble; (ii) guiding principles for selection & implementation of projects / programs under CSR policy; (iii) expenditure incurred for certain activities shall not be treated as CSR activity by the Company; (iv) surplus from CSR activities; (v) monitoring of CSR activities; (vi) annual action plan; and (vii) amendment.

2. **Composition of CSR Committee:**

| Sl. No. | Name of the Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1 | Mr. N C Sarabeswaran | Independent Director | One (1) | One (1) |
| 2 | Dr. Kavitha Gudapati | Independent Director | One (1) | One (1) |
| 3 | Mr. P S Nair | Director | One (1) | One (1) |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. www.gmraerotech.in
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable
6.

| Sl. No. | Financial Year | Amount available for setoff from preceding financial years (in Rs) | Amount required to be set-off for the financial year, if any (in Rs) |
|---|---|---|---|
| | | | |

7. Average net profit of the company as per section 135(5):

Amount (Rs. in Lakhs)

| Financial Year | Net Profits |
|---|---|
| 2017-18 | 2,84,64,848 |
| 2018-19 | 2,25,99,205 |
| 2019-20 | 16,51,49,152 |
| Total Profit / (Loss) for 3 years | 21,62,13,205 |
| Average Profit / (Loss) per year | 7,20,71,068 |

8. (a) Two percent of average net profit of the company as per section 135(5): Rs. 14.41 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.14.41 lakhs

9. (a) CSR amount spent or unspent for the financial year:

| **Total Amount Spent for the Financial Year. (in Rs. Lakhs)** | **Amount Unspent (in Rs.)** | | | | |
|---|---|---|---|---|---|
| | **Total Amount transferred to Unspent CSR Account as per section 135(6).** | | **Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).** | | |
| | **Amount.** | **Date of transfer.** | **Name of the Fund** | **Amount.** | **Date of transfer.** |
| 14.41 | **NIL** | - | **-** | **NIL** | **-** |

(b) Details of CSR amount spent against ongoing projects for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sl. No** | **Name of the Project** | **Item from the list of activiti es in Schedule VII to the Act** | **Local area (Yes/No)** | **Location of the project.** | | **Project duration** | **Amount allocated for the project (in Rs.)** | **Amount spent in the current financial Year (in Rs.)** | **Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)** | **Mode of Implementation - Direct (Yes/No).** | **Mode of Implementation - Through Implementing Agency** | |
| | | | | **State** | **District** | | | | | | **Name** | **CSR Registration number.** |
| 1. | Education support to Gifted Children studying at GMR Chinmaya Vidyalaya | Promoting Education including Vocational Skills | Yes | Telangana, Shamshabad, Badangpet | | One year | 6.00 | 6.00 | NIL | YES | | |
| 2. | Running a vocational training Centre in airport premises which provide short duration skill training programs for unemployed youth. | Promoting Empowerment & Livelihoods | Yes | Telangana, Shamshabad, Badangpet, Rangareddy | | One year | 7.71 | 7.71 | NIL | YES | | |
| | Total | | | | | | 13.71 | 13.71 | | | | |

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year: NA

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| **Sl. No.** | **Name of the Project** | **Item from the list of activities in schedule VII to the Act.** | **Local area (Yes/ No).** | **Location of the project.** | | **Amount spent for the project (in Rs.).** | **Mode of implementation - Direct (Yes/No).** | **Mode of Implementation through implementing agency.** | |
| | | | | **State.** | **District.** | | | **Name.** | **CSR registration Number.** |
| | | | | | | | | | |
| | **Total** | NIL | | | | | | | |

(d) Amount spent in Administrative Overheads : Rs 0.70 lakhs

(e) Amount spent on Impact Assessment, if applicable: **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : Rs 14.41 lakhs

(g) Excess amount for set off, if any: **Not Applicable**

10. (a) Details of Unspent CSR amount for the preceding three financial years: **Not Applicable**

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in Rs.) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in Rs). | Date of transfer. | |
| | | | | | | | |
| | Total | NIL | | | | | |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration | Total amount allocated for the project (in Rs) | Amount spent on the project in the reporting Financial Year (in Rs) | Cumulative amount spent at the end of reporting Financial Year (in Rs.) | Status of the project - Completed /Ongoing |
| | | | | | | | | |
| | Total | | | | | | | |

11. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details): Not Applicable**

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

12. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): **Not Applicable**

| | |
|---|---|
| N C Sarabeswaran<br>Independent Director<br>DIN: 00167868<br>(Chairman CSR Committee). | Kavitha Gudapati<br>Independent Director<br>DIN: 02506004<br>(Member of CSR Committee). |

**Annexure-5 to GACAEL Board's Report FY 2020-21**

Annexure to Report of Directors for the year ended 31st March, 2021 Statement of Employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013.

i. the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year: Not applicable (None of the Directors are paid any remuneration only the Independent directors are paid sitting fees)

ii. the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

| Name | Designation | Increase % |
|---|---|---|
| G Chandrabushan | Manager | - |
| K Venkata Ramana | CFO | - |
| Rakhal Panigrahi | Company Secretary | - |

iii. the percentage increase in the median remuneration of employees in the financial year 2020-21: No increase in the median remuneration

iv. the number of permanent employees on the rolls of company: 1103
(GMR Hyderabad Air Cargo Division-577; MRO Division-526)

v. average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration- Not applicable

vi. We the Board of Directors of Company hereby affirm that the remuneration is as per the remuneration policy of the company.

vii. List of the top ten employees in terms of remuneration drawn in financial year 2020-21:

## INDEPENDENT AUDITOR'S REPORT

**To The Members of GMR Air Cargo and Aerospace Engineering Limited**

**(formerly known as GMR Aerospace Engineering Limited)**

**Report on the Ind AS Financial Statements**

**<u>Opinion</u>**

1. We have audited the accompanying Ind AS financial statements of M/s. GMR Air Cargo and Aerospace Engineering Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "Ind AS financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements for the year ended March 31, 2021 give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the company as at March 31, 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**<u>Basis for Opinion:</u>**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India('ICAI') together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Ind AS Financial Statements:**

5. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 judgements 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 accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

7. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Ind AS Financial Statements:**

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

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

   (i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

   (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

   (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

   (v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**<u>Other Matters:</u>**

13. The Financial statements of the company for the year ended March 31, 2020 were audited by the predecessor auditor i.e., Deloitte Haskins & Sells LLP who have expressed unmodified opinion vide their audit report dated June 04, 2020, whose reports have been furnished to us and which have been relied upon by us, for the purpose of our audit.

**<u>Report on Other Legal and Regulatory Requirements:</u>**

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in "Appendix **- A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extend applicable.

15. 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), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards)

Rules, 2015, as amended.

e) On the basis of written representations received from the directors as on March 31, 2021 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2021 from being appointed as directors 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 "Appendix-B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – (Refer Note 34 to the Ind AS financial statements),

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

   iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

For **K.S Rao & Co.,**
Chartered Accountants
ICAI Firm Registration No: 003109S

**Hitesh Kumar P**
Partner
Membership No. 233734
UDIN No:

Place: Bengaluru
Date: April 22, 2021

**Appendix - A to the Independent Auditors' Report**

The Appendix referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2021 we report that:

(i) In respect of the Company's Property, Plant and Equipment

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment ('PPE').

(b) The Company has a program of physical verification of PPE once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, PPE were physically verified during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such companies.

(iv) In our opinion and according to the information and explanations given to us, the Company has no loans, investments, guarantee and security which meets the requirements of section 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted deposits and does not have any unclaimed deposits within the meaning of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of the clause 3 (v) of the Order are not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Air Cargo business. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) a) According to the information and explanations given to us and according to the records as produced and examined by us, in our opinion, the Company is regular in depositing with appropriate authorities the undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, customs duty, cess and other material statutory dues, as applicable, and there are no arrears of outstanding statutory dues as at March 31, 2021 for a period of more than six months form date they become payable.

b) According to the information and explanations given to us, there are no dues in respect of income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess which have not been deposited on account of dispute except for the below:

| Name of the Statute | Nature of Dues | Amount Involved (In lakhs) | Amount Unpaid (in Lakhs) | Period for which the amount Relates | Forum where Dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax | 84.98* | * | AY 2008-09 | Income Tax Appellate Tribunal, Hyderabad CIT (Appeals), Hyderabad |
| Income Tax Act, 1961 | Income tax | 417.17 | 40.12# | AY 2015-16 | CIT (Appeals), Hyderabad |
| Finance Act, 1994 | Service tax (including penalty) | 591.99 | 591.99 | March 2008 to June 2010 | Customs, Excise & Service Tax Appellate Tribunal, Hyderabad |
| Finance Act, 1994 | Service tax (including penalty) | 128.05 | 118.49 | 2013-14 to 2015-16 | Customs, Excise & Service Tax Appellate Tribunal, Hyderabad |
| Income Tax Act, 1961 | Income Tax | 16.47 | 16.47 | AY 2016-17 | CIT (Appeals), Hyderabad |
| Finance Act, 1994 | Service tax | 210.57 | 210.57 | October 2013 to June 2017 | Director General of GST Intelligence, Hyderabad Zonal Unit |

*The Assessing Officer has disallowed the amount which will impact the reduction of loss for Relevant assessment year.

#The Assessing Office has reduced the amount refundable for AY 2017-18 to that extent.

(viii) According to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank and debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to the information and explanations given by the management, the provisions of the section 197 of the Act read with Schedule V to the Act are complied.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **K.S. Rao & Co.,**
Chartered Accountants
ICAI Firm registration no: 003109S

**Hitesh Kumar P**
Partner
Membership number: 233734
UDIN No.

Place: Bengaluru
Date: April 22, 2021

**Appendix - B to the Independent Auditors' Report**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of M/s. GMR Air Cargo and Aerospace Engineering Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements.**

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements.**

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 over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements 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 **K.S Rao & Co.,**
Chartered Accountants
ICAI Firm registration no: 003109S

**Hitesh Kumar P**
Partner
Membership number: 233734
UDIN No.

Place: Bengaluru
Date: April 22,2021

**GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Standalone Balance sheet as at March 31, 2021**
(All amounts in ₹ Lakhs, unless otherwise stated)

| | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 14,125.81 | 14,305.85 |
| Right-of-use assets | 5 | 2,164.87 | 3,516.22 |
| Other intangible assets | 4 | 8,035.60 | 1,610.96 |
| Capital Work in Progress | | 237.22 | |
| Intangible assets under development | 6 | 624.36 | 121.23 |
| Financial assets | | | |
| Investments | 7(a) | 10.00 | 10.00 |
| Other financial Assets | 7(b) | 121.53 | 111.75 |
| Non-current tax assets | 8 | 3,505.36 | 3,287.09 |
| Other non-current assets | 9 | 4,264.27 | 684.33 |
| | | **33,089.02** | **23,647.43** |
| **Current assets** | | | |
| Inventories | 10 | 6,484.29 | 4,325.30 |
| Financial assets | | | |
| Investments | 7(a) | 228.55 | 6,378.49 |
| Trade receivables | 11 | 6,427.68 | 5,358.99 |
| Cash and cash equivalents | 12(a) | 607.60 | 1,362.39 |
| Bank balances other than cash and cash equivalents | 12(b) | 200.73 | 503.33 |
| Loans | 13 | 2,000.00 | - |
| Other financial assets | 7(b) | 2,352.13 | 946.74 |
| Current tax assets (net) | 8 | 1.00 | 170.64 |
| Other current assets | 9 | 1,044.95 | 598.15 |
| | | **19,346.93** | **19,644.03** |
| **Total assets** | | **52,435.95** | **43,291.46** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 14 | 47,383.09 | 47,383.09 |
| Other equity | 15 | (47,153.34) | (47,738.61) |
| **Total Equity** | | **229.75** | **(355.52)** |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Long term Borrowings | 16 | 27,444.76 | 27,429.06 |
| Lease Liabilities | 17 | 2,322.32 | 3,002.85 |
| Other financial liabilities | 20 | 4,230.01 | |
| Provisions | 18 | 676.69 | 80.05 |
| | | **34,673.78** | **30,511.96** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Short-term Borrowings | 16 | 2,907.38 | - |
| Trade payables | 19 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | 50.36 | 12.60 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 9,412.35 | 9,464.42 |
| Lease Liabilities | 17 | 664.46 | 1,323.26 |
| Other financial liabilities | 20 | 400.53 | 200.91 |
| Provisions | 18 | 809.99 | 386.25 |
| Other current liabilities | 21 | 3,287.35 | 1,747.58 |
| | | **17,532.42** | **13,135.02** |
| **Total equity and liabilities** | | **52,435.95** | **43,291.46** |
| **Corporate information and significant accounting policies** | **1&2** | | |

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

In terms of our report attached

**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)**

**Hitesh Kumar P**
Partner
Membership No: 233734

**SGK Kishore**
Director
DIN : 02916539

**Dr. Kavitha Gudapati**
Director
DIN : 02506004

**Srikanth Vetcha**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Hyderabad
Date : April 22, 2021

Place : Hyderabad
Date : April 22, 2021

**GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Standalone Statement of profit and loss for the year ended March 31, 2021**
(All amounts in ₹ Lakhs except otherwise stated)

| | | Notes | For the year ended March 31, 2021 | For the year ended March 31, 2020 (Refer Note 1.1) |
|---|---|---|---|---|
| I. | **Revenue** | | | |
| | Revenue from operations | 22 | 32,565.19 | 29,822.65 |
| | Other income | 23 | 774.70 | 1,331.42 |
| | **Total Revenue** | | **33,339.89** | **31,154.07** |
| II. | **Expenses** | | | |
| | Operations and maintenance expenses | | 258.22 | 371.78 |
| | Cost of stores and spares consumed | 24 | 8,876.23 | 6,054.59 |
| | Employee benefits expense | 25 | 8,638.51 | 8,052.94 |
| | Finance costs | 26 | 3,204.93 | 3,231.52 |
| | Depreciation and amortization expenses | 27 | 2,698.05 | 2,762.29 |
| | Other expenses | 28 | 9,102.29 | 8,997.99 |
| | **Total Expenses** | | **32,778.23** | **29,471.11** |
| III. | **Profit before Tax [(i) - (ii)]** | | **561.66** | **1,682.96** |
| IV. | **Tax expenses** | 30 | | |
| | Current tax | | - | - |
| | Deferred tax | | (6.14) | 45.89 |
| | | | **(6.14)** | **45.89** |
| V. | **Profit for the year (III-IV)** | | **567.80** | **1,637.07** |
| VI. | **Other comprehensive income** | | | |
| | *Items that will not be reclassified to Profit and Loss* | 29 | | |
| | Re-measurement (losses) on defined benefit plan | | 23.60 | (50.74) |
| | Deferred tax impact on Re-measurement gains/(losses) on defined benefit plan | | (6.14) | 13.19 |
| | **Total other comprehensive loss** | | 17.46 | (37.55) |
| VII. | **Total comprehensive income for the year (V + VI)** | | **585.26** | **1,599.52** |
| | Earnings per equity share of par value of Rs.10 each : | | | |
| | Basic and diluted (Rs. Per share) | 31 | 0.08 | 0.31 |
| | **Corporate information and significant accounting policies** | **1&2** | | |

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

In terms of our report attached

**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)**

**Hitesh Kumar P**
Partner
Membership No: 233734

**SGK Kishore**
Director
DIN : 02916539

**Dr. Kavitha Gudapati**
Director
DIN : 02506004

**Srikanth Vetcha**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Hyderabad
Date : April 22, 2021

Place : Hyderabad
Date : April 22, 2021

**GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Standalone Statement of Changes in Equity for the year ended March 31, 2021**
(All amounts are in ₹ lakhs, unless otherwise stated)

**A. Share Capital:**

| | No. of shares | Rs. in lakhs |
|---|---|---|
| **Equity shares of Rs. 10 each issued, subscribed and fully paid** | | |
| **As at April 01, 2019** | **338,400,000** | **33,840.00** |
| Issue of shares during the year | 117,412,200 | 11,741.22 |
| **As at March 31, 2020** | **455,812,200** | **45,581.22** |
| | | |
| **As at April 01, 2020** | **455,812,200** | **45,581.22** |
| Issue of shares during the year | - | - |
| **As at March 31, 2021** | **455,812,200** | **45,581.22** |

**Preference Share Capital**

| **11.97% compulsory convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up** | No. of shares | Rs. in lakhs |
|---|---|---|
| **As at April 01, 2020** | **18,000** | **1,800.00** |
| Issue of shares during the year | - | - |
| **As at March 31, 2021** | **18,000** | **1,800.00** |

| **11.97% compulsory convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up** | No. of shares | Rs. in lakhs |
|---|---|---|
| **As at April 01, 2020** | **18,735** | **1.87** |
| Issue of shares during the year | - | - |
| **As at March 31, 2021** | **18,735** | **1.87** |

| | |
|---|---|
| **Total Share Capital as at March 31, 2020** | **47,383.09** |
| **Total Share Capital as at March 31, 2021** | **47,383.09** |

**B. Other Equity**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(i) Equity component of related party loan** | | |
| **Opening Balance** | 51.17 | 51.17 |
| Less: Adjustments during the year | - | - |
| **Closing Balance** | **51.17** | **51.17** |
| | | |
| **(ii) Retained earnings** | | |
| **Opening Balance** | (46,700.62) | (48,170.13) |
| Add: Profit for the year | 567.80 | 1,637.07 |
| Remeasurement (losses) on the defined benefit plans | 17.46 | (37.55) |
| Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1) | - | (107.73) |
| Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1) | - | (0.11) |
| Dividend distribution tax on CCCPS dividend | - | (22.17) |
| **Closing Balance** | **(46,115.35)** | **(46,700.62)** |
| | | |
| **(iii) Amalgamation Adjustment Deficit Account** | | |
| Opening balance | (1,089.16) | (1,089.16) |
| Less: Adjustment duing the year | - | - |
| **Closing balance** | **(1,089.16)** | **(1,089.16)** |
| | | |
| **(iv) Share application money pending allotment** | | |
| Opening balance | - | 1,000.00 |
| Add: Received during the year | - | 1,550.00 |
| Less: Issue of shares during the year | - | (2,550.00) |
| **Closing balance** | **-** | **-** |
| | | |
| **Total Other Equity** | **(47,153.34)** | **(47,738.61)** |

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

In terms of our report attached
**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

**Hitesh Kumar P**
Partner
Membership No: 233734

Place : Hyderabad
Date : April 22, 2021

For and on behalf of the Board of Directors of

**GMR Air Cargo And Aerospace Engineering Limited**
**(Formerly known as GMR Aerospace Engineering Limited)**

**SGK Kishore**
Director
DIN : 02916539

**Dr. Kavitha Gudapati**
Director
DIN : 02506004

**K Venkata Ramana**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Hyderabad
Date : April 22, 2021

**GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Standalone Statement of Cash Flows for the year ended March 31, 2021**
(All amounts in ₹ Lakhs ,unless otherwise stated)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 (Refer Note 1.1) |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | 561.66 | 1,682.96 |
| Adjustments for | | |
| Depreciation and amortization expense | 2,698.05 | 2,762.29 |
| Unrealized foreign exchange gain | 280.67 | (295.13) |
| Interest income | (233.90) | (602.70) |
| Inventory write off | 34.65 | 26.25 |
| Income from mutual funds | (29.12) | (69.32) |
| Finance income on financial asset held at amortised cost | (13.89) | (26.13) |
| Provision for doubtful receivables | 8.94 | 42.57 |
| Bad debts written off | - | 27.55 |
| Fair value gain on financial instruments at FVTPL | (1.74) | - |
| Gain on sale of Property, plant and equipment (net) | - | (4.07) |
| Property, plant and equipment (net) write off | 0.16 | 105.42 |
| Other notional revenue (upon reversal of Lease) | (68.41) | - |
| Finance costs | 3,204.93 | 3,231.52 |
| **Operating Profit before working capital changes** | **6,442.00** | **6,881.21** |
| *Changes in working capital* | | |
| (Decrease) / Increase in trade payables | (31.63) | (350.74) |
| Increase in other financial liabilities and other liabilities | 1,513.56 | 801.96 |
| Increase in provisions | 1,059.68 | 69.46 |
| Decrease in trade receivables | (1,340.26) | (624.04) |
| (Increase) in inventories | (2,193.64) | (983.22) |
| (Increase) in other financial assets and other assets | (4,472.08) | (363.89) |
| **Cash from operations** | **977.64** | **5,430.74** |
| **Direct taxes paid** | (48.63) | (985.29) |
| **Net cash flow (used in)/from operating activities (A)** | **929.01** | **4,445.45** |
| **Cash flows from investing activities** | | |
| Interest income received | 241.62 | 474.01 |
| Proceeds from sale of property, plant and equipment | - | 4.45 |
| Purchase of Property, plant and equipment including CWIP and capital advances | (6,086.96) | (1,858.93) |
| Investment in Commercial Paper | (14,889.99) | (34,778.59) |
| Maturity of Commercial Paper | 19,854.10 | 30,000.00 |
| Purchase of Current Investments | (899.98) | (3,600.00) |
| Redemption of Current Investments | 2,116.66 | 2,580.88 |
| Redemption/maturity of Inter Corporate Deposit | - | 5,000.00 |
| Loan given | (2,000.00) | - |
| Investments in bank deposits (having original maturity of more than three months) | (3,968.40) | (498.33) |
| Redemption/maturity of bank deposits (having original maturity of more than three months) | 4,271.00 | 3,469.00 |
| **Net cash flow (used in)/from investing activities (B)** | **(1,361.95)** | **792.49** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital (including share application money) | - | 1,550.00 |
| Payment of Lease liability | (687.42) | (365.67) |
| Dividends on equity and preference shares paid (including dividend distribution taxes) | - | (130.01) |
| Proceeds/(Repayment) of Short-term borrowings | 2,907.38 | (2,799.99) |
| Interest paid | (2,541.24) | (2,701.17) |
| **Net cash flow from/(used in) financing activities (C)** | **(321.28)** | **(4,446.84)** |
| **Net (decrease) in cash and cash equivalents (A + B + C)** | **(754.22)** | **791.10** |
| Effect of exchange differences on cash & cash equivalents held in foreign currency | (0.57) | 16.33 |
| Cash and cash equivalents at the beginning of the year | 1,362.39 | 554.96 |
| **Cash and cash equivalents at the end of the year** | **607.60** | **1,362.39** |
| **Components of cash and cash equivalents** | | |
| Cash in hand | 0.88 | 1.82 |
| Cheques on hand | - | - |
| With banks - on current accounts | 288.52 | 425.97 |
| With banks - on escrow accounts | 1.01 | 2.00 |
| Exchange earners foreign currency account | 317.19 | 732.60 |
| Deposits with maturity for less than 3 months | - | 200.00 |
| **Total cash and cash equivalents** | **607.60** | **1,362.39** |

**Reconciliation of liabilities from financing activities for the year ended March 31, 2021:**

| **Particulars** | **As at March 31, 2020** | **Proceeds/ Imapct of Ind AS 116 #** | **Repayment** | **Fair value change/other adjustments##** | **As at March 31, 2021** |
|---|---|---|---|---|---|
| Borrowings | 27,429.06 | 2,907.38 | - | 15.70 | 30,352.14 |
| Lease liabilities | 4,326.11 | 178.65 | (687.42) | (830.56) | 2,986.79 |
| **Total** | **31,755.17** | **3,086.03** | **(687.42)** | **(814.86)** | **33,338.93** |

# Short term borrowings (net) represents net of amounts received and payments made.
## includes adjustment on account of lease termination (Refer Note 34)

**Reconciliation of liabilities from financing activities for the year ended March 31, 2020:**

| **Particulars** | **As at March 31, 2019** | **Proceeds / Imapct of Ind AS 116** | **Repayment** | **Fair value change/other adjustments** | **As at March 31, 2020** |
|---|---|---|---|---|---|
| Borrowings | 30,213.28 | - | (2,799.99) | 15.77 | 27,429.06 |
| Lease liabilities | | 7,964.42 | (365.67) | (3,272.64) | 4,326.11 |
| **Total** | **30,213.28** | **7,964.42** | **(3,165.66)** | **(3,256.87)** | **31,755.17** |

The accompanying notes are an integral part of the standalone financial statements.
In terms of our report attached

**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

**Hitesh Kumar P**
Partner
Membership No: 233734

Place : Hyderabad
Date : April 22, 2021

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited (Formerly**

**SGK Kishore**
Director
DIN : 02916539

**Dr. Kavitha Gudapati**
Director
DIN : 02506004

**K Venkata Ramana**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Hyderabad
Date : April 22, 2021

## 1. Corporate information

GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited) ("the Company") is a 100% subsidiary of GMR Hyderabad International Airport Limited. The Company was incorporated on February 29, 2008 to carry out the business of Cargo handling at Rajiv Gandhi International Airport and Maintenance, Repair and Overhaul facility (MRO) of Aircrafts and allied services and to promote, plan, design, develop, operate, market, alter the MRO facility and all other related allied and ancillary activities but limited to maintenance of hangars and related workshops (also refer Note 1.1).

## 1.1 Composite Scheme of Arrangement (Merger)

a) The Board of Directors of the Company in their meeting held on December 10, 2018 has approved, subject to the required approvals, the Composite Scheme of Arrangement amongst GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL")(Transferor Company) and GMR Aero Technic Limited ("GATL")(Demerged company) and GMR Aerospace Engineering Limited("GAEL")(Transferee/Resulting Company) and their respective Shareholders and Creditors ("Scheme"), wherein GHACLPL will merge with GAEL and the Maintenance, Repair and Overhaul facility (MRO) Business of GATL will demerge into GAEL with an appointed date of April 01, 2018. The above scheme has received the approval of NCLT on July 26, 2019 and was thereafter filed with the Registrar of Companies on August 23, 2019.

The Company has given effect to the Scheme in the quarter ended September 2019 and since the above transaction results in a common control business combination the aforesaid mergers have been accounted under the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations.

b) **Salient features of the scheme are as follows:**
**Merger of GHACLPL with GAEL:**
Pursuant to the Scheme, with effect from the Appointed Date and upon the Scheme becoming effective, a total of 9,19,12,200 equity shares of face value Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the equity shareholder of the Transferor Company holding 10,20,000 equity shares of face value of Rs.10/- (Rupees Ten Only) each therein, as on the Record Date in the Share Exchange Ratio of 90.11:1, a total of 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10,000/- (Rupees Ten Thousand Only) each of the Transferee Company to be issued to the 11.97% Series A CCCPS holder of the Transferor Company holding 18,000, 11.97% Series A CCCPS of Rs.10,000/- (Rupees Ten Thousand Only) each therein as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1, a total of 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the 11.97% Series B CCCPS holder of the Transferor Company holding 18,735, 11.97% Series B CCCPS of Rs.10/- (Rupees Ten Only) each as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1.

During the current year, the Company has allotted 91,912,200 equity shares of face value Rs. 10/-, 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10,000/- and 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10/- to GMR Hyderabad International Airport Limited ("GHIAL") towards the consideration other than in cash and the Share Capital Suspense account balance of Rs. 10,993.09 lakhs has been adjusted.

**Demerger of Maintenance, Repair and Overhauling (MRO) business of GATL with GAEL:**
No shares to be issued to the demerged entity since it was a wholly owned subsidiary of GAEL. The shares of the Demerged Company, to the extent of 2,49,00,000 equity shares of Rs.10 each, which reflect the Demerged undertaking (MRO) being demerged to the GAEL shall stand cancelled and the shares to the extent of 1,00,000 equity shares of Rs.10 each which represent the residual business shall continue in the books of the Demerged Company (GATL).

## 2. Significant Accounting Policies

### 2.1 Basis of preparation and presentation:

**(a) Statement of Compliance:**

The Financial Statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), notified under the Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and other relevant provision of the Act.

**(b) Basis of measurement:**

The Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of reporting period. (As explained in accounting policy regarding financial instruments).

### 2.2 Summary of Significant Accounting Policies

**a) Use of estimates**

The preparation of Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. 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.

**b) Investment in Subsidiary**

The Company has accounted for its investment in subsidiary at cost.

**c) 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:

i) It is expected to be realised or intended to be sold or consumed in normal operating cycle,
ii) It is held primarily for the purpose of trading,
iii) It is expected to be realised within twelve months after the reporting period, or
iv) 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:

i) It is expected to be settled in normal operating cycle,
ii) It is held primarily for the purpose of trading,
iii) It is due to be settled within twelve months after the reporting period, or
iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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.

**d) Foreign currencies**

**Functional and presentation currency**

The Financial Statements are presented in INR (Indian rupees), 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 functional currency using the exchange rates at the date of transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

**e) 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 in to account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the 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 recognized 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

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.

**f) Revenue recognition**

**Revenue from Services:**

**MRO Business**:
Revenue is recognised upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

Revenue relating to fixed price contracts is recognised based on percentage of completion method (POC method).

Unearned revenue is recognised when there are billings in excess of revenues.

**Cargo Business Services**:
Revenue is recognised to depict rendering of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Revenue is reduced for estimated rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised service to a customer.
The specific recognition criteria described below must also be met before revenue is recognised.

**Income from services:**
Revenue from outbound cargo is recognized for non-airline customers and airline customers at the time of departure of aircraft. Revenue from inbound cargo is recognized at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers. The Company collects indirect taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

"Income from the concession arrangements earned under the intangible asset model consists of :
(i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
(ii) payments actually received from the users."

**Revenues and cost of improvements to concession assets** :
In conformity with appendix D of Ind AS 115, the Company recognizes revenues and the associated costs of improvements to concession assets which it is obligated to perform at the airports as established by the concession agreement. Revenues represent the value of the exchange between the Company and the government with respect to the improvements, given that the Company constructs or provides improvements to the airports as obligated under the concession agreement and in exchange, the government grants the Company the right to obtain benefits for services provided using those assets. The Company has determined that its obligations as per the concession agreement should be considered to be a revenue earning activity as all expenditures incurred to fulfill the concession agreement are included in the maximum tariff it charges its customers and therefore it recognizes the revenue and expense in profit and loss when the expenditures are performed.

The cost for such additions and improvements to concession assets is based on actual costs incurred by the Company in the execution of the additions or improvements, considering the requirements in the concession agreement. The amount of revenues for these services is equal to the amount of costs incurred, as Company do not obtain any profit margin for these construction services. The amounts paid are set at market value.

**Other operating revenue**:

Other operating revenue includes income from ancillary revenue generating activities and is recognized based on the terms agreed with the customers when the 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.

For others, Interest income is recognized on a time proportion basis taking in to account the amount outstanding and the applicable interest rate. Interest income is included in other income in the statement of profit and loss.

Interest for delayed payments from customers is accounted only when it is unconditionally accepted by the customers and on receipt basis.

**Dividend income:**

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

**g) Taxes:**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

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

**Deferred tax:**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realized.

**h) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| **Particulars** | **Useful Life (years)** |
|---|---|
| Plant and equipment | 10 – 15 |
| Office equipment | 5 |
| Computer equipment and IT systems | 3 – 6 |
| Furniture and fixtures | 10 |
| Vehicles | 8 |

The Company, based on assessment made by technical expert and management estimate, depreciates the certain items of plant and equipment over estimated useful lives which coincide with the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. Individual assets costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

However, in case of tools and equipment, where such individual items constitute more than 10% of the total cost of Tools and equipment, normal useful lives have been considered.

The Company depreciates the building on leasehold land on straight line basis over the period of lease, i.e.27 years. For certain categories of buildings, accelerated depreciation has been provided over the life of 10-27 years.

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

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

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

Spare parts are capitalized when they meet the definition of Property, Plant and Equipment and, i.e., when the Company intends to use these during more than a period of 12 months.

**i) Intangible assets**

**Service concession arrangements**:

The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix D to Ind AS 115 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (i.e. a concessionaire) to charge users of the public service. The financial model is used when the Company has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the service delivered, when the amount are separately identifiable.

GMR Hyderabad International Airport Limited (GHIAL) had entered into a Concession Agreement with Government of India, which gives GHIAL an exclusive right to design, finance, build, operate and maintain a world class, state of the art international airport at Shamshabad, Hyderabad, Telangana, India. The concession arrangement is a service concession arrangement under appendix D to Ind AS 115. Through the concession agreement, GHIAL has granted further concession to the Company along with sub-leasing of the part of cargo infrastructure facility to the Company and since the Company has a right to charge the users for the services and therefore, the same has been classified under Intangible assets model.

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

**Other Intangible assets**

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible Assets are amortized on a straight – line basis over their useful life not exceeding six years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

**j) Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are 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.

**k) Leases**

Effective April 01, 2019, the Company has adopted Ind AS 116 “Leases”. In respect of the transition to Ind AS 116 please refer Note 34.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Where the Company is lessee**

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Unaudited condensed interim Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in unaudited condensed interim Statement of Profit and Loss.

**Where the company is lessor**

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term.

**l) Inventories**

Stores and spares are valued at lower of cost and net realisable value. However stores and spares held for use in providing the service not written down below cost if services are expected to be provided at or above the cost. Cost is determined on a weighted average basis. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**m) Impairment of non-financial assets**

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

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

Impairment losses, are recognised in the statement of profit and loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the statement of profit or loss.

**n) Provisions, contingent liabilities and commitments**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liability is disclosed in the case of:

• A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation

• A present obligation arising from past events, when no reliable estimate is possible
• A possible obligation arising from past events, unless the probability of outflow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

**o) Retirement and other employee benefits**

(i) Defined contribution plans

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

Retirement benefit in the form of Superannuation Fund and Employees State Insurance are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation, other than the contribution payable to the respective funds.

(ii) Defined benefit plans

For defined benefit plans in the form of gratuity fund administered under a scheme of the Life Insurance Corporation of India, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling ( if applicable) and the return on plan assets (excluding net interest) , is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset."

Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• remeasurement"

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.
The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(iii) Compensated absences

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. However, the Company presents the entire provision towards accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date based on the actuarial valuation using the projected unit credit method at the year-end.

**p) 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 and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

**Financial assets**

**Initial recognition and measurement:**
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement:**

The classification of financial instruments depends on the objective of the Company's business model for which it is held and on the substance of the contractual terms/arrangements. Management determines the classification of its financial instruments at initial recognition.

For the purpose of subsequent measurement, financial instruments of the Company are classified into categories as explained below:

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

**Debt instruments at amortised cost:**

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

**Debt instrument at FVTOCI:**

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**Equity Investments:**

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

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of 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 balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

**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. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables under Ind AS 116
d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on;
- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116.

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

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

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

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

a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

b. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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

**Financial liabilities**

**<u>Initial recognition and measurement:</u>**
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

**<u>Subsequent measurement:</u>**
The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

**Loans and borrowings:**

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

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

**Financial guarantee contracts**

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

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortisation.

**Derecognition**

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

**q) 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.

**r) Earnings per share**

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

Diluted earnings per share is computed by dividing the net profit after tax, adjusted for effects of dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares except where the results are anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

## 31. Earnings Per Share (EPS)

The following reflects the income/(loss) and share data used in the basic/diluted EPS computations:

| **Particulars** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Profit/(loss) for the year | 567.81 | 1,637.07 |
| Less : Preference and tax thereon | (215.68) | (260.01) |
| **Profit/ (Loss) attributable to equity shareholders** | 307.80 | 1,377.06 |
| Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted)* | 455,812,200 | 449,196,080 |
| Earnings Per Share (Basic and diluted) (face value of Rs. 10 each)** | 0.08 | 0.31 |

* Adjustments have been made in respect of consideration other than in cash aggregating Rs. 10,993.09 lakhs to be discharged by issue of Equity shares of Rs. 9,191.22 lakhs and Compulsorily Convertible Cumulative Preference Shares of Rs. 1,801.87 lakhs (Refer Note 1.1).

** The conversion of compulsorily convertible cumulative preference shares, if made, would have the effect of increasing the profit per share and would therefore be anti-dilutive and hence, are ignored for the purpose of computing diluted earnings per share.

## 32. Employee benefits plan

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service.

**Statement of profit and loss**
**Net employee benefit expense (recognized in the employee cost)**

| | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Current service cost (including past service cost) | 116.99 | 24.77 |
| Interest cost on benefit obligation | 0.82 | 3.95 |
| **Net benefit expense** | **117.81** | **28.72** |

**Balance sheet**
**Details of provision for gratuity**

| | **As at March 31, 2021** | **As at March 31, 2019** |
|---|---|---|
| Present value of defined benefit obligation | (639.77) | (556.06) |
| Fair value of plan assets | 625.06 | 476.01 |
| **Plan liability** | **(14.71)** | **(80.05)** |

### a. Defined benefits plan: (MRO Division)

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for MRO business:

**Statement of profit and loss**
**Net employee benefit expense (recognized in the employee cost)**

| | **March 31, 2021** | **March 31, 2020** |
|---|---|---|
| Current service cost (including past service cost) | 77.44 | 57.02 |
| Interest cost on benefit obligation | 6.10 | 5.33 |
| **Net benefit expense** | **83.54** | **62.35** |

(All amounts are in Rs. lakhs, unless otherwise stated)

**Balance sheet**
**Details of provision for gratuity**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Present value of defined benefit obligation | (408.56) | (338.31) |
| Fair value of plan assets | 307.13 | 193.84 |
| **Plan liability** | **(101.42)** | **(144.47)** |

**Changes in the present value of the defined benefit obligation are, as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Opening defined benefit obligation** | 338.31 | 253.27 |
| Interest cost | 22.66 | 18.36 |
| Current service cost (including past service cost) | 77.44 | 57.02 |
| Benefits paid | (10.28) | (23.27) |
| Actuarial loss on obligation | (19.57) | 32.93 |
| **Closing defined benefit obligation** | **408.56** | **338.31** |

**Changes in the fair value of plan assets are as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening fair value of plan assets | 193.84 | 163.47 |
| Expected return | 16.56 | 13.03 |
| Contributions by employer | 109.58 | 39.32 |
| Actuarial gain | (2.56) | 1.30 |
| Benefits paid | (10.28) | (23.28) |
| **Closing fair value of plan assets** | **307.13** | **193.84** |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Investments with insurer | 100% | 100% |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 6.80% | 6.80% |
| Salary escalation Rate | 8.00% | 8.00% |
| Withdrawal Rate | 5.00% | 5.00% |

**Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:**

Expected Benefits payments for the year ending

| Year ending | March 31, 2021 |
|---|---|
| March 31, 2022 | 17.72 |
| March 31, 2023 | 20.94 |
| March 31, 2024 | 30.03 |
| March 31, 2025 | 46.19 |
| March 31, 2026 | 59.20 |
| March 31, 2027 to March 31, 2031 | 354.35 |

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases (decreases) by 1%, the defined benefit obligations would decrease by Rs. 42.42 lakhs (increase by Rs. 50.44 lakhs) as of March 31, 2021.

If the expected salary growth increases (decreases) by 1%, the defined benefit obligations would increase by Rs. 36.54 lakhs (decrease by Rs. 34.35 lakhs) as of March 31, 2021.

**Note:**
i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

**b. Defined benefits plan: (Air Cargo Division)**

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for Cargo business

**Statement of profit and loss**
**Net employee benefit expense (recognized in the employee cost)**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current service cost (including past service cost) | 39.55 | (32.25) |
| Interest cost on benefit obligation | (5.28) | (1.38) |
| **Net benefit expense** | **34.27** | **(33.63)** |

**Balance sheet**
**Details of provision for gratuity**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Present value of defined benefit obligation | (231.21) | (217.75) |
| Fair value of plan assets | 317.93 | 282.17 |
| **Plan asset/ (liability)** | **86.72** | **64.42** |

**Changes in the present value of the defined benefit obligation are, as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Opening defined benefit obligation** | 217.75 | 238.42 |
| Interest cost | 11.94 | 15.72 |
| Current service cost (including past service cost) | 39.55 | (32.25) |
| Benefits paid | (30.84) | (21.09) |
| Net Actuarial losses on obligation for the period recognised under OCI | (7.19) | 16.95 |
| **Closing defined benefit obligation** | **231.21** | **217.75** |

**Changes in the fair value of plan assets are as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening fair value of plan assets | 282.17 | 228.46 |
| Adjustment to opening fair value of plan asset | - | - |
| Return on plan assets excl. interest income | (0.59) | (2.17) |
| Interest income | 17.21 | 17.10 |
| Contributions by employer | 49.97 | 59.87 |
| Benefits paid | (30.84) | (21.09) |
| **Closing fair value of plan assets** | **317.93** | **282.17** |

**(All amounts are in Rs. lakhs, unless otherwise stated)**

**Net Defined Benefit Obligation recognised in Balance Sheet**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Defined Benefit Obligation | (231.21) | (217.75) |
| Fair value of Plan Assets | 317.93 | 282.17 |
| **Net Defined Benefit Asset/ (Obligation)** | **86.72** | **64.42** |

**Actuarial (gain) / loss on obligation:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Experience loss/ (gain) | (8.89) | 9.76 |
| Financial loss/ (gain) | 2.29 | 7.19 |
| **Total actuarial (gain) /loss** | **(6.60)** | **16.95** |

**Amount recognised in other comprehensive income (OCI):**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening amount recognised in OCI | 58.46 | 39.34 |
| Remeasurement for the year - Obligation (gain)/loss | (7.19) | 16.95 |
| Return on Plan Assets excluding net interest | 0.59 | 2.17 |
| **Closing amount recognised in OCI** | **51.86** | **58.46** |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 5.70% | 5.90% |
| Salary escalation Rate | 7.50% | 7.50% |
| Withdrawal Rate | 20.00% | 20.00% |

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:**

Expected Benefits payments for the year ending

| Year ending | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Within 1 year | 52.66 | 50.58 |
| 1 - 2 year | 51.44 | 58.00 |
| 2 - 3 year | 49.08 | 46.29 |
| 3 - 4 year | 50.25 | 44.69 |
| 4 - 5 year | 49.65 | 47.02 |
| 5 - 10 years | 206.79 | 205.14 |

**Sensitivity analysis**:

A quantitative sensitivity analysis for significant assumption is as shown below:

(a) Effect of 1% change in assumed discount rate

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| - 1% increase | (8.27) | (7.19) |
| - 1% decrease | 8.94 | 7.74 |

(b) Effect of 1% change in assumed salary escalation rate

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| - 1% increase | 2.18 | 0.34 |
| - 1% decrease | (2.01) | (0.31) |

**c. Defined contribution plan**

Contribution to provident and other funds under employee benefit expenses are as under:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Contribution to Provident Fund | 368.45 | 353.11 |
| Contribution to Superannuation Fund | 27.96 | 29.69 |
| Contribution to ESI | 29.62 | 35.23 |

**d.** Leave benefit liabilities provided based on actuarial valuation amounts to Rs. 404.49 lakhs as at March 31, 2021 (March 31, 2020: Rs. 386.25 lakhs)

The actuarial assumptions (demographic & financial) employed for the calculations for MRO business as at March 31, 2021 and March 31, 2020 are as follows.

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 6.80% | 6.80% |
| Salary escalation rate | 8.00% | 8.00% |
| Withdrawal rate | 5.00% | 5.00% |

The actuarial assumptions (demographic & financial) employed for the calculations for Cargo business as at March 31, 2021 and March 31, 2020 are as follows.

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 5.70% | 5.90% |
| Salary escalation rate | 7.50% | 7.50% |
| Withdrawal rate | 20.00% | 20.00% |

**33. Related Party Disclosures:**

**A. Names of related parties and description of relationship:**

| Sl. No | Relationship | Name of related party |
|---|---|---|
| (i) | Holding Company | GMR Hyderabad International Airport Limited (GHIAL) |
| (ii) | GHIAL's holding Company | GMR Airports Limited (GAL) |
| (iii) | GAL's holding Company | GMR Infrastructures Limited(GIL) |
| (iv) | Ultimate holding Company | GMR Enterprises Private Limited (formerly known as GMR Holdings Private Limited) |
| (v) | Subsidiary Company | GMR Aero Technic Limited (GATL) |
| (v) | Fellow Subsidiaries (Where transactions have taken place during the year). | GMR Hyderabad Aviation SEZ Limited (GHASL) |
| | | Raxa Security Services Limited |
| | | GMR Hospitality and Retail Limited |
| | | Delhi International Airport Limited |
| | | GMR Airport Developers Limited |
| | | GMR Goa International Airport Limited |
| (vi) | Post-employment benefit plan | GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust) |
| (viii) | Key Managerial personnel (KMP) | Mr. P. S. Nair –Director |
| | | Mr. Rajesh Kumar Arora –Director |
| | | Mr. Gopalakrishna Kishore Surey - Director, Chairman |
| | | Mr. Abdul Rahman Harith Saif Al Busaidi-Independent Director (up to March 27, 2020) |

(All amounts are in Rs. lakhs, unless otherwise stated)

| | | |
|---|---|---|
| | | Mrs. Kavitha Gudapati- -Independent & Woman Director |
| | | Mr. Ashok Gopinath – Chief Executive Officer (up to September 19, 2019) |
| | | Mr. K Venkata Ramana – Chief Financial Officer |
| | | Ms. Apeksha Naidu- Company Secretary (up to January 30, 2020) |
| | | Mr. G. Chandrabushan-Manager (w.e.f. September 19,2019) |
| | | Mr. N. C. Sarabeswaran (w.e.f March 29, 2020) |
| | | Mr. Rakhal Panigrahi (w.e.f. June 04, 2020) |

**B. Transactions with Key Managerial Personnel for the year ended:**

| Details of Key Managerial Personnel | Remuneration | | Sitting fees | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Mrs. Kavitha Gudapati | - | - | 1.05 | 1.75 |
| Mr. Abdul Rahman Harith Saif Al Busaidi | - | - | - | 1.65 |
| Mr. N. C. Sarabeswaran | - | - | 1.55 | - |
| Mr. Ashok Gopinath | - | 81.48 | - | - |
| Mr.K.Venkata Ramana | 73.02 | 80.58 | - | - |
| Ms. Apeksha Naidu | - | 5.57 | - | - |
| Mr. Rakhal Panigrahi | 9.37 | 1.49 | - | - |
| G. Chandra Bushan | 20.30 | 12.96 | - | - |
| **Total** | | **182.08** | **2.60** | **3.40** |

**A. Summary of Transactions with related parties for the year ended:**

| | Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| (a) | **GMR Hyderabad International Airport Limited** | | |
| | Allotment of share capital (Refer Not 1.1) | - | 11,741.22 |
| | Receipt of Share application money | - | 1,550.00 |
| | Lease Rentals and Other Related expense | - | 9.07 |
| | Corporate guarantee given in relation to Working capital facility | 3,000.00 | 3,000.00 |
| | Preference dividend paid | - | 107.84 |
| | Concessionaire rent | 25.84 | 33.04 |
| | Concessionaire fee | 1,434.29 | 1,773.74 |
| | Reimbursement of salary cost | 207.79 | 214.74 |
| | Deposits received back | - | 10.00 |
| | Repairs & Maintenance – Buildings | 0.51 | 0.51 |
| | Repairs and Maintenance - Plant and machinery | 1.15 | 4.21 |
| | Repairs & Maintenance – Others | 4.09 | 6.18 |
| | Training charges | 3.43 | 0.50 |
| | Reimbursement of property insurance | 0.60 | 2.05 |
| | Reimbursement of rates and taxes | 12.18 | 20.84 |
| | Reimbursement of Other Expenses | 20.00 | |
| | Royalty charges | 16.11 | 43.39 |
| | Capital work-in-progress | - | - |
| | Power and water charges | 211.86 | 245.40 |
| | Bank charges – Reimbursement | 24.58 | 18.05 |

(All amounts are in Rs. lakhs, unless otherwise stated)

| | | | |
|---|---|---|---|
| | Interest on security deposit - Unwinding of discount | 1.02 | 3.52 |
| | Travel and conveyance | 3.46 | 7.51 |
| | Communication – Telephone | 0.99 | 10.15 |
| | Audit Charges – Reimbursement | - | 0.50 |
| | Depreciation on ROU Assets | 138.91 | 475.07 |
| | Follow me Vehicle Charges | 2.46 | 3.67 |
| | Interest on Lease Liability | 382.99 | 180.74 |
| | Depreciation on intangible asset (Land) | 172.23 | - |
| | Gain on termination of lease | 73.46 | - |
| | Purchase of CTB & other ancillary assets | 2,797.30 | - |
| (b) | **GMR Hyderabad Aviation SEZ Limited** | | |
| | Interest on Lease Liability | 249.47 | 514.61 |
| | Depreciation on ROU Asset | 115.50 | 253.33 |
| | Interest on security deposit - Unwinding of discount | 1.40 | 1.26 |
| | Electricity and Water Charges | 330.52 | 360.55 |
| | Repairs and maintenance – Others | 20.57 | 19.41 |
| (c) | **GMR Airport Developers Limited** | | |
| | Repairs and maintenance -IT | 43.77 | 55.92 |
| | Repairs and maintenance -Others | 214.82 | 196.97 |
| | Reimbursement of Software maintenance | 25.20 | 12.60 |
| | Reimbursement of manpower deputation | 35.12 | 18.87 |
| | Capital work-in-progress | 39.83 | 5.02 |
| (d) | **GMR Hospitality and Retail Limited** | | |
| | Lodging and food expenses (Travelling and conveyance) | 54.51 | 31.85 |
| | Miscellaneous expenses | 0.25 | 0.35 |
| | Marketing expense | - | 0.58 |
| | Income from Cargo operations | 0.28 | 6.66 |
| (e) | **Raxa Security Services Limited** | | |
| | Security services | 138.17 | 131.36 |
| (f) | **Delhi International Airport Limited** | | |
| | Royalty charges | 12.99 | 13.77 |
| | Electricity charges | 1.91 | 0.42 |
| | Interest on security deposit - Unwinding of discount | 1.98 | 2.31 |
| | Interest on Lease Liability | 13.91 | - |
| | Depreciation on ROU Asset | 52.68 | - |
| | Lease rental and other related expenses | - | 57.70 |
| (g) | **GMR Airports Limited** | | |
| | Training charges | - | 7.14 |
| | Technical fees | 661.58 | 581.21 |
| | Reimbursement of Audit fees and others | 0.14 | 16.29 |
| (m) | **GMR Aero Technic Limited** | | |
| | Training - Consultancy charges | 43.45 | - |
| | Deputation Charges | 43.98 | 5.10 |
| | Income from Management Fees | 6.60 | 50.01 |
| (n) | **GMR Infra Developers Limited** | | |
| | Loans given | - | 1000.00 |
| | Receipt of Loan given | - | 1000.00 |
| | Interest income on loans | - | 3.36 |
| (o) | **GMR Goa International Airport Limited** | | |
| | Loans given | 2,000.00 | - |
| | Interest income on Loan given | 21.92 | - |
| (p) | **GMR Infrastructure Limited** | | |
| | Reimbursement of Audit fees and others | 8.00 | - |

(All amounts are in Rs. lakhs, unless otherwise stated)

| | | | |
|---|---|---|---|
| (q) | **GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)** | | |
| | Contribution to the Gratuity fund | 49.97 | 59.87 |

Note: The Company has received certain corporate group support services from its holding company, which are free of charge.

B. **Outstanding balances at the end of the Year – Debit/(Credit):**

| | Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| (a) | **GMR Hyderabad International Airport Limited** | | |
| | Equity Share Capital | (47,383.09) | (47,383.09) |
| | Trade Payable | (236.92) | (247.42) |
| | Lease liability | (92.32) | (1,514.08) |
| | Payable for leasehold land rights | (4,230.06) | |
| | Right-of-use Assets | 83.18 | 1,409.62 |
| | Right to operate Cargo Facility – Land | 3,903.99 | |
| | Security Deposit | 3.34 | 29.30 |
| | Corporate guarantee given | 30,500.00 | 30,500.00 |
| | Concession fee paid in advance | 2,596.42 | - |
| | Prepaid expenses | 10.40 | 3.91 |
| (b) | **GMR Hyderabad Aviation SEZ Limited** | | |
| | Security Deposit | 13.67 | 12.26 |
| | Prepaid Expenses | - | - |
| | Right of use Asset | 1,963.46 | 2,078.96 |
| | Lease Liability | (2,773.26) | (2,787.27) |
| | Trade Payables | (3,174.29) | (5,423.28) |
| (c) | **GMR Airport Developers Ltd** | | |
| | Trade Payable | (89.21) | (77.54) |
| | Payable for purchase of Intangibles | (16.20) | (3.38) |
| (d) | **GMR Hospitality and Retail Limited** | | |
| | Trade Payable | (16.59) | (18.21) |
| | Advances received from Customers | (1.10) | (0.40) |
| (e) | **Raxa Security services Limited** | | |
| | Trade Payable | (36.82) | (18.07) |
| (f) | **GMR Airports Limited** | | |
| | Trade Payable | (123.81) | (140.54) |
| (h) | **Delhi International Airport Ltd** | | |
| | Security Deposit | 20.32 | 24.97 |
| | Advance to Suppliers | - | 0.50 |
| | Right of use Asset | 105.37 | - |
| | Lease Liability | (110.44) | - |
| | Trade Payable | (1.83) | (11.94) |
| (i) | **GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)** | | |
| | Trade Payables | (0.87) | (0.87) |
| (j) | **GMR Infrastructure Limited** | | |

| | | | |
|---|---|---|---|
| | Other Current Assets | 9.44 | - |
| (k) | **GMR Goa International Airport Limited** | | |
| | Financial Assets - Loans | 2,020.27 | - |
| (l) | **GMR Aero Technic Limited** | | |
| | Investment in equity shares | 10 | 10 |
| | Other receivables | 47.38 | - |
| | Trade Payable | (30.48) | - |
| | Other payables | - | (27.41) |

**34. Leases:**

The Company has adopted Ind AS 116 "Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach. Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for any related prepayments). As a result, the comparative information has not been restated. The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability.

Accordingly, on transition to Ind AS 116, the Company recognised the right-of-use assets of Rs. 8,059.44 lakhs and lease liabilities amounting of Rs. 7,964.42 lakhs. Consequent to the amendment of lease agreement with GMR Hyderabad Aviation SEZ Limited w.e.f December 01, 2019, remeasurement of lease liability has been carried out to reflect the revised lease rentals and the corresponding adjustment of Rs. 3,790.40 lakhs has been done to ROU. Consequent to the termination of lease agreement with GMR Hyderabad International Airport Limited (i.e., on purchase of terminal building) w.e.f July 01, 2020, remeasurement of lease liability has been carried out and corresponding adjustment of Rs. 1,884.68 lakhs has been done to ROU.

The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability. The Company has applied the below practical expedients:

i. The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".
ii. The Company has not applied the requirements of Ind AS 116 for leases of low value assets.
iii. The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
iv. The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

**Impact of Ind AS 116 on the Statement of profit and loss account:**

| Particulars | For the year ended March 31, 2021 |
|---|---|
| Interest on lease liability (Refer Note 26) | 647.99 |
| Amortisation on right of use assets (Refer Note 27) | 321.88 |
| Less: Lease rental expenses | (460.11) |
| **Impact on the statement of profit and loss account** | **509.76** |

**35. Commitments and Contingencies**

**a) Capital and other commitment**

i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 954.57 lakhs (March 31, 2020 – Rs. 548.09 lakhs)

**b) Contingent Liabilities**

| Particulars | As at March 31, 2021 | As at March 31,2020 |
|---|---|---|
| Matter relating to indirect tax under dispute (refer footnotes below (a)) | 1,057.72 | 1,052.88 |
| Matters relating to income tax under dispute (refer footnotes below (b)) | 2,231.80 | 2,231.80 |
| Claims against the company not acknowledged as dues (refer footnotes below (c)) | 1,417.27 | 1,416.35 |
| | **4,706.79** | **4,701.03** |

**(a) Matter relating to indirect tax under dispute**

(i) The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT) against the order of Commissioner of Service Tax for the rejection of service tax refund claim amounting to Rs. 102.92 lakhs.

(ii) The Company had rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which the Company had not paid service tax in view of the exemption available under cargo handling services. The Company had received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring the Company to show cause as to why the services rendered during March 2008 to June 2010 should not be classified under "Airport Services" and "Storage and Warehousing Services" ("Taxable Service").

On May 3, 2013, the Company had received an order from Commissioner of Customs, Central Excise and Service tax. As per the said order, the commissioner had concurred with the departments view and classified the services of cargo handling for export cargo as Taxable Service. As a result of which, there was a demand levied of Rs. 188.64 Lakhs as service tax for the period March 2008 to June 2010 under Airport Services and Rs. 107.35 Lakhs as service tax for the period March 2008 to June 2010 on Storage and Warehousing Services along with applicable interest and along with penalty of Rs. 296.00 Lakhs.

Subsequently, the Customs, Excise & Service Tax Appellate Tribunal (CESTAT) in its stay order dated October 25, 2013 has mentioned that X-ray Screening, Terminal Storage and Processing, Unitization and Demurrage would be incidental and ancillary in relation to cargo handling service. As a result, there shall be a waiver of pre deposit of the dues and stay against recovery during pendency of the appeal.

Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(iii) The Company has received a show cause notice from the Office of Commissioner (Audit) Central tax requiring the Company to show cause as to why CENVAT credit of Rs. 64.86 Lakhs along with applicable interest and penalty should not be reversed/demanded on certain exempted services. The Company has filed a reply to the Show Cause notice with the Office of Commissioner (Audit) Central tax on October 10, 2017. Personal hearing completed on March 27, 2018, AC has passed an order dated March 28, 2018 by disallowing Company demand, order received on April 9, 2018. As a result of which, there is a demand levied of Rs. 64.86 Lakhs as service tax along with penalty of Rs. 63.19 Lakhs. Further, the Company has filed an appeal against the order with Commissioner (Appeals), Central tax during the current period. The Company has received an unfavorable order from Commissioner of Customs and Central Tax (Appeals), Hyderabad on November 12, 2018, directing the Additional Commissioner to recalculate the demand. Subsequently, the Company has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019. . The company has paid Rs. 9.55 Lakhs till the date of filing appeal with CESTAT in order to comply with the relevant provisions of the act for filing the appeal for application.

Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(iv) The Company has received a SCN No. 31/2019-20 dated July 23, 2019 along with corrigendum to SCN dated July 25, 2019 from DGGI (Directorate General of GST Intelligence) on following points:

(a) Non reversal of CENVAT Credit against sale of goods for Rs. 2.58 lakhs.

(b) Proposing disallowance of Export of Services on the ground that 'Place of supply' for MRO Services of Aircraft going out of India after being put to use India can't be said to be outside India. Hence it does not qualify 'Export of Service' and hence subject to Service Tax for Rs. 207.99 lakhs along with applicable interest and penalty.

The Company has filed a writ petition on August 21, 2019 and received interim relief on August 22, 2019 staying the proceedings. Department has filed its reply and requested for stay vacation. The company is in the process of filing rejoinder. Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(v) During the previous year, the Company has received a show cause notice from the Office of Commissioner of Customs & Central taxes requiring the Company to show cause as to why CENVAT Credit of Rs. 24.19 Lakhs along with applicable interest and penalty should not be paid on irregular availment of CENVAT Credit for the capital goods which are included in the "Improvements to Concession Assets". The Management is in the process of responding to the notice and is confident that there won't be any liability in this regard which would be payable and as such no provision has been made in these Financial Statements.

**(b) Matters relating to income tax under dispute**

(i) The Company had received assessment order during previous years for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 154.18 Lakhs (including interest of Rs 21.64 Lakhs), Rs. 272.51 Lakhs (including interest of Rs 69.52 Lakhs), Rs. 302.70 Lakhs (including interest of Rs.74.38 Lakhs) and Rs. 254.40 Lakhs (including interest of Rs 65.96 Lakhs) for the respective assessment years. The Company had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 154.18 Lakhs, Rs. 272.51 Lakhs, Rs. 302.70 Lakhs and Rs. 254.40 Lakhs for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively under protest. During the previous years, the said appeals were dismissed by the Commissioner of Income - Tax (Appeals), Hyderabad against which the Company had filed an appeal with the Income Tax Appellate Tribunal, Hyderabad.

During the FY 2016-17, the Company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. The company has applied under Vivad se vishwas scheme for settlement of disputed taxes for AY 2009-10 to AY 2012-13 on December 30, 2020 and awaiting department’s confirmation. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(ii) The Company had received an order during previous years for the assessment year 2013-14 and 2014-15 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to the Company has reduced by Rs. 418.47 Lakhs for A.Y. 2013-14 and Rs. 310.92 Lakhs for A.Y 2014-15 . Aggrieved by the reduction in refund and the demand, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. During the previous year, the Company has received a favorable order from Commissioner of Income -Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the current year, the Company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2013-2014 and 2014-2015. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. The company has applied under Vivad se vishwas scheme for settlement of disputed taxes for AY 2013-14 to AY 2014-15 on December 30, 2020 and awaiting department's confirmation. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(iii) The Company has received an order during the previous years for the assessment year 2015-16 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, the Company filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 417.17 Lakhs for AY 2015-16. During the previous year FY 2018-19, the department has issued a refund order advice stating that refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of Rs. 377.05 Lakhs. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(iv) During the previous years, the Company has received an order for the assessment year 2016-17 denying the deduction u/s 80-IA of the Income Tax Act, 1961 and as per the order there is a tax demand amounting to Rs. 16.47 Lakhs for AY 2016-17. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(v) During previous years, the Company has received an order from Deputy Commissioner of Income Tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 84.98 Lakhs. The Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad on May 5, 2015. During the current year, the company has received an order on January 06, 2020 dated December 13, 2019 partially allowing the expense. Aggrieved by the order, the Company has filed an appeal with the ITAT, Hyderabad for which matter is pending. However, based on an internal assessment, the Management is of the opinion that the said order is time barred and will not be sustainable under law.

**(c) Claims against the company not acknowledged as dues**

**(i) Custom officers Salaries**

The Company accrued Customs officers' salaries stationed at Air Cargo Terminal based on debit notes raised by the Customs Department on GMR Hyderabad International Airport Limited (GHIAL) as the ultimate cost has to be borne by the custodian i.e. the Company. GHIAL filed a writ petition under Article 226 of the Constitution of India in the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised in previous years. GHIAL received an order from the Honorable High court of Andhra Pradesh (Single Judge), stating that the grounds on which the levy was made by Customs Department were wholly unsustainable and accordingly the Company had reversed the accrued customs cost amounting to Rs. 1,402.09 Lakhs for the period from March 23, 2008 to March 31, 2012.

Subsequent to the above order, the Customs Department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Honorable High Court of Andhra Pradesh passed an order for interim suspension of the said order passed by the Honorable Single Judge and the matter is pending. The Management, based on internal assessment, is confident that there is no financial impact of this interim suspension order and accordingly, no provision has been made in these Financial Statements.

**(ii) Provident Fund**

(i) During the previous year, the Company has received an order from Regional PF Commissioner – I, Regional Office II, Hyderabad, regarding the payment of contributions to International Worker under Employees Provident Funds and Miscellaneous Provisions Act, 1952 demanding an amount of Rs. 14.26 Lakhs. The Company has filed writ petition before the High Court of Telangana. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.

(iii) During the current year, the company has received an order from District Consumer Forum (RR District), regarding the compensation for short delivery of cargo to M/s. Excell Media Pvt. Ltd amounts to Rs. 0.92 Lakhs along with applicable interest. The company is in the process of filing appeal against the order. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Unaudited Standalone Condensed Interim Financial Statements.

**(d) Preference dividend**

As per the terms of issuance of Compulsory Convertible Cumulative Preference Shares (Series A and Series B), the Company shall pay preference dividends at a coupon rate of 11.97% on the paid up value of compulsorily convertible cumulative preference shares (Series A and Series B). In the absence of profits available for distribution, the Company has not declared preference dividend on Compulsorily Convertible Cumulative Preference Shares ("CCCPS") which is amounting to Rs.377.44 lakhs and tax thereon as on March 31,2021 (March 31, 2020: Rs. 161.76).

**36. Segment Reporting**

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The Company has identified two reportable segments under Ind AS 108 as follows:

a) Maintenance, Repairs and Overhauling (MRO) and;
b) GMR Hyderabad Air Cargo (Air Cargo)

The Chief Operating Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statements.

| | **Segment Revenue** | | **Segment Profit** | |
|---|---|---|---|---|
| | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
| MRO | 24,361.87 | 20,346.02 | 3,272.76 | 2,742.83 |
| Air Cargo | 8,203.32 | 9,477.98 | (280.86) | 840.23 |
| | **32,565.19** | **29,824.00** | **2,991.90** | **3,583.06** |
| Less: Inter segment | - | (1.35) | - | - |
| **Total** | **32,565.19** | **29,822.65** | **2,991.90** | **3,583.06** |
| Other income | | | 774.70 | 1,331.42 |
| Finance costs | | | (3,204.93) | (3,231.52) |
| Tax expense | | | 6.14 | (45.89) |
| **Profit after tax** | | | **567.81** | **1,637.07** |

**Segment assets and liabilities:**

| | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Segment assets** | | |
| MRO | 33,767.89 | 28,054.80 |
| Air Cargo | 17,876.44 | 8,191.70 |
| Unallocable assets | 3,744.91 | 9,846.22 |
| Inter - segment | (2,953.28) | (2,801.26) |
| **Total assets** | **52,435.96** | **43,291.46** |
| | | |
| **Segment liabilities** | | |
| MRO | 16,575.62 | 14,598.91 |
| Air Cargo | 8,231.71 | 4420.27 |
| Unallocable liabilities | 30,352.14 | 27429.06 |

| | | |
|---|---|---|
| Inter – segment | (2,953.28) | (2801.26) |
| **Total liabilities** | **52,206.19** | **43,646.98** |

**Other segment information**

| | Depreciation and amortization | | Additions to non - current assets | |
|---|---|---|---|---|
| | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
| MRO | 1,882.14 | 1,799.19 | 2,755.85 | 3,451.65 |
| Air Cargo | 815.91 | 963.10 | 7,582.41 | 2,319.27 |

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone financial statements of the company as a whole.

**37.** Pursuant to notification G.S.R.574(E) dated August 16, 2019 issued by Ministry of Corporate Affairs, the Company being a listed entity is not required to create Debenture Redemption Reserve.

**38. Taxation**

a) In view of the brought-forward business losses of the Company, also considering the brought-forward losses of the demerged undertaking (MRO business) (refer Note 1.1), no provision for current tax has been made in these financial statements. The Company, post-merger, has filed the income tax return for the year ended March 31, 2019 on November 30, 2019 and for the year ended March 31, 2020 on January 31, 2021 . Pending assessment and on grounds of prudence, no adjustment has been made to the current tax provision for that financial year.

b) Matters relating to erstwhile GMR Hyderabad Air Cargo and Logistics Private Limited (GHACLPL) (Transferor company merged into the Company):

(i) The Company has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the international and domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on these Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

(ii) Minimum Alternate Tax (MAT) Credit entitlement (cumulative balance) claimed by the Company as per the income tax return filed for the FY 2018-19 on November 30, 2019 aggregating Rs. 3,701.03 lakhs has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

c) During the financial year ended March 31,2021, the company has deferred tax asset (net) of Rs. 167.34 lakhs. However, due to the huge accumulated losses there is an un-certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Hence, deferred tax asset is not recognized in the books.

**39.** Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Industrial Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 36.25 Lakhs (March 31, 2019: Rs. 148.94 Lakhs). W.e.f. 1st July, 2019 vide AIC No.15/2019 dated 19th June, 2019, the collection of Passenger Service Fee (Security Component) is replaced with Aviation Security Fee (ASF). ASF will be collected and remitted by airlines to the National Aviation Security Fee Trust (NASFT). All expenses relating to CISF will be met through NASFT directly. Accordingly, based on the communication from Holding Company (GHIAL), the Company has discontinued recognition of salary provision of CISF personnel deputed at cargo terminal from 01st July, 2019.

The Management is confident that there would be no additional liability other than the amount accrued in the books of account.

**40.** Pursuant to Composite Scheme of Arrangement ("Scheme") approved by NCLT (Refer Note 1.1) all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company ("GATL"), immediately before the demerger, become the liabilities of the Resulting Company ("GAEL"/"the Company") by virtue of the demerger. In view of the above and the Scheme being effective, 1,750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures of GATL are transferred to GMR Air Cargo and Aerospace Engineering Limited ("GACAEL") (formerly known as GMR Aerospace Engineering Limited – "GAEL") with same terms and conditions as they were issued. Subsequently, such transfer of debentures was updated on the Bombay Stock Exchange (BSE) on October 15, 2019 and on the National Stock Exchange (NSE) on November 26, 2019.

**41.** The Management has assessed impairment of the carrying value of the MRO (Maintenance, Repair and Overhauling) Division, which was acquired by the Company during the year, in terms of the Composite Scheme of Arrangement from GMR Aero Technic Limited, wholly-owned subsidiary of the Company. This acquisition was accounted as a common control transaction in terms of Ind AS 103 Appendix C (also refer Note 1.1). The assessment was done at Cash Generating Unit ("MRO CGU") level, which has past accumulated losses as at March 31, 2020. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations, which resulted in operating profits during the last 2 years.

Pursuant to the agreement entered by the GMR Group ("Group") dated February 20, 2020, the Group has executed a definitive agreement with Aeroports De Paris ("ADP") for acquisition of 49% stake by ADP in GMR Airports Limited (the holding company of GMR Hyderabad International Airport Limited, which is the holding company of the company) ("GAL") on fully diluted basis. In accordance with which the first tranche of the consideration has been received by the Group. As per revised terms the second tranche of consideration has been received by the Group subsequently.

The MRO CGU is part of the Airports business. To assess whether the MRO CGU is impaired, the Management of the Company has reckoned the values attributed to MRO CGU which are higher than its carrying value, on the basis of an independent valuation of the Airport business carried out as part of entering the aforesaid agreement. The Management has also assessed impairment as at March 31, 2020 of the carrying value of the MRO CGU consequent to the outbreak of the COVID19 pandemic. The Management has reviewed such assessment as at March 31, 2021, the updated business plans and the projections considering the COVID19 impact.

The Management has also performed sensitivity analysis considering different scenarios to build in the uncertainties attached. Based on such valuation assessment done by the Management and other management initiatives as mentioned above, the Management is of the view that there is no impairment required in the value of MRO CGU as at March 31, 2021 in this Financial Statements.

**42.** As at March 31, 2021, the Company has accumulated losses (including amalgamation adjustment deficit account) of Rs. 47,204.50 lakhs (as at March 31, 2020 is Rs 47,789.78 lakhs). The Management has undertaken several initiatives to improve its income from operations and establish profitable operations including the composite scheme of arrangement (Refer Note 1.1 above). Based on the business plans for the current year including the cash flow projections, it has sufficient future cash flows to meet its liabilities as and when they fall due. The credit rating for the Company's NCD program has been confirmed by ICRA Limited with letter dated October 09, 2020 as [ICRA]AA(CE) (Negative). In view of the Management there is no significant uncertainty on the going concern assumption and that the Company will have positive net worth in the coming years.

GMR Hyderabad International Airport Limited ("GHIAL") has confirmed its continuous financial support to the Company to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these Financial Statements have been prepared on Going Concern basis and do not include any adjustments relating to the recoverability of assets or the amounts of liabilities that may be necessary if the entity is unable to continue as a going concern.

**(All amounts are in Rs. lakhs, unless otherwise stated)**

## 43. Financial risk management objectives and policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, equity risk, commodity risk and demand risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at March 31, 2021.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2021.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity; provisions.

The following assumption have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021.

### 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 fixed interest rates. The Company does not have any long-term debt with floating interest rates.

The exposure of the Company's borrowing to fixed interest rate is mentioned below:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Redeemable Non-Convertible Debentures | 27,500.00 | 27,500.00 |
| | **27,500.00** | **27,500.00** |

### 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 Interest rate | Effect on profit before tax |
|---|---|---|
| **As at March 31, 2021*** | | |
| Overdraft facility from bank | +0.50% | (15.00) |
| Overdraft facility from bank | - 0.50% | 15.00 |

| | Increase/decrease in Interest rate | Effect on profit before tax |
|---|---|---|
| **As at March 31, 2020** | | |
| Overdraft facility from bank | +0.50% | - |
| Overdraft facility from bank | - 0.50% | - |

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

* The Company has availed overdraft facility from ICICI Bank during the current year March 31, 2021.

**Foreign currency 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 or expense is denominated in a foreign currency).

**The Company's exposure to foreign currency risk at the end of reporting period expressed in Indian Rupees are as follows:**

| Particulars | Currencies Exposure | As at March 31, 2021 | |
|---|---|---|---|
| | | Amount in Foreign currency | Rs in Lakhs |
| Trade payables | USD | 761,904 | 557.03 |
| | EURO | 29,046 | 24.91 |
| | SGD | 23,252 | 12.64 |
| | GBP | 3 | 0.00 |
| Trade receivables | USD | 8,266,587 | 6,043.70 |
| Cash and cash equivalent | USD | 433,857 | 317.19 |
| Advances to Vendors | USD | 1,949,909 | 1,425.58 |
| Advance from customers | USD | 1,495,186 | 1,093.13 |
| Deposit from customers | USD | 7,416 | 5.42 |
| Unbilled revenue | USD | 2,697,040 | 1,971.81 |

| Particulars | Currencies Exposure | As at March 31, 2020 | |
|---|---|---|---|
| | | Amount in Foreign currency | Rs in Lakhs |
| Trade payables | USD | 620,195 | 467.54 |
| | EURO | 6,572 | 5.46 |
| | SGD | 10,970 | 5.40 |
| | GBP | 816 | 0.76 |
| Trade receivables | USD | 6,247,009 | 4,709.31 |
| Cash and cash equivalent | USD | 971,797 | 732.60 |
| Unbilled revenue | USD | 831,038 | 626.52 |
| Payable for purchase of fixed assets | EURO | 51,030 | 42.38 |

(All amounts are in Rs. lakhs, unless otherwise stated)

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and other foreign currencies against company's functional currency. 5% represents the sensitivity rate used when reporting foreign currency risk internally to the key managerial personnel and represents management's assessment of the reasonably possible change in the foreign exchange rates. The sensitivity analysis considers only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rate.

As at March 31, 2021 , A positive number below indicates an increase in profit when the functional currency weakening against the USD and when functional currency weakening for other foreign currencies. For a 5 % strengthening of functional currency against USD and other foreign currencies, there would be a comparable opposite impact on the profit.

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Particulars** | **Impact on profit after tax** | **Impact on profit after tax** |
| **USD Sensitivity** | | |
| INR/USD- Increase by 5% | 405.13 | 280.04 |
| INR/USD- Decrease by 5% | (405.13) | (280.04) |
| **EURO Sensitivity** | | |
| INR/EURO-Increase by 5% | (1.25) | (2.39) |
| INR/EURO- Decrease by 5% | 1.25 | 2.39 |
| **GBP sensitivity** | | |
| INR/GBP-Increase by 5% | (0.63) | (0.04) |
| INR/GBP- Decrease by 5% | 0.63 | 0.04 |
| **SGD sensitivity** | | |
| INR/SGD-Increase by 5% | (0.00) | (0.27) |
| INR/SGD- Decrease by 5% | 0.00 | 0.27 |

**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. Also parent company will provide support in order to meet financial obligations of the Company.

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

| Year ended March 31, 2021 | Up to 1 year | 1 - 5 year | More than 5 year | Total Contracted cash flows |
|---|---|---|---|---|
| Redeemable Non-Convertible Debentures and interest there on | 2,351.25 | 33,420.00 | - | 35,771.25 |
| Trade payables | 9,462.71 | - | - | 9462.71 |
| Leases | 332.41 | 1,191.70 | 4,326.43 | 5850.54 |
| Payable for Lease-Hold Land Rights | 288.96 | 1,475.17 | 9,921.48 | 11,685.61 |
| Other financial liabilities | 400.53 | - | - | 400.53 |

| Year ended March 31, 2020 | Up to 1 year | 1 - 5 year | More than 5 year | Total Contracted cash flows |
|---|---|---|---|---|
| Redeemable Non-Convertible Debentures and interest there on | 2,348.03 | 35,771.25 | - | 38,119.28 |
| Trade payables | 9,477.02 | - | - | 9,477.02 |

(All amounts are in Rs. lakhs, unless otherwise stated)

| | | | | |
|---|---|---|---|---|
| Leases | 817.84 | 2,157.41 | 4,603.29 | 7,578.54 |
| Other financial liabilities | 200.91 | - | - | 200.91 |

**Credit Risk**

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

**Trade receivables**

Customer credit risk is managed by the Company as per approved debtors policy and established procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

**Excessive risk Concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.
In order to avoid excessive concentrations of risk, the Company is trying to expand the customer base from Middle East and SAARC countries. Also additional revenue stream is in the pipeline i.e., from line maintenance.

**44. Capital management**

The Company’s capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, equity includes issued equity share capital and other equity. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the capital of the Company:

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Borrowings | 30,352.14 | 27,429.06 |
| Cash and cash equivalents (including other bank balance) | (808.33) | (1,865.72) |
| **Net debt** | **29,543.81** | **25,563.34** |
| **Equity** | 229.76 | (355.52) |
| **Net debt to Equity ratio** | 128.58 | (71.90) |

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021.

(All amounts are in Rs. lakhs, unless otherwise stated)

**45. Fair values:**

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the Financial Statements is reasonable approximation of fair values.

| | Fair Value | Carrying value | Fair Value | Carrying value |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2020 |
| **Financial assets** | | | | |
| **Valued at cost** | | | | |
| Investments | 10.00 | 10.00 | 10.00 | 10.00 |
| **Valued at fair value through profit and loss** | | | | |
| Investments | 228.55 | 228.55 | 1,414.38 | 1,414.38 |
| **Valued at amortized cost** | | | | |
| Investments | - | - | 4,964.11 | 4,964.11 |
| Trade receivable | 6,427.68 | 6,427.68 | 5,358.98 | 5,358.98 |
| Other financial assets | 2,453.39 | 2,453.39 | 1,058.49 | 1,058.49 |
| Cash and cash equivalent and other bank balances | 808.33 | 808.33 | 1,865.72 | 1,865.72 |
| Financial assets – Loans | - | - | - | - |
| **Total Financial Assets** | **9,927.95** | **9,927.95** | **14,671.69** | **14,671.69** |
| | | | | |
| **Financial liabilities** | | | | |
| **Valued at amortized cost** | | | | |
| Borrowings | 30,352.14 | 30,352.14 | 27,429.06 | 27,429.06 |
| Trade payables | 9,462.71 | 9,462.71 | 9,477.02 | 9,477.02 |
| Leases | 2,986.77 | 2,986.77 | 4,326.11 | 4,326.11 |
| Other financial liabilities | 4,630.54 | 4,630.54 | 200.91 | 200.91 |
| **Total Financial Liabilities** | **47,432.16** | **47,432.16** | **41,433.10** | **41,433.10** |

The management assessed the cash and cash equivalent, trade receivables trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities 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.

**46. Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021

| Particulars | Date of valuation | Total | Quoted prices in active market# (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investments held at fair value through profit and loss | March 31, 2021 | 228.55 | 228.55 | - | - |

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020

**(All amounts are in Rs. lakhs, unless otherwise stated)**

| Particulars | Date of valuation | Total | Quoted prices in active market# (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investments held at fair value through profit and loss | March 31, 2020 | 1,414.38 | 1,414.38 | - | - |

There have been no transfers between Level 1 and Level 2 during the year ending March 31, 2021 & March 31, 2019.
#The mutual funds are valued using the closing NAV.

**47.** As the world faces one of its biggest challenge caused by the COVID-19 related disruptions, the country wide lockdown enforced from March 25, 2020 had temporarily impacted the Company's operations. The Maintenance, Repair and Overhaul (MRO) business and Air Cargo business remains relatively less affected from demand point of view as MRO demand increased due to downtime of aircrafts, and air cargo business was classified as essential services. The Company had to face some issues related to non-availability of manpower and supply chain disruptions to cater to such demand. Presently, the Company has resumed the operations and are adhering to strict safety measures and Government guidelines.

The Company has considered the possible effects that may result from the pandemic while assessing the recoverability of carrying values of assets/CGUs and also in estimating future cash flows. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information, to the extent relevant. In terms of the impact of COVID19 on impairment assessment of the MRO CGU, the Management has concluded that no impairment is required, refer Note 41 for details.

Additionally, in respect of going concern assessment the Management has determined that there are no material uncertainties exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, refer Note 42 for details.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these Financial Statements and the Company will continue to closely monitor any material changes to future economic conditions.

**48. Use of estimates and judgement**

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(A) JUDGEMENTS**

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**Service Concession Arrangements -**

Management has assessed applicability of Appendix D to Ind AS 115 – "Service Concession Arrangements" to operations and maintenance agreements entered into by the Company for provisioning of cargo services at Hyderabad Airport. In assessing the applicability, management has exercised significant judgement in relation to the underlying ownership of the assets, terms of the arrangement entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meets the criteria for recognition as service concession arrangements.

**(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.

**Impairment of Cash Generating Unit (CGU):**

The Company reviews its carrying value of CGU, annually, or more frequently when there is an indication for impairment. For the purpose of impairment testing, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets for assessing the value in use. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell (also refer note 41 above).

**Income tax and Deferred Tax**

Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/recovered for uncertain tax provisions. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that sufficient future taxable profit will be available against which those deductible temporary difference can be utilized.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

**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 Discounting 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.

**Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment and Intangible assets at the end of each reporting period. This assessment may result in change in the depreciation / amortization expense in future periods.

**Provision for doubtful receivables**

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

**Other estimates**

The preparation of Standalone Financial Statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of Standalone Financial Statements and the reported amount of revenues and expenses for the reporting period.

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited**
**(**formerly known as GMR Aerospace Engineering Limited)

| | |
|---|---|
| **Rajesh Kumar Arora** | **SGK Kishore** |
| Director | Director |
| DIN : 03174536 | DIN : 02916539 |
| | |
| **K Venkata Ramana** | **Rakhal Panigrahi** |
| Chief Financial Officer | Company Secretary |
| | M.No. ACS39622 |

Place: Hyderabad
Date: April 22, 2021

(All amounts in ₹ lakhs except otherwise stated)

### 3. Property, Plant & Equipment

| | Buildings on leasehold land # | Plant and equipment | Office equipment | Computer equipment and IT systems | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | | | |
| **At April 1, 2019** | **11,930.48** | **8,092.29** | **194.87** | **158.19** | **245.50** | **14.00** | **20,635.33** |
| Additions | **28.56** | 623.83 | 121.91 | 21.17 | 61.02 | 15.92 | 872.41 |
| Disposals | - | (204.62) | (1.16) | (4.54) | - | - | (210.32) |
| **At March 31, 2020** | **11,959.04** | **8,511.50** | **315.62** | **174.82** | **306.52** | **29.92** | **21,297.42** |
| Additions | 11.29 | 1,138.78 | 74.45 | 170.97 | 61.84 | 15.54 | 1,472.86 |
| Disposals | - | (0.29) | - | - | - | - | (0.29) |
| **As at March 31, 2021** | **11,970.33** | **9,649.99** | **390.07** | **345.79** | **368.36** | **45.46** | **22,769.99** |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| **At April 1, 2019** | **2,633.84** | **2,621.47** | **182.53** | **47.19** | **107.10** | **10.76** | **5,602.89** |
| Depreciation charge for the year | 669.79 | 698.77 | 9.96 | 50.90 | 61.77 | 2.39 | 1,493.59 |
| Disposals | | (99.28) | (1.16) | (4.46) | - | - | (104.90) |
| **At March 31, 2020** | **3,303.63** | **3,220.95** | **191.33** | **93.64** | **168.87** | **13.15** | **6,991.58** |
| Depreciation charge for the year | 706.23 | 792.90 | 49.35 | 58.12 | 41.77 | 4.36 | 1,652.73 |
| Disposals | - | (0.13) | - | - | - | - | (0.13) |
| **As at March 31, 2021** | **4,009.86** | **4,013.72** | **240.68** | **151.76** | **210.64** | **17.51** | **8,644.18** |
| | | | | | | | |
| **Net Block** | | | | | | | |
| **At March 31, 2020** | **8,655.41** | **5,290.55** | **124.29** | **81.18** | **137.65** | **16.77** | **14,305.85** |
| **As at March 31, 2021** | **7,960.47** | **5,636.27** | **149.39** | **194.03** | **157.72** | **27.95** | **14,125.81** |

# Building is constructed on lease hold land taken from GMR Hyderabad Aviation SEZ Limited ("GHASL") who has obtained the same from GMR Hyderabad International Airport Limited ("GHIAL") (holding company). GHIAL has obtained such land under the land lease agreement with the Government of Telangana.

### 4. Other Intangible Assets

| | Right to Operate - Cargo facility | Computer Software | Technical Know-how | Total |
|---|---|---|---|---|
| **Cost or deemed cost** | | | | |
| **At April 1, 2019** | **2,634.31** | **354.96** | **898.29** | **3,887.56** |
| Additions | 371.78 | 72.32 | - | 444.10 |
| Disposals | (5.18) | - | - | (5.18) |
| **At March 31, 2020** | **3,000.91** | **427.28** | **898.29** | **4,326.48** |
| Additions | 7,131.75 | 16.47 | - | 7,148.21 |
| Disposals | - | - | - | - |
| **As at March 31, 2021** | **10,132.66** | **443.75** | **898.29** | **11,474.69** |
| | | | | |
| **Accumulated Amortization** | | | | |
| **At April 1, 2019** | **1,023.30** | **282.77** | **898.29** | **2,204.36** |
| Charge for the year | 488.03 | 27.86 | - | 515.89 |
| Disposals | (4.73) | - | - | (4.73) |
| **At March 31, 2020** | **1,506.60** | **310.63** | **898.29** | **2,715.52** |
| Charge for the year | 697.79 | 25.78 | - | 723.57 |
| Disposals | - | - | - | - |
| **As at March 31, 2021** | **2,204.39** | **336.41** | **898.29** | **3,439.09** |
| | | | | |
| **Net Block** | | | | |
| **At March 31, 2020** | **1,494.31** | **116.65** | **-** | **1,610.96** |
| **As at March 31, 2021** | **7,928.27** | **107.34** | **-** | **8,035.60** |

### 5. Right of use Assets

| | Right-of-use assets | | Total |
|---|---|---|---|
| | Land | Buildings | |
| **At April 01, 2019** | - | - | - |
| Impact of adoption of Ind AS 116 (Refer Note 34) | 6,174.76 | 1,884.68 | 8,059.44 |
| Additions | | - | - |
| Adjustments (Refer Note 34) | (3,790.40) | - | (3,790.40) |
| **As at March 31, 2020** | **2,384.36** | **1,884.68** | **4,269.04** |
| Additions | 262.02 | - | **262.02** |
| Adjustments (Refer Note 34) | | **(1,884.68)** | **(1,884.68)** |
| **As at March 31, 2021** | **2,646.38** | **-** | **2,646.39** |
| | | | |
| **Accumulated Amortization** | | | |
| **At April 01, 2019** | - | - | - |
| Impact of adoption of Ind AS 116 (Refer Note 34) | - | - | - |
| Charge for the year | 277.75 | 475.07 | 752.82 |
| Adjustments | - | - | - |
| **As at March 31, 2020** | **277.75** | **475.07** | **752.82** |
| Charge for the year | 203.76 | 118.12 | 321.88 |
| Adjustments (Refer Note 34) | | (593.18) | (593.18) |
| **As at March 31, 2021** | **481.51** | **0.00** | **481.52** |
| | | | |
| **Net Block** | | | |
| **As at March 31, 2020** | **2,106.61** | **1,409.62** | **3,516.22** |
| **As at March 31, 2021** | **2,164.87** | **-** | **2,164.87** |

### 6. Intangible Assets under development

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Capital expenditure incurred on intangible assets | 624.36 | 121.23 |
| | **624.36** | **121.23** |

**7(a) Investments**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Investment equity instruments (fully paid-up)** | | | | |
| **Unquoted investment in subsidiaries** | | | | |
| 100,000 (March 31, 2020: 100,000) Equity shares of Rs. 10 each fully paid up in GMR Aero Technic Limited (Refer Note 1.1) | 10.00 | 10.00 | - | - |
| **Non-trade investments** | | | | |
| **Investment in Commercial Paper (unquoted) (held at amortised cost)** | | | | |
| -Piramal Enterprises Limited (Face value of Rs. 5,000 lakhs (March 31, 2020: Rs. 5,000 lakhs)) | - | - | - | 4,964.11 |
| **Investment in mutual funds (unquoted) (held at fair value through profit and loss)** | | | | |
| Nil units (March 31, 2020: 124,251.904 units) of Rs.100 each of Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan | | | - | 394.80 |
| 18,514.138 units (March 31, 2020: Nil units) of Rs.1000 each of Aditya Birla Sun Life Overnight Fund- Growth-Direct Plan | | | - | - |
| Nil units (March 31, 2020: 173,207.142 units) of face value of Rs.100 each ICICI Prudential Liquid Fund - Growth | - | - | - | 506.63 |
| Nil units (March 31, 2020: 23,337.357 units) of face value of Rs.1000 each Axus Liquid Fund Growth | - | - | - | 512.95 |
| 115,516.808 units (March 31, 2020: Nil units) of face value of Rs.100 each ICICI Prudential Overnight Fund Direct Plan Growth | - | - | 128.20 | - |
| 3,561.616 units (March 31, 2020: Nil units) of face value of Rs.1000 each UTI Overnight Fund-Direct Growth Plan | - | - | 100.35 | - |
| **Total** | **10.00** | **10.00** | **228.55** | **6,378.49** |

**7(b) Other Financial Assets**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Security deposits | | | | |
| Unsecured,considered good, to related parties | 37.33 | 48.30 | - | 7.23 |
| Unsecured,considered good, to others | 78.99 | 62.74 | - | - |
| Margin money deposits held with bank | 4.50 | | | |
| Unsecured loan to GMR Goa International Airport Limited | | | - | |
| Interest accrued on fixed deposits | - | - | 8.53 | 11.40 |
| Interest accured on Commercial Paper | - | - | - | 25.12 |
| Interest accured on Loan | - | - | 20.27 | - |
| Duty Credit Script certificate on hand | - | - | - | - |
| Other deposits | 0.71 | 0.71 | - | - |
| Unbilled revenue | - | - | 2,275.93 | 902.99 |
| Other receivables | - | - | 47.38 | - |
| **Total** | **121.53** | **111.75** | **2,352.13** | **946.74** |

**8. Tax Assets:**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Advance income-tax (net of provisions of Rs. 5,133.27 lakhs (March 31, 2020: Rs. 5,133.27 lakhs) | 3,505.36 | 3,287.09 | 1.00 | 170.64 |
| | **3,505.36** | **3,287.09** | **1.00** | **170.64** |

**9. Other Assets:**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Unsecured, considered good** | | | | |
| Capital advances | 1,273.01 | 285.48 | - | - |
| Advances recoverable in cash or kind | 272.55 | 272.55 | 539.05 | 191.38 |
| **Total (A)** | **1,545.56** | **558.03** | **539.05** | **191.38** |
| **Other loans and advances** | | | | |
| Prepaid expenses | 9.82 | 13.83 | 248.48 | 204.75 |
| Advance Concession fee | 2,596.42 | | | |
| Balances with statutory/ government authorities | 112.47 | 112.47 | 257.41 | 202.02 |
| **Total (B)** | **2,718.71** | **126.30** | **505.90** | **406.77** |
| **Total (A+B)** | **4,264.27** | **684.33** | **1,044.95** | **598.15** |

**10. Inventories**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Stores and spares (valued at lower of cost or net realisable value)* | 6,484.29 | 4,325.30 |
| | **6,484.29** | **4,325.30** |

*includes material in transit of Rs.282.24 lakhs (March 31,2020 Rs. 3.58 lakhs)

**11. Trade Receivables**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Unsecured, considered good** | | |
| - Considered good- Secured | - | - |
| - Considered good-Un Secured | 6,427.68 | 5,358.99 |
| - Credit impaired | 77.41 | 71.13 |
| Less: Provisions for Expected Credit Loss - credit impaired | (77.41) | (71.13) |
| **Total** | **6,427.68** | **5,358.99** |

**12(a) Cash and cash equivalents**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Cash on hand | 0.88 | 1.82 |
| Cheques on hand | 0.00 | - |
| Balance with banks | | |
| - on current accounts | 288.52 | 425.97 |
| - exchange earner's foreign currency account | 317.19 | 732.60 |
| - on escrow accounts | 1.01 | 2.00 |
| - Deposits with maturity for less than or equal to 3 months | - | 200.00 |
| **Total** | **607.60** | **1,362.39** |

**12(b) Bank balance other than cash and cash equivalent**

| | | |
|---|---|---|
| Fixed deposits held as Margin money | 5.73 | 5.33 |
| Deposits with maturity for more than three months but less than 12 months | | |
| - With Others | 195.00 | 498.00 |
| | **200.73** | **503.33** |

**13. Financial Assets - Loans**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Inter corporate deposit and loans | | |
| - Considered good- Secured | - | - |
| - Considered good-Un Secured | 2,000.00 | - |
| - Have significant increase in Credit Risk | - | - |
| - Credit impaired | - | - |
| **Total** | **2,000.00** | - |

*The company has given loan to GMR Goa International Aitport Limited amounting to Rs. 20 Crores with an interest rate of 10% p.a. repayable within 60 days from the date of disbursement.

**14. Equity Share Capital**

| | Equity Shares | |
|---|---|---|
| | In numbers | Amount |
| **Authorised share capital:** | | |
| **At April 01, 2019** | **357,568,450** | **37,600** |
| Increase during the year | 324,000,000 | 32,400 |
| **At March 31, 2020** | **681,568,450** | **70,000** |
| Increase during the year | - | - |
| **As at March 31, 2021** | **681,568,450** | **70,000.00** |

| **Issued, subscribed and fully paid share capital** | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| 455,812,200 (March 31, 2020: 455,812,200) fully paid equity shares of Rs. 10 each | 45,581.22 | 45,581.22 |
| 18,000 (March 31, 2020: 18,000) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up (Refer Note 1.1) | 1,800.00 | 1,800.00 |
| 18,735 (March 31, 2020: 18,735) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up (Refer Note 1.1) | 1.87 | 1.87 |
| | **47,383.09** | **47,383.09** |

**a. Reconciliaton of number of shares and amount outstanding at end of the year**

| **Equity Shares** | In numbers | Amount |
|---|---|---|
| **As at April 01, 2019** | **338,400,000** | **33,840.00** |
| Issues of the shares during the year (Refer Note below) | 117,412,200 | 11,741.22 |
| **As at March 31, 2020** | **455,812,200** | **45,581.22** |
| Issues of the shares during the year | - | - |
| **As at March 31, 2021** | **455,812,200** | **45,581.22** |

**Preference shares - Series A**

| **CCCPS of Rs.10,000/- each fully paid up** | In numbers | Amount |
|---|---|---|
| **As at April 01, 2019** | - | - |
| Issues of the shares during the year (Refer Note below) | 18,000 | 1,800.00 |
| **As at March 31, 2020** | **18,000** | **1,800.00** |
| Issues of the shares during the year | - | - |
| **As at March 31, 2021** | **18,000** | **1,800.00** |

**Preference shares - Series B**

| **CCCPS of Rs.10/- each fully paid up** | In numbers | Amount |
|---|---|---|
| **As at April 01, 2019** | - | - |
| Issues of the shares during the year (Refer Note below) | 18,735 | 1.87 |
| **As at March 31, 2020** | **18,735** | **1.87** |
| Issues of the shares during the year | - | - |
| **As at March 31, 2021** | **18,735** | **1.87** |

Note: Includes effect of common control transaction (refer Note 1.1), adjustments have been made in respect of consideration other in cash aggregating Rs. 10,993.09 lakhs to be discharged by issue of Equity shares of Rs. 9,191.22 lakhs and Compulsorily Convertible Cumulative Preference Shares (Series A & B) of Rs 1,801.87 lakhs.

(All amounts in ₹ lakhs except otherwise stated)

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. In 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.

**c. Terms/ rights attached to CCCPS**

The Company has issued 18,000 fully paid up CCCPS (Series A) of Rs. 10,000/- each fully paid up and 18,735 fully paid up CCCPS (Series B) of Rs. 10/- each.

CCCPS (Series A) and CCCPS (Series B) carry cumulative dividend @ 11.97% and the Company declares the dividend in Indian Rupees. CCCPS (Series A) and CCCPS (Series B) shall be compulsorily converted into equity shares of Rs. 10/- each at the rate of one equity share for each CCCPS (Series A) and CCCPS (Series B) share, as the case may be, after the expiry of the concession year.

Other than the right to receive the dividends and preference rights on voluntary winding up, the CCCPS (Series A) and CCCPS (Series B) shall not have any rights including but not limited to the voting rights. These preference shares shall rank pari-passu for the all the rights other than the par value of each share and the dividends thereon.

**c. Shares held by holding company**

Out of the equity shares issued by the company, shares held by its holding company are as below:

| Name of shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No of shares held | Amount | No of shares held | Amount |
| GMR Hyderabad International Airport Limited and its nominees | | | | |
| 45,58,12,200 fully paid equity shares of Rs. 10 each | 455,812,200 | 45,581.22 | 455,812,200 | 45,581.22 |
| 18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up | 18,000 | 1,800.00 | 18,000 | 1,800.00 |
| 18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up | 18,735 | 1.87 | 18,735 | 1.87 |

**d.Details of shareholders holding more than 5% shares in the company**

| Name of shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No of shares held | % Holding in Class | No of shares held | % Holding in Class |
| **45,58,12,200 fully paid equity shares of Rs. 10 each** | | | | |
| GMR Hyderabad International Airport Limited and its nominees | 455,812,200 | 100% | 455,812,200 | 100% |
| **18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up** | | | | |
| GMR Hyderabad International Airport Limited and its nominees | 18,000 | 100% | 18,000 | 100% |
| **18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up** | | | | |
| GMR Hyderabad International Airport Limited and its nominees | 18,735 | 100% | 18,735 | 100% |

As per records of the Company including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

| **15. Other equity** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **(i) Equity component of related party loan** | | |
| **As at April 01, 2020 / As at April 01, 2019** | 51.17 | 51.17 |
| Less: Adjustment duing the year/year | - | - |
| Closing Balance | **51.17** | **51.17** |

| **(ii) Retained earnings** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Opening Balance | (46,700.62) | (48,170.13) |
| Add: (Loss)/Profit for the year | 567.80 | 1,637.07 |
| Remeasurement (losses) on the defined benefit plans | 17.46 | (37.55) |
| Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1) | - | (107.73) |
| Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1) | - | (0.11) |
| Dividend distribution tax on CCCPS dividend | - | (22.17) |
| Closing Balance | **(46,115.35)** | **(46,700.62)** |
| **(iii) Amalgamation Adjustment Deficit Account** | | |
| Opening balance | (1,089.16) | (1,089.16) |
| Add: Adjustment duing the year/year | - | - |
| Closing balance | **(1,089.16)** | **(1,089.16)** |
| **Total** | **(47,153.34)** | **(47,738.61)** |

**16. Borrowings**

| | Long Term | | Short Term | |
|---|---|---|---|---|
| | **As at March 31, 2021** | **As at March 31, 2020** | **As at March 31, 2021** | **As at March 31, 2020** |
| **Debentures** | | | | |
| **Secured** | | | | |
| Redeemable Non Convertible Debentures | 9,984.91 | 9,974.20 | - | - |
| **Unsecured** | | | | |
| Redeemable Non Convertible Debentures | 17,459.85 | 17,454.86 | - | - |
| **Others** | | | | |
| Overdraft facility from bank | - | - | 2,907.38 | - |
| | **27,444.76** | **27,429.06** | **2,907.38** | **-** |

Notes:(i) During the previous year ended March 31, 2018 the Company has issued 1,000 Senior, Rated, Listed, Secured, Redeemable, Non-Convertible Debentures (“NCDs”) of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.
The Debentures are secured by:
(a) First pari-passu charge by way of equitable mortgage of leasehold rights of the land to the extent of 16.46 acres on which MRO facilities are constructed along with the buildings, structures, etc. on the land.
(b) First ranking pari-passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.
(c) First ranking pari-passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future of the Company.
(d) First ranking pari-passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.
(e) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.
(f) As per the Debenture Trust Deed dated October 04, 2017, Debenture Trustee (acting on the instruction of Majority Resolution) may permit the Company to create a charge on the Security in favour of lenders advancing Loan Equivalent Risk Facility("LER Facility") to the Company. The Security Interest created over the Security for securing the LER Facility shall be second charge and shall rank subservient to the charge of the Debenture Holders.
(g) Redeemable Non-Convertible debentures includes an adjustment of unamortised upfront fee paid of ` 28.69 lakhs as at March 31, 2021 (As at March 31, 2020: ` 31.55 lakhs ).

(ii) During the previous year ended March 31, 2018 the Company issued 1750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures (“NCDs”) of face value of ` 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.
The Debentures are secured by:
(a) First ranking pari passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.
(b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, of Issuer, present and future of the Company.
(c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.
(d) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.
(e) The Charge Created against Debt as per the Debenture Trust Deed dated October 04, 2017 in all respects, rank pari-passu inter se amongst the Debenture Holders and the Working capital lenders, without any preference or priority to one over the other or others. The Working Capital Facility to be availed, shall be in the form and substance, satisfactory to the debenture holders, shall not exceed an amount of ` 3,500 lakhs (Rupees Three Thousand Five Hundred Lakhs Only)
(f) Redeemable Non-Convertible debentures includes an adjustment of unamortised upfront fee paid of ` 50.15 lakhs as at March 31, 2021 (` 55.16 lakhs as at March 31, 2020)

(iii)The Company has availed the overdraft facility upto 3000 Lakhs from ICICI Bank is repayable on demand and carries interest of MCLR-6M is 8.20% plus spread 1.4%, as per the terms of sanction letter.

**17. Lease Liabilities**

| | Non-Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2021** | **As at March 31, 2020** | **As at March 31, 2021** | **As at March 31, 2020** |
| Lease liabilities (Refer Note 34) | 2,322.32 | 3,002.85 | 664.46 | 1,323.26 |
| | **2,322.32** | **3,002.85** | **664.46** | **1,323.26** |

**18. Provisions**

| | Non-Current | | Current | |
|---|---|---|---|---|
| | **As at March 31, 2021** | **As at March 31, 2020** | **As at March 31, 2021** | **As at March 31, 2020** |
| **Provision for employee benefits** | | | | |
| Provision for gratuity | 14.70 | 80.05 | - | - |
| Leave Encashment | - | - | 404.49 | 386.25 |
| **Other provisions** | | | | |
| Provision for replacement obligations | 662.00 | - | 405.50 | - |
| **Total** | **676.69** | **80.05** | **809.99** | **386.25** |

**19. Trade payables**

| | Current | |
|---|---|---|
| | **As at March 31, 2021** | **As at March 31, 2020** |
| Trade Payables | | |
| (i) Total Oustanding dues of micro enterprises and small enterprises | 50.36 | 12.60 |
| (ii) Total Oustanding dues of creditors other than micro enterprises and small enterprises | 9412.35 | 9,464.42 |
| | **9,462.71** | **9,477.02** |

(All amounts in ₹ lakhs except otherwise stated)

**20. Other financial liabilities**

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Payables for purchase of fixed assets | - | - | 303.94 | 78.13 |
| Deposit from customers | - | - | 79.27 | 71.88 |
| Retention money | - | - | 8.88 | 17.05 |
| Interest Accrued but not due on borrowings | - | - | 6.44 | 6.44 |
| Security deposit received | - | - | 2.00 | - |
| Other Payables | - | - | 0.00 | 27.41 |
| Other liabilities | 4,230.01 | - | - | - |
| | **4,230.01** | **-** | **400.53** | **200.91** |

**21. Other current liabilities**

| | Current | |
|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 |
| Advances from customers | 1,383.50 | 213.28 |
| Others | | |
| Stautory Liabilities | 551.46 | 598.95 |
| Unearned revenue | 1,352.39 | 935.35 |
| | **3,287.35** | **1,747.58** |

(All amounts in ₹ lakhs except otherwise stated)

| 22. Revenue from operations | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Income from MRO operations** | | |
| Revenue from MRO Services | 24,361.87 | 20,346.02 |
| **Income from cargo operations** | | |
| Cargo operations | 7,597.37 | 8,748.14 |
| Improvements to concession asset | 258.22 | 371.78 |
| **Other operating revenue** | | |
| Document handling charges | 59.56 | 100.08 |
| Container handling charges | 123.48 | 74.51 |
| Rent | 136.01 | 145.05 |
| Parking income | 28.68 | 37.07 |
| | **32,565.19** | **29,822.65** |

| 23. Other income | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest Income | 367.99 | 602.70 |
| Finance income on financial assets held at amortised cost | 13.89 | 7.09 |
| Fair value gain on financial instruments at fair value through profit or loss | 1.74 | 24.38 |
| Profit on sale of Mutual Funds | 29.12 | 69.32 |
| Duty credit Scrips | 161.87 | - |
| Gain on account of foreign exchange fluctuation (net) | - | 350.15 |
| Other non operating income | 65.31 | 40.94 |
| Miscellaneous income | 134.78 | 236.84 |
| | **774.70** | **1,331.42** |

| 24. Cost of stores and spare consumed | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Inventory at the beginning of the year | 4,325.30 | 3,368.33 |
| Add: Purchases | 11,069.87 | 7,037.81 |
| Less: Inventory written off | (34.65) | (26.25) |
| Less: Inventory at the end of the year | (6,484.29) | (4,325.30) |
| | **8,876.23** | **6,054.59** |

(All amounts in ₹ lakhs except otherwise stated)

| **25. Employee benefit expenses** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Salaries, wages and bonus | 7,643.24 | 7,119.27 |
| Contribution to provident and other funds | 396.44 | 382.83 |
| Gratuity expenses | 117.81 | 28.72 |
| Staff welfare expenses | 481.02 | 522.12 |
| **Total** | **8,638.51** | **8,052.94** |

| **26. Finance costs** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Interest on | | |
| Cash Credit facility and overdraft facility from bank | 133.77 | 116.72 |
| Redeemable Non Convertible Debentures | 2,366.95 | 2,367.00 |
| Lease Liability | 647.99 | 698.54 |
| Interest others | - | 0.11 |
| Bank and finance charges | 56.22 | 49.15 |
| | **3,204.93** | **3,231.52** |

| **27. Depreciation and amortisation expenses** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 3) | 1,652.60 | 1,493.58 |
| Amortisation of intangible assets (Refer note 4) | 723.57 | 515.89 |
| Depreciation on Right-of-use Assets (Refer note 5) | 321.88 | 752.82 |
| | **2,698.05** | **2,762.29** |

| **28. Other expenses** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Rates and taxes | 272.70 | 594.53 |
| Concession fee | 1,434.29 | 1,773.74 |
| Technical fee | 661.58 | 581.21 |
| Provision for planned maintenance under SCA | 1,184.95 | - |
| Cargo handling charges | 399.57 | 477.34 |
| Lease expenses | 61.26 | 123.18 |
| Concessionaire rent | 25.84 | 33.04 |
| Electricity and water charges (net of recoveries) | 539.35 | 589.01 |
| Equipment hire charges | 228.16 | 81.36 |
| Insurance | 475.71 | 342.99 |
| Repairs and Maintenance | | |
| - Plant and machinery | 178.29 | 213.09 |
| - Buildings | 78.37 | 59.57 |
| - IT Systems | 65.36 | 86.86 |
| - Others | 546.76 | 604.33 |
| Sub-contracting expenses | 336.17 | 153.82 |
| Advertising and sales promotion | -1.58 | 83.46 |
| Travelling and conveyance | 376.66 | 482.80 |
| Communication expenses | 51.38 | 57.48 |
| Printing and stationery | 54.38 | 42.83 |
| Security expenses | 138.17 | 167.61 |
| House Keeping Charges | 71.80 | 59.92 |
| Business development expenses | 214.90 | 209.58 |
| Membership and Subscriptions | 51.63 | 17.33 |
| Corporate social responsibility expense | 14.41 | - |
| Legal and professional fees | 1,097.36 | 1,004.82 |
| Board meeting expenses | 2.60 | 3.39 |
| Payment to auditors * | 35.07 | 41.87 |
| Loss on account of forex fluctuation (net) | 158.88 | - |
| Provision for doubtful receivable | 8.94 | 42.57 |
| Property, plant and equipment written off | 0.16 | 105.42 |
| Charity and Donations (Refer Note below) | 125.00 | 770.00 |
| Inventory written off | 34.65 | 26.25 |
| Bad debts written off | 20.71 | 27.55 |
| Miscellaneous expenses | 158.82 | 141.04 |
| | **9,102.29** | **8,997.99** |

*net of reimbursements

Note: The Company has made a Donation to Prudent Electoral Trust for political purpose amounting to Rs. Nil (March 31, 2020 - Rs. 700 Lakhs ).

| **Payment to auditors** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| **As auditor:** | | |
| Statutory audit fee | 12.99 | 14.96 |
| Tax Audit fee | 3.50 | |
| **In other capacity:** | | |
| Other services | 17.68 | 24.00 |
| Reimbursement of expenses | 0.90 | 2.91 |
| | **35.07** | **41.87** |

**29. Other comprehensive income (OCI)**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

| | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Re-measurement gains / (losses) on defined benefit plan | 23.60 | (50.74) |
| Deferred tax impact on above | (6.14) | 13.19 |
| | **17.46** | **(37.55)** |

(All amounts in ₹ lakhs except otherwise stated)

**30. Tax expenses**
**(a) Income tax expense:**

The major components of income tax expenses For the year ended March 31, 2021 and year ended March 31, 2020 are:

**(i) Profit or loss**

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Current tax | - | - |
| Deferred tax | (6.14) | 45.89 |
| **Total income tax expense recognised in statement of Profit & Loss** | **(6.14)** | **45.89** |

**(ii) OCI**

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Income tax effect on remeasurement of defined benefit plans | 6.14 | (13.19) |
| Income tax charge / (credit) to OCI | **6.14** | **(13.19)** |

**INDEPENDENT AUDITOR’S REPORT**

**To The Members of GMR Air Cargo and Aerospace Engineering Limited**
(formerly known as GMR Aerospace Engineering Limited)

**Report on the Audit of Consolidated Financial Statements**

## Opinion

1. We have audited the accompanying consolidated financial statements of M/s. GMR Air Cargo and Aerospace Engineering Limited (the “Holding Company”) and its subsidiary (together referred to as “the Group”), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as “consolidated financial statements”).

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements for the year ended March 31, 2021 give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the company as at March 31, 2021, and its consolidated profit (consolidated financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

## Basis for Opinion:

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India(‘ICAI’) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

4. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Management's Responsibility for the Consolidated Financial Statements:**

5. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

7. The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Group financial reporting process of the Group.

**<u>Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:</u>**

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

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    (i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    (ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

    (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    (iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

    (v) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matters:**

13. The consolidated financial statements of the Group for the year ended March 31, 2020 were audited by the predecessor auditor i.e., Deloitte Haskins & Sells LLP who have expressed unmodified opinion vide their audit report dated July 20, 2020, whose reports have been furnished to us and which have been relied upon by us, for the purpose of our audit.

**Report on Other Legal and Regulatory Requirements:**

14. 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 Group so far as it appears from our examination of those books.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of written representations received from the directors of the Group as on March 31, 2021 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2021 from being appointed as directors in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Appendix-A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group internal financial controls with reference to consolidated financial statements.

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

   i. The Group has disclosed the impact of pending litigations on its financial position in its financial statements.

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

   iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Group during the year ended March 31, 2021.

For **K.S Rao & Co.,**
Chartered Accountants
ICAI Firm Registration No: 003109S

**Hitesh Kumar P**
Partner
Membership No. 233734

Place: Bengaluru
Date: July XX, 2021

**Appendix - B to the Independent Auditors' Report**

**Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to consolidated financial statements of M/s. GMR Air Cargo and Aerospace Engineering Limited ("the Holding Company") and its subsidiary (together referred to as 'the Group') as of March 31, 2021 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

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

The respective Board of Directors of the Group are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the Group 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 Group policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements includes obtaining an understanding of internal financial controls with reference to consolidated 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls with reference to consolidated financial statements.**

A company's internal financial controls with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

**Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements.**

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

**Opinion**

In our opinion, the Group has, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by the respective companies 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 **K.S Rao & Co.,**
Chartered Accountants
ICAI Firm Registration No: 003109S

**Hitesh Kumar P**
Partner
Membership No: 233734
UDIN No.

Place: Bengaluru
Date: July XX,2021

**GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Consolidated Balance sheet as at March 31, 2021**
(All amounts in ₹ Lakhs, unless otherwise stated)

| | Notes | As at March 31, 2021 | As at March 31, 2020 (Refer Note 1.1) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 14,126.99 | 14,307.65 |
| Right-of-use assets | 5 | 2,164.87 | 3,516.22 |
| Other intangible assets | 4 | 8,035.60 | 1,610.96 |
| Capital Work in Progress | | 237.22 | |
| Intangible assets under development | 6 | 624.36 | 121.23 |
| Financial assets | | | |
| Other financial Assets | 7(b) | 121.53 | 111.75 |
| Deferred tax asset (net) | 8 | 0.45 | 0.35 |
| Non-current tax assets | 9 | 3,512.02 | 3,296.14 |
| Other non-current assets | 10 | 4,264.27 | 684.33 |
| | | **33,087.31** | **23,648.63** |
| **Current assets** | | | |
| Inventories | 11 | 6,484.29 | 4,325.30 |
| Financial assets | | | |
| Investments | 7(a) | 228.55 | 6,378.49 |
| Trade receivables | 12 | 6,427.68 | 5,382.07 |
| Cash and cash equivalents | 13(a) | 614.23 | 1,362.39 |
| Bank balances other than cash and cash equivalents | 13(b) | 200.73 | 503.33 |
| Loans | 14 | 2,000.00 | - |
| Other financial assets | 7(b) | 2,314.19 | 946.74 |
| Current tax assets (net) | 9 | 1.00 | 170.64 |
| Other current assets | 10 | 1,054.88 | 607.15 |
| | | **19,325.55** | **19,676.11** |
| **Total assets** | | **52,412.86** | **43,324.74** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 15 | 47,383.09 | 47,383.09 |
| Other equity | 16 | (47,152.25) | (47,705.93) |
| **Total Equity** | | **230.84** | **(322.84)** |
| **Non-current liabilities** | | | |
| Financial Liabilities | | | |
| Long term Borrowings | 17 | 27,444.76 | 27,429.06 |
| Lease Liabilities | 18 | 2,322.32 | 3,002.85 |
| Other financial liabilities | 21 | 4,230.01 | - |
| Provisions | 19 | 676.70 | 80.05 |
| | | **34,673.79** | **30,511.96** |
| **Current liabilities** | | | |
| Financial Liabilities | | | |
| Short-term Borrowings | 17 | 2,907.38 | - |
| Trade payables | 20 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | 50.36 | 12.60 |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 9,388.17 | 9,468.59 |
| Lease Liabilities | 18 | 664.46 | 1,323.26 |
| Other financial liabilities | 21 | 400.52 | 173.50 |
| Provisions | 19 | 809.99 | 386.25 |
| Other current liabilities | 22 | 3,287.35 | 1,771.42 |
| | | **17,508.23** | **13,135.62** |
| **Total equity and liabilities** | | **52,412.86** | **43,324.74** |
| **Corporate information and significant accounting policies** | **1&2** | | |

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

In terms of our report attached

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)**

**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

**Hitesh Kumar P**
Partner
Membership No: 233734

**Rajesh Kumar Arora**
Director
DIN : 03174536

**SGK Kishore**
Director
DIN : 02916539

**K Venkata Ramana**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Bengaluru
Date : July 16 , 2021

Place : Hyderabad
Date : July 16 , 2021

**GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Consolidated Statement of profit and loss for the year ended March 31, 2021**
(All amounts in ₹ Lakhs except otherwise stated)

| | | Notes | For the year ended March 31, 2021 | For the year ended March 31, 2020 (Refer Note 1.1) |
|---|---|---|---|---|
| **I.** | **Revenue** | | | |
| | Revenue from operations | 23 | 32,581.85 | 29,920.80 |
| | Other income | 24 | 768.13 | 1,282.23 |
| | **Total Revenue** | | **33,349.98** | **31,203.03** |
| **II.** | **Expenses** | | | |
| | Operations and maintenance expenses | | 258.22 | 371.78 |
| | Cost of stores and spares consumed | 25 | 8,876.23 | 6,054.59 |
| | Employee benefits expense | 26 | 8,682.49 | 8,087.23 |
| | Finance costs | 27 | 3,204.93 | 3,231.52 |
| | Depreciation and amortization expenses | 28 | 2,698.68 | 2,763.11 |
| | Other expenses | 29 | 9,099.46 | 9,004.63 |
| | **Total Expenses** | | **32,820.01** | **29,512.86** |
| **III.** | **Profit before Tax [(i) - (ii)]** | | **529.97** | **1,690.17** |
| **IV.** | **Tax expenses** | 30 | | |
| | Current tax | | - | 1.92 |
| | Deferred tax | | (6.24) | 45.54 |
| | | | **(6.24)** | **47.46** |
| **V.** | **Profit for the year (III-IV)** | | **536.21** | **1,642.71** |
| **VI.** | **Other comprehensive income** | | | |
| | *Items that will not be reclassified to Profit and Loss* | | | |
| | Re-measurement gains/(losses) on defined benefit plan | | 23.60 | (50.74) |
| | Deferred tax impact on Re-measurement gains/(losses) on defined benefit plan | 30 | (6.14) | 13.19 |
| | **Total other comprehensive loss** | | 17.46 | (37.55) |
| **VII.** | **Total comprehensive income for the year (V + VI)** | | **553.67** | **1,605.16** |
| | Earnings per equity share of par value of Rs.10 each : | | | |
| | Basic and diluted (Rs. Per share) (not annualised for the year) | 31 | 0.07 | 0.31 |
| | **Corporate information and significant accounting policies** | **1&2** | | |

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

In terms of our report attached

**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)**

**Hitesh Kumar P**
Partner
Membership No: 233734

**Rajesh Kumar Arora**
Director
DIN : 03174536

**SGK Kishore**
Director
DIN : 02916539

**K Venkata Ramana**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Bengaluru
Date : July 16 , 2021

Place : Hyderabad
Date : July 16 , 2021

**GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Consolidated Statement of Changes in Equity for the year ended March 31, 2021**
(All amounts are in ₹ lakhs, unless otherwise stated)

**A. Share Capital:**

| | No. of shares | Rs. in lakhs |
|---|---|---|
| **Equity shares of Rs. 10 each issued, subscribed and fully paid** | | |
| **As at April 01, 2019** | **338,400,000** | **33,840.00** |
| Issue of shares during the year | 117,412,200 | 11,741.22 |
| **As at March 31, 2020** | **455,812,200** | **45,581.22** |
| | | |
| **As at April 01, 2020** | **455,812,200** | **45,581.22** |
| Issue of shares during the year | - | - |
| **As at March 31, 2021** | **455,812,200** | **45,581.22** |

**Preference Share Capital**

| **11.97% compulsory convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up** | No. of shares | Rs. in lakhs |
|---|---|---|
| **As at April 01, 2020** | **18,000** | **1,800.00** |
| Issue of shares during the year | - | - |
| **As at March 31, 2021** | **18,000** | **1,800.00** |

| **11.97% compulsory convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up** | No. of shares | Rs. in lakhs |
|---|---|---|
| **As at April 01, 2020** | **18,735** | **1.87** |
| Issue of shares during the year | - | - |
| **As at March 31, 2021** | **18,735** | **1.87** |

| | |
|---|---|
| **Total Share Capital as at March 31, 2020** | **47,383.09** |
| **Total Share Capital as at March 31, 2021** | **47,383.09** |

**B. Other Equity**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(i) Equity component of related party loan** | | |
| **Opening Balance** | 51.17 | 51.17 |
| Less: Adjustments during the year | - | - |
| **Closing Balance** | **51.17** | **51.17** |
| | | |
| **(ii) Retained earnings** | | |
| **Opening Balance** | (46,667.94) | (48,143.08) |
| Add: Profit for the year | 536.21 | 1,642.70 |
| Remeasurement gains/(losses) on the defined benefit plans | 17.46 | (37.55) |
| Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1) | - | (107.73) |
| Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1) | - | (0.11) |
| Dividend distribution tax on CCCPS dividend | - | (22.17) |
| **Closing Balance** | **(46,114.26)** | **(46,667.94)** |
| | | |
| **(iii) Amalgamation Adjustment Deficit Account** | | |
| Opening balance | (1,089.16) | (1,089.16) |
| Less: Adjustment duing the year | - | - |
| **Closing balance** | **(1,089.16)** | **(1,089.16)** |
| | | |
| **(iv) Share application money pending allotment** | | |
| Opening balance | - | 1,000.00 |
| Add: Received during the year | - | 1,550.00 |
| Less: Issue of shares during the year | - | (2,550.00) |
| **Closing balance** | **-** | **-** |
| | | |
| **Total Other Equity** | **(47,152.25)** | **(47,705.93)** |

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

In terms of our report attached
**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

For and on behalf of the Board of Directors of
**GMR Air Cargo And Aerospace Engineering Limited**
**(Formerly known as GMR Aerospace Engineering Limited)**

**Hitesh Kumar P**
Partner
Membership No: 233734

**Rajesh Kumar Arora**
Director
DIN : 03174536

**SGK Kishore**
Director
DIN : 02916539

**K Venkata Ramana**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Bengaluru
Date : July 16 , 2021

Place : Hyderabad
Date : July 16 , 2021

**GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)**
**CIN: U45201TG2008PLC067141**
**Consolidated Statement of Cash Flows for the year ended March 31, 2021**
(All amounts in ₹ Lakhs ,unless otherwise stated)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 (Refer Note 1.1) |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | 529.97 | 1,690.17 |
| Adjustments for | | |
| Depreciation and amortization expense | 2,698.68 | 2,763.11 |
| Unrealized foreign exchange gain | 280.67 | (296.90) |
| Interest income | (233.90) | (602.70) |
| Inventory write off | 34.65 | 26.25 |
| Income from mutual funds | (29.12) | (69.32) |
| Finance income on financial asset held at amortised cost | (13.89) | (26.13) |
| Provision for doubtful receivables | 8.94 | 42.57 |
| Bad debts written off | - | 27.55 |
| Fair value gain on financial instruments at FVTPL | (1.74) | - |
| Gain on sale of Property, plant and equipment (net) | - | (4.07) |
| Property, plant and equipment (net) write off | 0.16 | 105.42 |
| Other notional revenue (upon reversal of Lease) | (68.41) | - |
| Finance costs | 3,204.93 | 3,231.52 |
| **Operating Profit before working capital changes** | **6,410.94** | **6,887.47** |
| *Changes in working capital* | | |
| (Decrease) / Increase in trade payables | (29.52) | (346.57) |
| Increase in other financial liabilities and other liabilities | 1,517.12 | 832.81 |
| Increase in provisions | 1,059.68 | 69.46 |
| Decrease in trade receivables | (1,317.18) | (645.34) |
| (Increase) in inventories | (2,193.64) | (983.22) |
| (Increase) in other financial assets and other assets | (4,465.53) | (372.89) |
| **Cash from operations** | **981.88** | **5,441.72** |
| **Direct taxes paid** | (46.24) | (996.26) |
| **Net cash flow (used in)/from operating activities (A)** | **935.64** | **4,445.46** |
| **Cash flows from investing activities** | | |
| Interest income received | 241.62 | 474.01 |
| Proceeds from sale of property, plant and equipment | - | 4.45 |
| Purchase of Property, plant and equipment including CWIP and capital advances | (6,086.96) | (1,858.93) |
| Investment in Commercial Paper | (14,889.99) | (34,778.59) |
| Maturity of Commercial Paper | 19,854.10 | 30,000.00 |
| Purchase of Current Investments | (899.98) | (3,600.00) |
| Redemption of Current Investments | 2,116.66 | 2,580.88 |
| Redemption/maturity of Inter Corporate Deposit | - | 5,000.00 |
| Loan given | (2,000.00) | (1,000.00) |
| Receipt of loan given | - | 1,000.00 |
| Investments in bank deposits (having original maturity of more than three months) | (3,968.40) | (498.33) |
| Redemption/maturity of bank deposits (having original maturity of more than three months) | 4,271.00 | 3,469.00 |
| **Net cash flow (used in)/from investing activities (B)** | **(1,361.95)** | **792.49** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital (including share application money) | - | 1,550.00 |
| Payment of Lease liability | (687.42) | (365.67) |
| Dividends on equity and preference shares paid (including dividend distribution taxes) | - | (130.01) |
| Proceeds/(Repayment) of Short-term borrowings | 2,907.38 | (2,799.99) |
| Proceeds from short-term borrowings | | |
| Interest paid | (2,541.24) | (2,701.17) |
| **Net cash flow from/(used in) financing activities (C)** | **(321.28)** | **(4,446.84)** |
| **Net (decrease) in cash and cash equivalents (A + B + C)** | **(747.59)** | **791.10** |
| Effect of exchange differences on cash & cash equivalents held in foreign currency | (0.57) | 16.33 |
| Cash and cash equivalents at the beginning of the year | 1,362.39 | 554.96 |
| **Cash and cash equivalents at the end of the year** | **614.23** | **1,362.39** |
| **Components of cash and cash equivalents** | | |
| Cash in hand | 0.88 | 1.82 |
| Cheques on hand | - | - |
| With banks - on current accounts | 295.15 | 425.97 |
| With banks - on escrow accounts | 1.01 | 2.00 |
| Exchange earners foreign currency account | 317.19 | 732.60 |
| Deposits with maturity for less than 3 months | - | 200.00 |
| **Total cash and cash equivalents** | **614.23** | **1,362.39** |

**Reconciliation of liabilities from financing activities for the year ended March 31, 2021:**

| Particulars | As at March 31, 2020 | Proceeds/ Imapct of Ind AS 116 # | Repayment | Fair value change/other adjustments## | As at March 31, 2021 |
|---|---|---|---|---|---|
| Borrowings | 27,429.06 | 2,907.38 | - | 15.70 | 30,352.14 |
| Lease liabilities | 4,326.11 | 178.65 | (687.42) | (830.56) | 2,986.79 |
| **Total** | **31,755.17** | **3,086.03** | **(687.42)** | **(814.86)** | **33,338.93** |

# Short term borrowings (net) represents net of amounts received and payments made.
## includes adjustment on account of lease termination (Refer Note 34)

**Reconciliation of liabilities from financing activities for the year ended March 31, 2020:**

| Particulars | As at March 31, 2019 | Proceeds / Imapct of Ind AS 116 | Repayment | Fair value change/other adjustments | As at March 31, 2020 |
|---|---|---|---|---|---|
| Borrowings | 30,213.28 | - | (2,799.99) | 15.77 | 27,429.06 |
| Lease liabilities | | 7,964.42 | (365.67) | (3,272.64) | 4,326.11 |
| **Total** | **30,213.28** | **7,964.42** | **(3,165.66)** | **(3,256.87)** | **31,755.17** |

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

In terms of our report attached
**For K.S. Rao & Co.,**
**Chartered Accountants**
ICAI Firm Registration No: 003109S

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited (Formerly**

**Hitesh Kumar P**
Partner
Membership No: 233734

**Rajesh Kumar Arora**
Director
DIN : 03174536

**SGK Kishore**
Director
DIN : 02916539

**K Venkata Ramana**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place : Bengaluru
Date : July 16 , 2021

Place : Hyderabad
Date : July 16 , 2021

## 1. Corporate information

GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited) ("the Company") is a 100% subsidiary of GMR Hyderabad International Airport Limited. The Company was incorporated on February 29, 2008 to carry out the business of Cargo handling at Rajiv Gandhi International Airport and Maintenance, Repair and Overhaul facility (MRO) of Aircrafts and allied services and to promote, plan, design, develop, operate, market, alter the MRO facility and all other related allied and ancillary activities but limited to MRO Consultancy and training services, maintenance of hangars and related workshops (also refer Note 1.1).

## 1.1 Composite Scheme of Arrangement (Merger)

a) The Board of Directors of the Company in their meeting held on December 10, 2018 has approved, subject to the required approvals, the Composite Scheme of Arrangement amongst GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL")(Transferor Company) and GMR Aero Technic Limited ("GATL")(Demerged company) and GMR Aerospace Engineering Limited("GAEL")(Transferee/Resulting Company) and their respective Shareholders and Creditors ("Scheme"), wherein GHACLPL will merge with GAEL and the Maintenance, Repair and Overhaul facility (MRO) Business of GATL will demerge into GAEL with an appointed date of April 01, 2018. The above scheme has received the approval of NCLT on July 26, 2019 and was thereafter filed with the Registrar of Companies on August 23, 2019.

The Company has given effect to the Scheme in the quarter ended September 2019 and since the above transaction results in a common control business combination the aforesaid mergers have been accounted under the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations.

**b) Salient features of the scheme are as follows:**
**Merger of GHACLPL with GAEL:**

Pursuant to the Scheme, with effect from the Appointed Date and upon the Scheme becoming effective, a total of 9,19,12,200 equity shares of face value Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the equity shareholder of the Transferor Company holding 10,20,000 equity shares of face value of Rs.10/- (Rupees Ten Only) each therein, as on the Record Date in the Share Exchange Ratio of 90.11:1, a total of 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10,000/- (Rupees Ten Thousand Only) each of the Transferee Company to be issued to the 11.97% Series A CCCPS holder of the Transferor Company holding 18,000, 11.97% Series A CCCPS of Rs.10,000/- (Rupees Ten Thousand Only) each therein as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1, a total of 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the 11.97% Series B CCCPS holder of the Transferor Company holding 18,735, 11.97% Series B CCCPS of Rs.10/- (Rupees Ten Only) each as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1.

During the current year, the Company has allotted 91,912,200 equity shares of face value Rs. 10/-, 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10,000/- and 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10/- to GMR Hyderabad International Airport Limited ("GHIAL") towards the consideration other than in cash and the Share Capital Suspense account balance of Rs. 10,993.09 lakhs has been adjusted.

**Demerger of Maintenance, Repair and Overhauling (MRO) business of GATL with GAEL:**

No shares to be issued to the demerged entity since it was a wholly owned subsidiary of GAEL. The shares of the Demerged Company, to the extent of 2,49,00,000 equity shares of Rs.10 each, which reflect the Demerged undertaking (MRO) being demerged to the GAEL shall stand cancelled and the shares to the extent of 1,00,000 equity shares of Rs.10 each which represent the residual business shall continue in the books of the Demerged Company (GATL).

## 2. Significant Accounting Policies

### 2.1 Basis of preparation and presentation:

**(a) Statement of Compliance:**

The Consolidated Financial Statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), notified under the Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and other relevant provision of the Act.

**(b) Basis of measurement:**

The Consolidated Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of reporting period. (As explained in accounting policy regarding financial instruments).

### 2.2 Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2021. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
b) Exposure, or rights, to variable returns from its involvement with the investee, and
c) The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the Group obtains control over subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests even if the results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies if material.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 2.3 Summary of Significant Accounting Policies

**a) Use of estimates**

The preparation of Consolidated Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**b) Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when:

i) It is expected to be realised or intended to be sold or consumed in normal operating cycle,
ii) It is held primarily for the purpose of trading,
iii) It is expected to be realised within twelve months after the reporting period, or
iv) 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:

i) It is expected to be settled in normal operating cycle,
ii) It is held primarily for the purpose of trading,
iii) It is due to be settled within twelve months after the reporting period, or
iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

**c) Foreign currencies**

**Functional and presentation currency**

The Consolidated Financial Statements are presented in INR (Indian rupees), which is the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

**Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates at the date of transaction. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

**d) Fair value measurement**

The Group 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 Group.

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 in to account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the Consolidated 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 recognized in the Consolidated Financial Statements on a recurring basis, the Group 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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

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

**e) Revenue recognition**

**Revenue from Services:**

**MRO Business including MRO Consultancy and Training services**:
Revenue is recognised upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

Revenue relating to fixed price contracts is recognised based on percentage of completion method (POC method).

Unearned revenue is recognised when there are billings in excess of revenues.

**Cargo Business Services**:
Revenue is recognised to depict rendering of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Revenue is reduced for estimated rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised service to a customer.

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

**Income from services:**
Revenue from outbound cargo is recognized for non-airline customers and airline customers at the time of departure of aircraft. Revenue from inbound cargo is recognized at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers. The Group collects indirect taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

"Income from the concession arrangements earned under the intangible asset model consists of :
(i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
(ii) payments actually received from the users."

**Revenues and cost of improvements to concession assets** :
In conformity with appendix D of Ind AS 115, the Group recognizes revenues and the associated costs of improvements to concession assets which it is obligated to perform at the airports as established by the concession agreement. Revenues represent the value of the exchange between the Group and the government with respect to the improvements, given that the Group constructs or provides improvements to the airports as obligated under the concession agreement and in exchange, the government grants the Group the right to obtain benefits for services provided using those assets. The Group has determined that its obligations as per the concession agreement should be considered to be a revenue earning activity as all expenditures incurred to fulfill the concession agreement are included in the maximum tariff it charges its customers and therefore it recognizes the revenue and expense in profit and loss when the expenditures are performed.

The cost for such additions and improvements to concession assets is based on actual costs incurred by the Group in the execution of the additions or improvements, considering the requirements in the concession agreement. The amount of revenues for these services is equal to the amount of costs incurred, as Group do not obtain any profit margin for these construction services. The amounts paid are set at market value.

**Other operating revenue**:
Other operating revenue includes income from ancillary revenue generating activities and is recognized based on the terms agreed with the customers when the 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 Group 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.

For others, Interest income is recognized on a time proportion basis taking in to account the amount outstanding and the applicable interest rate. Interest income is included in other income in the statement of profit and loss.

Interest for delayed payments from customers is accounted only when it is unconditionally accepted by the customers and on receipt basis.

**Dividend income:**
Revenue is recognised when the Group’s right to receive the payment is established, which is generally when shareholders approve the dividend

**f) Taxes:**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

**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 Group operates and generates taxable income.

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

**Deferred tax:**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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 assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realized.

**g) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

**(All amounts are in Rs. lakhs, unless otherwise stated)**

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| **Particulars** | **Useful Life (years)** |
|---|---|
| Plant and equipment | 10 – 15 |
| Office equipment | 5 |
| Computer equipment and IT systems | 3 – 6 |
| Furniture and fixtures | 10 |
| Vehicles | 8 |

The Group, based on assessment made by technical expert and management estimate, depreciates the certain items of plant and equipment over estimated useful lives which coincide with the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. Individual assets costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

However, in case of tools and equipment, where such individual items constitute more than 10% of the total cost of Tools and equipment, normal useful lives have been considered.

The Group depreciates the building on leasehold land on straight line basis over the period of lease, i.e.27 years. For certain categories of buildings, accelerated depreciation has been provided over the life of 10-27 years.

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

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

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

Spare parts are capitalized when they meet the definition of Property, Plant and Equipment and, i.e., when the Group intends to use these during more than a period of 12 months.

**h) Intangible assets**

**Service concession arrangements**:

The Group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix D to Ind AS 115 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Group receives a right (i.e. a concessionaire) to charge users of the public service. The financial model is used when the Group has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Group performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the service delivered, when the amount are separately identifiable.

GMR Hyderabad International Airport Limited (GHIAL) had entered into a Concession Agreement with Government of India, which gives GHIAL an exclusive right to design, finance, build, operate and maintain a world class, state of the art international airport at Shamshabad, Hyderabad, Telangana, India. The concession arrangement is a service concession arrangement under appendix D to Ind AS 115. Through the concession agreement, GHIAL has granted further concession to the Group along with sub-leasing of the part of cargo infrastructure facility to the Group and since the Group has a right to charge the users for the services and therefore, the same has been classified under Intangible assets model.

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

**Other Intangible assets**

Intangible assets are carried at cost, net of accumulated amortization and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible Assets are amortized on a straight – line basis over their useful life not exceeding six years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

**i) Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are 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.

**j) Leases**

Effective April 01, 2019, the Group has adopted Ind AS 116 "Leases". In respect of the transition to Ind AS 116 please refer Note 34.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**<u>Where the Group is lessee</u>**

The Group recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Unaudited condensed interim Statement of Profit and Loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in unaudited condensed interim Statement of Profit and Loss.

**Where the Group is lessor**

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term.

**k) Inventories**

Stores and spares are valued at lower of cost and net realisable value. However stores and spares held for use in providing the service not written down below cost if services are expected to be provided at or above the cost. Cost is determined on a weighted average basis. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**l) Impairment of non-financial assets**

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

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

Impairment losses, are recognised in the statement of profit and loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the statement of profit or loss.

**m) Provisions, contingent liabilities and commitments**

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

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

Contingent liability is disclosed in the case of:

• A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation

• A present obligation arising from past events, when no reliable estimate is possible
• A possible obligation arising from past events, unless the probability of outflow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

**n) Retirement and other employee benefits**

(i) Defined contribution plans

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

Retirement benefit in the form of Superannuation Fund and Employees State Insurance are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Group has no obligation, other than the contribution payable to the respective funds.

(ii) Defined benefit plans

For defined benefit plans in the form of gratuity fund administered under a scheme of the Life Insurance Corporation of India, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling ( if applicable) and the return on plan assets (excluding net interest) , is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset."

Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• remeasurement"

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.
The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(iii) Compensated absences

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. However, the Group presents the entire provision towards accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date based on the actuarial valuation using the projected unit credit method at the year-end.

**o) 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 and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

**Financial assets**

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

**<u>Subsequent measurement:</u>**
The classification of financial instruments depends on the objective of the Group's business model for which it is held and on the substance of the contractual terms/arrangements. Management determines the classification of its financial instruments at initial recognition.

For the purpose of subsequent measurement, financial instruments of the Group are classified into categories as explained below:

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

**Debt instruments at amortised cost:**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
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 Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

**Debt instrument at FVTOCI:**

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group 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'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**Equity Investments:**

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

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**Derecognition:**

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

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

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

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

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

**Impairment of financial asset**s:

In accordance with Ind AS 109, the Group 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. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables under Ind AS 116
d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on;

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116.

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

For recognition of impairment loss on other financial assets and risk exposure, the Group 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.

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

ECL is the difference between all contractual cash flows that are due to the Group 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, the Group is required to consider:

a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

b. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

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

**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 Group's financial liabilities include trade and other payables, loans and borrowings including cash credit, financial guarantee contracts and derivative financial instruments.

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

**Financial liabilities at fair value through profit or loss**:
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group 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 Group has not designated any financial liability as at fair value through profit and loss.

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

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

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

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortisation.

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

**p) 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 Group's cash management.

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

Diluted earnings per share is computed by dividing the net profit after tax, adjusted for effects of dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares except where the results are anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

### 31. Earnings Per Share (EPS)

The following reflects the income/(loss) and share data used in the basic/diluted EPS computations:

| **Particulars** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Profit/(loss) for the year | 536.21 | 1,642.71 |
| Less : Preference dividend and tax thereon | (215.68) | (260.01) |
| **Profit/ (Loss) attributable to equity shareholders** | 320.53 | 1,382.70 |
| * Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted) | 455,812,200 | 449,196,080* |
| A Earnings Per Share (Basic and diluted) (face value of Rs. 10 each)** | 0.07 | 0.31 |

d

*Adjustments have been made in respect of consideration other than in cash aggregating Rs. 10,993.09 lakhs to be discharged by issue of Equity shares of Rs. 9,191.22 lakhs and Compulsorily Convertible Cumulative Preference Shares of Rs. 1,801.87 lakhs (Refer Note 1.1).

** The conversion of compulsorily convertible cumulative preference shares, if made, would have the effect of increasing the profit per share and would therefore be anti-dilutive and hence, are ignored for the purpose of computing diluted earnings per share.

### 32. Employee benefits plan

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service.

**Statement of profit and loss**
**Net employee benefit expense (recognized in the employee cost)**

| | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Current service cost (including past service cost) | 116.99 | 24.77 |
| Interest cost on benefit obligation | 0.82 | 3.95 |
| **Net benefit expense** | **117.81** | **28.72** |

**Balance sheet**
**Details of provision for gratuity**

| | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Present value of defined benefit obligation | (639.77) | (556.06) |
| Fair value of plan assets | 625.06 | 476.01 |
| **Plan liability** | **(14.71)** | **(80.05)** |

**a. Defined benefits plan: (MRO Division)**

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for MRO business:

**Statement of profit and loss**
**Net employee benefit expense (recognized in the employee cost)**

| | **March 31, 2021** | **March 31, 2020** |
|---|---|---|
| Current service cost (including past service cost) | 77.44 | 57.02 |
| Interest cost on benefit obligation | 6.10 | 5.33 |
| **Net benefit expense** | **83.54** | **62.35** |

(All amounts are in Rs. lakhs, unless otherwise stated)

**Balance sheet**
**Details of provision for gratuity**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Present value of defined benefit obligation | (408.56) | (338.31) |
| Fair value of plan assets | 307.13 | 193.84 |
| **Plan liability** | **(101.42)** | **(144.47)** |

**Changes in the present value of the defined benefit obligation are, as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Opening defined benefit obligation** | 338.31 | 253.27 |
| Interest cost | 22.66 | 18.36 |
| Current service cost (including past service cost) | 77.44 | 57.02 |
| Benefits paid | (10.28) | (23.27) |
| Actuarial loss on obligation | (19.57) | 32.93 |
| **Closing defined benefit obligation** | **408.56** | **338.31** |

**Changes in the fair value of plan assets are as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening fair value of plan assets | 193.84 | 163.47 |
| Expected return | 16.56 | 13.03 |
| Contributions by employer | 109.58 | 39.32 |
| Actuarial gain | (2.56) | 1.30 |
| Benefits paid | (10.28) | (23.28) |
| **Closing fair value of plan assets** | **307.13** | **193.84** |

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Investments with insurer | 100% | 100% |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 6.80% | 6.80% |
| Salary escalation Rate | 8.00% | 8.00% |
| Withdrawal Rate | 5.00% | 5.00% |

**Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:**

Expected Benefits payments for the year ending

| Year ending | March 31, 2021 |
|---|---|
| March 31, 2022 | 17.72 |
| March 31, 2023 | 20.94 |
| March 31, 2024 | 30.03 |
| March 31, 2025 | 46.19 |
| March 31, 2026 | 59.20 |
| March 31, 2027 to March 31, 2031 | 354.35 |

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases (decreases) by 1%, the defined benefit obligations would (decrease by Rs. 42.42 lakhs) increase by Rs. 50.44 lakhs as of March 31, 2021.

If the expected salary growth increases (decreases) by 1%, the defined benefit obligations would increase by Rs. 36.54 lakhs (decrease by Rs. 34.35 lakhs) as of March 31, 2021.

**Note:**
i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

**b. Defined benefits plan: (Air Cargo Division)**

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for Cargo business

**Statement of profit and loss**
**Net employee benefit expense (recognized in the employee cost)**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current service cost (including past service cost) | 39.55 | (32.25) |
| Interest cost on benefit obligation | (5.28) | (1.38) |
| **Net benefit expense** | **34.27** | **(33.63)** |

**Balance sheet**
**Details of provision for gratuity**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Present value of defined benefit obligation | (231.21) | (217.75) |
| Fair value of plan assets | 317.93 | 282.17 |
| **Plan asset/ (liability)** | **86.72** | **64.42** |

**Changes in the present value of the defined benefit obligation are, as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Opening defined benefit obligation** | 217.75 | 238.42 |
| Interest cost | 11.94 | 15.72 |
| Current service cost (including past service cost) | 39.55 | (32.25) |
| Benefits paid | (30.84) | (21.09) |
| Net Actuarial losses on obligation for the period recognised under OCI | (7.19) | 16.95 |
| **Closing defined benefit obligation** | **231.21** | **217.75** |

**Changes in the fair value of plan assets are as follows:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening fair value of plan assets | 282.17 | 228.46 |
| Adjustment to opening fair value of plan asset | - | - |
| Return on plan assets excl. interest income | (0.59) | (2.17) |
| Interest income | 17.21 | 17.10 |
| Contributions by employer | 49.97 | 59.87 |
| Benefits paid | (30.84) | (21.09) |
| **Closing fair value of plan assets** | **317.93** | **282.17** |

(All amounts are in Rs. lakhs, unless otherwise stated)

**Net Defined Benefit Obligation recognised in Balance Sheet**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Defined Benefit Obligation | (231.21) | (217.75) |
| Fair value of Plan Assets | 317.93 | 282.17 |
| **Net Defined Benefit Asset/ (Obligation)** | **86.72** | **64.42** |

**Actuarial (gain) / loss on obligation:**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Experience loss/ (gain) | (8.89) | 9.76 |
| Financial loss/ (gain) | 2.29 | 7.19 |
| **Total actuarial (gain) /loss** | **(6.60)** | **16.95** |

**Amount recognised in other comprehensive income (OCI):**

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Opening amount recognised in OCI | 58.46 | 39.34 |
| Remeasurement for the year - Obligation (gain)/loss | (7.19) | 16.95 |
| Return on Plan Assets excluding net interest | 0.59 | 2.17 |
| **Closing amount recognised in OCI** | **51.86** | **58.46** |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 5.70% | 5.90% |
| Salary escalation Rate | 7.50% | 7.50% |
| Withdrawal Rate | 20.00% | 20.00% |

The estimates of future salary increases, considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:**

Expected Benefits payments for the year ending

| Year ending | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Within 1 year | 52.66 | 50.58 |
| 1 - 2 year | 51.44 | 58.00 |
| 2 - 3 year | 49.08 | 46.29 |
| 3 - 4 year | 50.25 | 44.69 |
| 4 - 5 year | 49.65 | 47.02 |
| 5 - 10 years | 206.79 | 205.14 |

**Sensitivity analysis**:

A quantitative sensitivity analysis for significant assumption is as shown below:

(a) Effect of 1% change in assumed discount rate

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| - 1% increase | (8.27) | (7.19) |
| - 1% decrease | 8.94 | 7.74 |

(b) Effect of 1% change in assumed salary escalation rate

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| - 1% increase | 2.18 | 0.34 |
| - 1% decrease | (2.01) | (0.31) |

**c. Defined contribution plan**

Contribution to provident and other funds under employee benefit expenses are as under:

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Contribution to Provident Fund | 368.45 | 353.11 |
| Contribution to Superannuation Fund | 27.96 | 29.69 |
| Contribution to ESI | 29.62 | 35.23 |

**d.** Leave benefit liabilities provided based on actuarial valuation amounts to Rs. 404.49 lakhs as at March 31, 2021 (March 31, 2020: Rs. 386.25 lakhs)

The actuarial assumptions (demographic & financial) employed for the calculations for MRO business as at March 31, 2021 and March 31, 2020 are as follows.

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 6.80% | 6.80% |
| Salary escalation rate | 8.00% | 8.00% |
| Withdrawal rate | 5.00% | 5.00% |

The actuarial assumptions (demographic & financial) employed for the calculations for Cargo business as at March 31, 2021 and March 31, 2020 are as follows.

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 5.70% | 5.90% |
| Salary escalation rate | 7.50% | 7.50% |
| Withdrawal rate | 20.00% | 20.00% |

**33. Related Party Disclosures:**

**A. Names of related parties and description of relationship:**

| Sl. No | Relationship | Name of related party |
|---|---|---|
| (i) | Holding Company | GMR Hyderabad International Airport Limited (GHIAL) |
| (ii) | GHIAL's holding Company | GMR Airports Limited (GAL) |
| (iii) | GAL's holding Company | GMR Infrastructures Limited(GIL) |
| (iv) | Ultimate holding Company | GMR Enterprises Private Limited (formerly known as GMR Holdings Private Limited) |
| (v) | Fellow Subsidiaries (Where transactions have taken place during the year). | GMR Hyderabad Aviation SEZ Limited (GHASL) |
| | | Raxa Security Services Limited |
| | | GMR Hospitality and Retail Limited |
| | | Delhi International Airport Limited |
| | | GMR Airport Developers Limited |
| | | GMR Goa International Airport Limited |
| (vi) | Post-employment benefit plan | GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust) |
| (viii) | Key Managerial personnel (KMP) | Mr. P. S. Nair –Director |
| | | Mr. Rajesh Kumar Arora –Director |
| | | Mr. Gopalakrishna Kishore Surey - Director, Chairman |
| | | Mr. Abdul Rahman Harith Saif Al Busaidi-Independent Director (up to March 27, 2020) |
| | | Mrs. Kavitha Gudapati- -Independent & Woman Director |

(All amounts are in Rs. lakhs, unless otherwise stated)

| | | |
|---|---|---|
| | | Mr. Ashok Gopinath – Chief Executive Officer (up to September 19, 2019) |
| | | Mr. K Venkata Ramana – Chief Financial Officer |
| | | Ms. Apeksha Naidu- Company Secretary (up to January 30, 2020) |
| | | Mr. G. Chandrabushan-Manager (w.e.f. September 19,2019) |
| | | Mr. N. C. Sarabeswaran (w.e.f March 29, 2020) |
| | | Mr. Rakhal Panigrahi (w.e.f. June 04, 2020) |

**B. Transactions with Key Managerial Personnel for the year ended:**

| Details of Key Managerial Personnel | Remuneration | | Sitting fees | |
|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | March 31, 2021 | March 31, 2020 |
| Mrs. Kavitha Gudapati | - | - | 1.05 | 1.75 |
| Mr. Abdul Rahman Harith Saif Al Busaidi | - | - | - | 1.65 |
| Mr. N. C. Sarabeswaran | - | - | 1.55 | - |
| Mr. Ashok Gopinath | - | 81.48 | - | - |
| Mr.K.Venkata Ramana | 73.02 | 80.58 | - | - |
| Ms. Apeksha Naidu | - | 5.57 | - | - |
| Mr. Rakhal Panigrahi | 9.37 | 1.49 | - | - |
| G. Chandra Bushan | 20.30 | 12.96 | - | - |
| **Total** | **102.69** | **182.08** | **2.60** | **3.40** |

**A. Summary of Transactions with related parties for the year ended:**

| | Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|---|
| (a) | **GMR Hyderabad International Airport Limited** | | |
| | Allotment of share capital (Refer Not 1.1) | - | 11,741.22 |
| | Receipt of Share application money | - | 1,550.00 |
| | Lease Rentals and Other Related expense | - | 9.07 |
| | Corporate guarantee given in relation to Working capital facility | 3,000.00 | 3,000.00 |
| | Preference dividend paid | - | 107.84 |
| | Concessionaire rent | 25.84 | 33.04 |
| | Concessionaire fee | 1,434.29 | 1,773.74 |
| | Reimbursement of salary cost | 207.79 | 214.74 |
| | Deposits received back | - | 10.00 |
| | Repairs & Maintenance – Buildings | 0.51 | 0.51 |
| | Repairs and Maintenance - Plant and machinery | 1.15 | 4.21 |
| | Repairs & Maintenance – Others | 4.09 | 6.18 |
| | Training charges | 3.43 | 0.50 |
| | Reimbursement of property insurance | 0.60 | 2.05 |
| | Reimbursement of rates and taxes | 12.18 | 20.84 |
| | Reimbursement of Other Expenses | 20.00 | |
| | Royalty charges | 16.11 | 43.39 |
| | Capital work-in-progress | - | - |
| | Power and water charges | 211.86 | 245.40 |
| | Bank charges – Reimbursement | 24.58 | 18.05 |
| | Interest on security deposit - Unwinding of discount | 1.02 | 3.52 |

**(All amounts are in Rs. lakhs, unless otherwise stated)**

| | | | |
|---|---|---|---|
| | Travel and conveyance | 3.46 | 7.51 |
| | Communication – Telephone | 0.99 | 10.15 |
| | Audit Charges – Reimbursement | - | 0.50 |
| | Depreciation on ROU Assets | 138.91 | 475.07 |
| | Follow me Vehicle Charges | 2.46 | 3.67 |
| | Interest on Lease Liability | 382.99 | 180.74 |
| | Depreciation on intangible asset (Land) | 172.23 | - |
| | Gain on termination of lease | 73.46 | - |
| | Purchase of CTB & other ancillary assets | 2,797.30 | - |
| (b) | **GMR Hyderabad Aviation SEZ Limited** | | |
| | Interest on Lease Liability | 249.47 | 514.61 |
| | Depreciation on ROU Asset | 115.50 | 253.33 |
| | Interest on security deposit - Unwinding of discount | 1.40 | 1.26 |
| | Electricity and Water Charges | 330.52 | 360.55 |
| | Repairs and maintenance – Others | 20.57 | 19.41 |
| (c) | **GMR Airport Developers Limited** | | |
| | Repairs and maintenance -IT | 43.77 | 55.92 |
| | Repairs and maintenance -Others | 214.82 | 196.97 |
| | Reimbursement of Software maintenance | 25.20 | 12.60 |
| | Reimbursement of manpower deputation | 35.12 | 18.87 |
| | Capital work-in-progress | 39.83 | 5.02 |
| (d) | **GMR Hospitality and Retail Limited** | | |
| | Lodging and food expenses (Travelling and conveyance) | 54.51 | 31.85 |
| | Miscellaneous expenses | 0.25 | 0.35 |
| | Marketing expense | - | 0.58 |
| | Income from Cargo operations | 0.28 | 6.66 |
| (e) | **Raxa Security Services Limited** | | |
| | Security services | 138.17 | 131.36 |
| (f) | **Delhi International Airport Limited** | | |
| | Royalty charges | 12.99 | 13.77 |
| | Electricity charges | 1.91 | 0.42 |
| | Interest on security deposit - Unwinding of discount | 1.98 | 2.31 |
| | Interest on Lease Liability | 13.91 | - |
| | Depreciation on ROU Asset | 52.68 | - |
| | Lease rental and other related expenses | - | 57.70 |
| (g) | **GMR Airports Limited** | | |
| | Training charges | - | 7.14 |
| | Technical fees | 661.58 | 581.21 |
| | Reimbursement of Audit fees and others | 0.14 | 16.29 |
| (h) | **GMR Infra Developers Limited** | | |
| | Loans given | - | 1000.00 |
| | Receipt of Loan given | - | 1000.00 |
| | Interest income on loans | - | 3.36 |
| (i) | **GMR Goa International Airport Limited** | | |
| | Loans given | 2,000.00 | - |
| | Interest income on Loan given | 21.92 | - |
| (g) | **GMR Infrastructure Limited** | | |
| | Reimbursement of Audit fees and others | 16.00 | - |
| (k) | **GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)** | | |
| | Contribution to the Gratuity fund | 49.97 | 59.87 |

(All amounts are in Rs. lakhs, unless otherwise stated)

Note: The Company has received certain corporate group support services from its holding company, which are free of charge.

B. **Outstanding balances at the end of the Year – Debit/(Credit):**

| | Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| (a) | **GMR Hyderabad International Airport Limited** | | |
| | Equity Share Capital | (47,383.09) | (47,383.09) |
| | Trade Payable | (236.92) | (247.42) |
| | Lease liability | (92.32) | (1,514.08) |
| | Payable for leasehold land rights | (4,230.06) | |
| | Right-of-use Assets | 83.18 | 1,409.62 |
| | Right to operate Cargo Facility – Land | 3,903.99 | |
| | Security Deposit | 3.34 | 29.30 |
| | Corporate guarantee given in relation to Working capital facility | 30,500.00 | 30,500.00 |
| | Concession fee paid in advance | 2,596.42 | - |
| | Prepaid expenses | 10.40 | 3.91 |
| (b) | **GMR Hyderabad Aviation SEZ Limited** | | |
| | Security Deposit | 13.67 | 12.26 |
| | Prepaid Expenses | - | - |
| | Right of use Asset | 1,963.46 | 2,078.96 |
| | Lease Liability | (2,773.26) | (2,787.27) |
| | Trade Payables | (3,174.29) | (5,423.28) |
| (c) | **GMR Airport Developers Ltd** | | |
| | Trade Payable | (89.21) | (77.54) |
| | Payable for purchase of Intangibles | (16.20) | (3.38) |
| (d) | **GMR Hospitality and Retail Limited** | | |
| | Trade Payable | (16.59) | (18.21) |
| | Advances received from Customers | (1.10) | (0.40) |
| (e) | **Raxa Security services Limited** | | |
| | Trade Payable | (36.82) | (18.07) |
| (f) | **GMR Airports Limited** | | |
| | Trade Payable | (123.81) | (140.54) |
| (h) | **Delhi International Airport Ltd** | | |
| | Security Deposit | 20.32 | 24.97 |
| | Advance to Suppliers | - | 0.50 |
| | Right of use Asset | 105.37 | - |
| | Lease Liability | (110.44) | - |
| | Trade Payable | (1.83) | (11.94) |
| (i) | **GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)** | | |
| | Trade Payables | (0.87) | (0.87) |
| (j) | **GMR Infrastructure Limited** | | |
| | Other Current Assets | 18.88 | - |
| (k) | **GMR Goa International Airport Limited** | | |
| | Financial Assets – Loans (Including interest) | 2,020.27 | - |

**34. Leases:**

The Company has adopted Ind AS 116 "Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach. Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for any related prepayments). The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability.

Accordingly, on transition to Ind AS 116, the Company recognised the right-of-use assets of Rs. 8,059.44 lakhs and lease liabilities amounting of Rs. 7,964.42 lakhs. Consequent to the amendment of lease agreement with GMR Hyderabad Aviation SEZ Limited w.e.f. December 01, 2019, remeasurement of lease liability has been carried out to reflect the revised lease rentals and the corresponding adjustment of Rs. 3,790.40 lakhs has been done to ROU. Consequent to the termination of lease agreement with GMR Hyderabad International Airport Limited (i.e., on purchase of terminal building) w.e.f. July 01, 2020, remeasurement of lease liability has been carried out and corresponding adjustment of Rs. 1,884.68 lakhs has been done to ROU.

The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability. The Company has applied the below practical expedients:

i. The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".
ii. The Company has not applied the requirements of Ind AS 116 for leases of low value assets.
iii. The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
iv. The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

**Impact of Ind AS 116 on the Statement of profit and loss account:**

| Particulars | For the year ended March 31, 2021 |
|---|---|
| Interest on lease liability (Refer Note 27) | 647.99 |
| Depreciation on right of use assets (Refer Note 28) | 321.88 |
| Less: Lease rental expenses | (460.11) |
| **Impact on the statement of profit and loss account** | **509.76** |

**35. Commitments and Contingencies**

**a) Capital and other commitment**

i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 954.57 lakhs (March 31, 2020 – Rs. 548.09 lakhs)

**b) Contingent Liabilities**

| Particulars | As at March 31, 2021 | As at March 31,2020 |
|---|---|---|
| Matter relating to indirect tax under dispute (refer footnotes below (a)) | 1,057.72 | 1,052.88 |
| Matters relating to income tax under dispute (refer footnotes below (b)) | 2,231.80 | 2,231.80 |
| Claims against the company not acknowledged as dues (refer footnotes below (c)) | 1,417.27 | 1,416.35 |
| | **4,706.79** | **4,701.03** |

**(a) Matter relating to indirect tax under dispute**

(i) The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT) against the order of Commissioner of Service Tax for the rejection of service tax refund claim amounting to Rs. 102.92 lakhs.

(ii) The Company had rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which the Company had not paid service tax in view of the exemption available under cargo handling services. The Company had received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring the Company to show cause as to why the services rendered during March 2008 to June 2010 should not be classified under “Airport Services” and “Storage and Warehousing Services” (“Taxable Service”).

On May 3, 2013, the Company had received an order from Commissioner of Customs, Central Excise and Service tax. As per the said order, the commissioner had concurred with the departments view and classified the services of cargo handling for export cargo as Taxable Service. As a result of which, there was a demand levied of Rs. 188.64 Lakhs as service tax for the period March 2008 to June 2010 under Airport Services and Rs. 107.35 Lakhs as service tax for the period March 2008 to June 2010 on Storage and Warehousing Services along with applicable interest and along with penalty of Rs. 296.00 Lakhs.

Subsequently, the Customs, Excise & Service Tax Appellate Tribunal (CESTAT) in its stay order dated October 25, 2013 has mentioned that X-ray Screening, Terminal Storage and Processing, Unitization and Demurrage would be incidental and ancillary in relation to cargo handling service. As a result, there shall be a waiver of pre deposit of the dues and stay against recovery during pendency of the appeal.

Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iii) The Company has received a show cause notice from the Office of Commissioner (Audit) Central tax requiring the Company to show cause as to why CENVAT credit of Rs. 64.86 Lakhs along with applicable interest and penalty should not be reversed/demanded on certain exempted services. The Company has filed a reply to the Show Cause notice with the Office of Commissioner (Audit) Central tax on October 10, 2017. Personal hearing completed on March 27, 2018, AC has passed an order dated March 28, 2018 by disallowing Company demand, order received on April 9, 2018. As a result of which, there is a demand levied of Rs. 64.86 Lakhs as service tax along with penalty of Rs. 63.19 Lakhs. Further, the Company has filed an appeal against the order with Commissioner (Appeals), Central tax during the current period. The Company has received an unfavorable order from Commissioner of Customs and Central Tax (Appeals), Hyderabad on November 12, 2018, directing the Additional Commissioner to recalculate the demand. Subsequently, the Company has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019. The company has paid Rs. 9.55 Lakhs till the date of filing appeal with CESTAT in order to comply with the relevant provisions of the act for filing the appeal for application.

Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iv) The Company has received a SCN No. 31/2019-20 dated July 23, 2019 along with corrigendum to SCN dated July 25, 2019 from DGGI (Directorate General of GST Intelligence) on following points:

(a) Non reversal of CENVAT Credit against sale of goods for Rs. 2.58 lakhs.

(b) Proposing disallowance of Export of Services on the ground that 'Place of supply' for MRO Services of Aircraft going out of India after being put to use India can't be said to be outside India. Hence it does not qualify 'Export of Service' and hence subject to Service Tax for Rs. 207.99 lakhs along with applicable interest and penalty.

The Company has filed a writ petition on August 21, 2019 and received interim relief on August 22, 2019 staying the proceedings. Department has filed its reply and requested for stay vacation. The company is in the process of filing rejoinder. Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(v) During the previous year, the Company has received a show cause notice from the Office of Commissioner of Customs & Central taxes requiring the Company to show cause as to why CENVAT Credit of Rs. 24.19 Lakhs along with applicable interest and penalty should not be paid on irregular availment of CENVAT Credit for the capital goods which are included in the "Improvements to Concession Assets". The Management is in the process of responding to the notice and is confident that there won't be any liability in this regard which would be payable and as such no provision has been made in these Consolidated Financial Statements.

**(b) Matters relating to income tax under dispute**

(i) The Company had received assessment order during previous years for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 154.18 Lakhs (including interest of Rs 21.64 Lakhs), Rs. 272.51 Lakhs (including interest of Rs 69.52 Lakhs), Rs. 302.70 Lakhs (including interest of Rs.74.38 Lakhs) and Rs. 254.40 Lakhs (including interest of Rs 65.96 Lakhs) for the respective assessment years. The Company had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 154.18 Lakhs, Rs. 272.51 Lakhs, Rs. 302.70 Lakhs and Rs. 254.40 Lakhs for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively under protest. During the previous years, the said appeals were dismissed by the Commissioner of Income - Tax (Appeals), Hyderabad against which the Company had filed an appeal with the Income Appellate Tribunal, Hyderabad.

During the FY 2016-17, the Company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. The company has applied under Vivad se vishwas scheme for settlement of disputed taxes for AY 2009-10 to AY 2012-13 on December 30, 2020 and awaiting department's confirmation. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(ii) The Company had received an order during previous years for the assessment year 2013-14 and 2014-15 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to the Company has reduced by Rs. 418.47 Lakhs for A.Y. 2013-14 and Rs. 310.92 Lakhs for A.Y 2014-15 . Aggrieved by the reduction in refund and the demand, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. During the previous year, the Company has received a favorable order from Commissioner of Income -Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the current year, the Company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2013-2014 and 2014-2015. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. The company has applied under Vivad se vishwas scheme for settlement of disputed taxes for AY 2013-14 to AY 2014-15 on December 30, 2020 and awaiting department's confirmation. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iii) The Company has received an order during the previous years for the assessment year 2015-16 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, the Company filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 417.17 Lakhs for AY 2015-16. During the previous year FY 2018-19, the department has issued a refund order advice stating that refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of Rs. 377.05 Lakhs. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iv) During the previous years, the Company has received an order for the assessment year 2016-17 denying the deduction u/s 80-IA of the Income Tax Act, 1961 and as per the order there is a tax demand amounting to Rs. 16.47 Lakhs for AY 2016-17. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(v) During previous years, the Company has received an order from Deputy Commissioner of Income Tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 84.98 Lakhs. The Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad on May 5, 2015. During the current year, the company has received an order on January 06, 2020 dated December 13, 2019 partially allowing the expense. Aggrieved by the order, the Company has filed an appeal with the ITAT, Hyderabad for which matter is pending. However, based on an internal assessment, the Management is of the opinion that the said order is time barred and will not be sustainable under law.

**(c) Claims against the company not acknowledged as dues**

**(i) Custom officers Salaries**

The Company accrued Customs officers' salaries stationed at Air Cargo Terminal based on debit notes raised by the Customs Department on GMR Hyderabad International Airport Limited (GHIAL) as the ultimate cost has to be borne by the custodian i.e. the Company. GHIAL filed a writ petition under Article 226 of the Constitution of India in the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised in previous years. GHIAL received an order from the Honorable High court of Andhra Pradesh (Single Judge), stating that the grounds on which the levy was made by Customs Department were wholly unsustainable and accordingly the Company had reversed the accrued customs cost amounting to Rs. 1,402.09 Lakhs for the period from March 23, 2008 to March 31, 2012.

Subsequent to the above order, the Customs Department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Honorable High Court of Andhra Pradesh passed an order for interim suspension of the said order passed by the Honorable Single Judge and the matter is pending. The Management, based on internal assessment, is confident that there is no financial impact of this interim suspension order and accordingly, no provision has been made in these Consolidated Financial Statements.

**(ii) Provident Fund**

(i) During the previous year, the Company has received an order from Regional PF Commissioner – I, Regional Office II, Hyderabad, regarding the payment of contributions to International Worker under Employees Provident Funds and Miscellaneous Provisions Act, 1952 demanding an amount of Rs. 14.26 Lakhs. The Company has filed writ petition before the High Court of Telangana. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iii) During the current year, the company has received an order from District Consumer Forum (RR District), regarding the compensation for short delivery of cargo to M/s. Excell Media Pvt. Ltd amounts to Rs. 0.92 Lakhs along with applicable interest. The company is in the process of filing appeal against the order. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Unaudited Standalone Condensed Interim Consolidated Financial Statements.

**(d) Preference dividend**

As per the terms of issuance of Compulsory Convertible Cumulative Preference Shares (Series A and Series B), the Company shall pay preference dividends at a coupon rate of 11.97% on the paid up value of compulsorily convertible cumulative preference shares (Series A and Series B). In the absence of profits available for distribution, the Company has not declared preference dividend on Compulsorily Convertible Cumulative Preference Shares ("CCCPS") which is amounting to Rs.377.44 lakhs and tax thereon as on March 31, 2021 (March 31, 2020: Rs. 161.76).

**(All amounts are in Rs. lakhs, unless otherwise stated)**

**36. Segment Reporting**

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The Company has identified two reportable segments under Ind AS 108 as follows:

a) Maintenance, Repairs and Overhauling (MRO)* and;
b) GMR Hyderabad Air Cargo ( Air Cargo)

The Chief Operating Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone Consolidated Financial Statements.

| | **Segment Revenue** | | **Segment Profit** | |
|---|---|---|---|---|
| | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
| MRO | 24,378.53 | 20,444.17 | 3,247.63 | 2,799.23 |
| Air Cargo | 8,203.32 | 9,477.98 | (280.86) | 840.23 |
| | **32,581.85** | **29,922.15** | **2,966.77** | **3,639.46** |
| Less: Inter segment | - | (1.35) | - | - |
| **Total** | **32,581.85** | **29,920.80** | **2,966.77** | **3,639.46** |
| Other income | | | 768.13 | 1,282.23 |
| Finance costs | | | (3,204.93) | (3,231.52) |
| Tax expense | | | 6.24 | (47.46) |
| **Profit after tax** | | | **536.21** | **1,642.71** |

**Segment assets and liabilities:**

| | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Segment assets** | | |
| MRO | 33,748.12 | 28,088.68 |
| Air Cargo | 17,876.44 | 8,191.70 |
| Unallocable assets | 3,741.58 | 9,845.62 |
| Inter - segment | (2,953.28) | (2,801.26) |
| **Total assets** | **52,412.86** | **43,324.74** |
| | | |
| **Segment liabilities** | | |
| MRO | 16,551.44 | 14,599.51 |
| Air Cargo | 8,231.71 | 4,420.27 |
| Unallocable liabilities | 30,352.14 | 27,429.06 |
| Inter – segment | (2,953.28) | (2,801.26) |
| **Total liabilities** | **52,182.01** | **43,647.58** |

**Other segment information**

| | Depreciation and amortization | | Additions to non - current assets | |
|---|---|---|---|---|
| | For the year ended March 31, 2021 | For the year ended March 31, 2020 | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
| MRO | 1,882.78 | 1,800.01 | 2,772.32 | 3,451.65 |
| Air Cargo | 815.91 | 963.10 | 7,582.41 | 2,319.27 |

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone Consolidated Financial Statements of the company as a whole.

**37.** Pursuant to notification G.S.R.574(E) dated August 16, 2019 issued by Ministry of Corporate Affairs, the Company being a listed entity is not required to create Debenture Redemption Reserve.

**38. Taxation**

a) In view of the brought-forward business losses of the Company, also considering the brought-forward losses of the demerged undertaking (MRO business) (refer Note 1.1), no provision for current tax has been made in these Consolidated Financial Statements. The Company, post-merger, has filed the income tax return for the year ended March 31, 2019 on November 30, 2019 and for the year ended March 31, 2020 on January 31, 2021. Pending assessment and on grounds of prudence, no adjustment has been made to the current tax provision for that financial year.

b) Matters relating to erstwhile GMR Hyderabad Air Cargo and Logistics Private Limited (GHACLPL) (Transferor company merged into the Company):

(i) The Company has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the international and domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on these Consolidated Financial Statements, particularly on the amount of tax expense and that of provision for taxation.

(ii) Minimum Alternate Tax (MAT) Credit entitlement (cumulative balance) claimed by the Company as per the income tax return filed for the FY 2018-19 on November 30, 2019 aggregating Rs. 3,701.03 lakhs has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

c) During the financial year ended March 31,2021, the company has deferred tax asset (net) of Rs. 167.34 lakhs. However, due to the huge accumulated losses there is an un-certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Hence, deferred tax asset is not recognized in the books.

**39.** Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Industrial Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 36.25 Lakhs (March 31, 2019: Rs. 148.94 Lakhs). W.e.f. 1st July, 2019 vide AIC No.15/2019 dated 19th June, 2019, the collection of Passenger Service Fee (Security Component) is replaced with Aviation Security Fee (ASF). ASF will be collected and remitted by airlines to the National Aviation Security Fee Trust (NASFT). All expenses relating to CISF will be met through NASFT directly. Accordingly, based on the communication from Holding Company (GHIAL), the Company has discontinued recognition of salary provision of CISF personnel deputed at cargo terminal from 01st July, 2019. The Management is confident that there would be no additional liability other than the amount accrued in the books of account.

**40.** Pursuant to Composite Scheme of Arrangement (“Scheme”) approved by NCLT (Refer Note 1.1) all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company (“GATL”), immediately before the demerger, become the liabilities of the Resulting Company (“GAEL”/"the Company") by virtue of the demerger. In view of the above and the Scheme being effective, 1,750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures of GATL are transferred to GMR Air Cargo and Aerospace Engineering Limited (“GACAEL”) (formerly known as GMR Aerospace Engineering Limited – “GAEL”) with same terms and conditions as they were issued. Subsequently, such transfer of debentures was updated on the Bombay Stock Exchange (BSE) on October 15, 2019 and on the National Stock Exchange (NSE) on November 26, 2019.

**41.** The Management has assessed impairment of the carrying value of the MRO (Maintenance, Repair and Overhauling) Division, which was acquired by the Company during the year, in terms of the Composite Scheme of Arrangement from GMR Aero Technic Limited, wholly-owned subsidiary of the Company. This acquisition was accounted as a common control transaction in terms of Ind AS 103 Appendix C (also refer Note 1.1). The assessment was done at Cash Generating Unit (“MRO CGU”) level, which has past accumulated losses as at March 31, 2020. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations, which resulted in operating profits during the last 2 years.

Pursuant to the agreement entered by the GMR Group (“Group”) dated February 20, 2020, the Group has executed a definitive agreement with Aeroports De Paris (“ADP”) for acquisition of 49% stake by ADP in GMR Airports Limited (the holding company of GMR Hyderabad International Airport Limited, which is the holding company of the company) ("GAL") on fully diluted basis. In accordance with which the first tranche has been received by the group. As per revised terms the second tranche of consideration has been received by the Group subsequently.

The MRO CGU is part of the Airports business. To assess whether the MRO CGU is impaired, the Management of the Company has reckoned the values attributed to MRO CGU which are higher than its carrying value, on the basis of an independent valuation of the Airport business carried out as part of entering the aforesaid agreement. The Management has also assessed impairment as at March 31, 2020 of the carrying value of the MRO CGU consequent to the outbreak of the COVID19 pandemic. The Management has reviewed such assessment as at March 31, 2021, the updated business plans and the projections considering the COVID19 impact.

The Management has also performed sensitivity analysis considering different scenarios to build in the uncertainties attached. Based on such valuation assessment done by the Management and other management initiatives as mentioned above, the Management is of the view that there is no impairment required in the value of MRO CGU as at March 31, 2021 in this Consolidated Financial Statements.

**42.** As at March 31, 2021, the Company has accumulated losses (including amalgamation adjustment deficit account) of Rs. 47,203.42 lakhs (as at March 31, 2020 is Rs 47,757.10 lakhs) and its net-worth has been fully eroded. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations including the composite scheme of arrangement (Refer Note 1.1 above). Based on the business plans for the current year including the cash flow projections, it has sufficient future cash flows to meet its liabilities as and when they fall due. The credit rating for the Company’s NCD program has been confirmed by ICRA Limited with letter dated October 09, 2020 as [ICRA]AA(CE) (Negative). In view of the Management there is no significant uncertainty on the going concern assumption and that the Company will have positive net worth in the coming years.

GMR Hyderabad International Airport Limited ("GHIAL") has confirmed its continuous financial support to the Company to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these Consolidated Financial Statements have been prepared on Going Concern basis and do not include any adjustments relating to the recoverability of assets or the amounts of liabilities that may be necessary if the entity is unable to continue as a going concern.

**43.** As the world faces one of its biggest challenge caused by the COVID-19 related disruptions, the country wide lockdown enforced from March 25, 2020 which lockdown was released from May 25, 2020 had temporarily impacted the Company’s operations. The Maintenance, Repair and Overhaul (MRO) business and Air Cargo business remains relatively less affected from demand point of view as MRO demand increased due to downtime of aircrafts, and air cargo business was classified as essential services. The Company had to face some issues related to non-availability of manpower and supply chain disruptions to cater to such demand. Presently, the Company has resumed the operations and are adhering to strict safety measures and Government guidelines.

The Company has considered the possible effects that may result from the pandemic while assessing the recoverability of carrying values of assets/CGUs and also in estimating future cash flows. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these Special Purpose Financial Information has used internal and external sources of information, to the extent relevant. In terms of the impact of COVID19 on impairment assessment of the MRO CGU, the Management has concluded that no impairment is required, refer Note 42 for details.

Additionally, in respect of going concern assessment the Management has determined that there are no material uncertainties exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, refer Note 41 for details.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these Consolidated Financial Statements and the Company will continue to closely monitor any material changes to future economic conditions.

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

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, equity risk, commodity risk and demand risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at March 31, 2021.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2021.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity; provisions.

The following assumption have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021.

**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 fixed interest rates. The Company does not have any long-term debt with floating interest rates.

The exposure of the Company's borrowing to fixed interest rate is mentioned below:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Redeemable Non-Convertible Debentures | 27,500.00 | 27,500.00 |
| | **27,500.00** | **27,500.00** |

**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 Interest rate | Effect on profit before tax |
|---|---|---|
| **As at March 31, 2021*** | | |
| Overdraft facility from bank | +0.50% | (15.00) |
| Overdraft facility from bank | - 0.50% | 15.00 |

| | Increase/decrease in Interest rate | Effect on profit before tax |
|---|---|---|
| **As at March 31, 2020** | | |
| Overdraft facility from bank | +0.50% | - |
| Overdraft facility from bank | - 0.50% | - |

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

* The Company has availed overdraft facility from ICICI Bank during the current year March 31, 2021.

**Foreign currency 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 or expense is denominated in a foreign currency).

**The Company's exposure to foreign currency risk at the end of reporting period expressed in Indian Rupees are as follows:**

| Particulars | Currencies Exposure | As at March 31, 2021 | |
|---|---|---|---|
| | | Amount in Foreign currency | Rs in Lakhs |
| Trade payables | USD | 761,904 | 557.03 |
| | EURO | 29,046 | 24.91 |
| | SGD | 23,252 | 12.64 |
| | GBP | 3 | 0.00 |
| Trade receivables | USD | 8,266,587 | 6,043.70 |
| Cash and cash equivalent | USD | 433,857 | 317.19 |
| Advances to Vendors | USD | 1,949,909 | 1,425.58 |
| Advance from customers | USD | 1,495,186 | 1,093.13 |
| Deposit from customers | USD | 7,416 | 5.42 |
| Unbilled revenue | USD | 2,697,040 | 1,971.81 |

| Particulars | Currencies Exposure | As at March 31, 2020 | |
|---|---|---|---|
| | | Amount in Foreign currency | Rs in Lakhs |
| Trade payables | USD | 620,195 | 467.54 |
| | EURO | 6,572 | 5.46 |
| | SGD | 10,970 | 5.40 |
| | GBP | 816 | 0.76 |
| Trade receivables | USD | 6,276,917 | 4,731.86 |
| Cash and cash equivalent | USD | 971,797 | 732.60 |
| Unbilled revenue | USD | 831,038 | 626.52 |
| Payable for purchase of fixed assets | EURO | 51,030 | 42.38 |

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and other foreign currencies against company's functional currency. 5% represents the sensitivity rate used when reporting foreign currency risk internally to the key managerial personnel and represents management's assessment of the reasonably possible change in the foreign exchange rates. The sensitivity analysis considers only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rate.

As at March 31, 2021, A positive number below indicates an increase in profit when the functional currency weakening against the USD and when functional currency weakening for other foreign currencies. For a 5 % strengthening of functional currency against USD and other foreign currencies, there would be a comparable opposite impact on the profit.

| | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Particulars** | **Impact on profit after tax** | **Impact on profit after tax** |
| **USD Sensitivity** | | |
| INR/USD- Increase by 5% | 405.13 | 281.17 |
| INR/USD- Decrease by 5% | (405.13) | (281.17) |
| **EURO Sensitivity** | | |
| INR/EURO-Increase by 5% | (1.25) | (2.39) |
| INR/EURO- Decrease by 5% | 1.25 | 2.39 |
| **GBP sensitivity** | | |
| INR/GBP-Increase by 5% | (0.63) | (0.04) |
| INR/GBP- Decrease by 5% | 0.63 | 0.04 |
| **SGD sensitivity** | | |
| INR/SGD-Increase by 5% | (0.00) | (0.27) |
| INR/SGD- Decrease by 5% | 0.00 | 0.27 |

**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. Also parent company will provide support in order to meet financial obligations of the Company.

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

(All amounts are in Rs. lakhs, unless otherwise stated)

| Year ended March 31, 2021 | Up to 1 year | 1 - 5 year | More than 5 year | Total Contracted cash flows |
|---|---|---|---|---|
| Redeemable Non-Convertible Debentures and interest there on | 2,351.25 | 33,420.00 | - | 35,771.25 |
| Trade payables | 9,438.53 | - | - | 9,438.53 |
| Leases | 332.41 | 1,191.70 | 4,326.43 | 5850.54 |
| Payable for Lease-Hold Land Rights | 288.96 | 1,475.17 | 9,921.48 | 11,685.61 |
| Other financial liabilities | 400.53 | - | - | 400.53 |

| Year ended March 31, 2020 | Up to 1 year | 1 - 5 year | More than 5 year | Total Contracted cash flows |
|---|---|---|---|---|
| Redeemable Non-Convertible Debentures and interest there on | 2,348.03 | 35,771.25 | - | 38,119.28 |
| Trade payables | 9,481.19 | - | - | 9,481.19 |
| Leases | 817.84 | 2,157.41 | 4,603.29 | 7,578.54 |
| Other financial liabilities | 173.50 | - | - | 173.50 |

**Credit Risk**

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

**Trade receivables**

Customer credit risk is managed by the Company as per approved debtors policy and established procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

**Excessive risk Concentration**

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.
In order to avoid excessive concentrations of risk, the Company is trying to expand the customer base from Middle East and SAARC countries. Also additional revenue stream is in the pipeline i.e., from line maintenance.

**45. Capital management**

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, equity includes issued equity share capital and other equity. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

**(All amounts are in Rs. lakhs, unless otherwise stated)**

The following table summarises the capital of the Company:

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Borrowings | 30,352.14 | 27,429.06 |
| Cash and cash equivalents (including other bank balance) | (814.96) | (1,865.72) |
| **Net debt** | **29,537.18** | **25,563.34** |
| **Equity** | 230.84 | (322.84) |
| **Net debt to Equity ratio** | 127.95 | (79.18) |

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2021.

**46. Fair values:**

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the Consolidated Financial Statements is reasonable approximation of fair values.

| | **Fair Value** | **Carrying value** | **Fair Value** | **Carrying value** |
|---|---|---|---|---|
| | **March 31, 2021** | **March 31, 2021** | **March 31, 2020** | **March 31, 2020** |
| **Financial assets** | | | | |
| **Valued at fair value through profit and loss** | | | | |
| Investments | 228.55 | 228.55 | 1,414.38 | 1,414.38 |
| **Valued at amortized cost** | | | | |
| Investments | - | - | 4,964.11 | 4,964.11 |
| Trade receivable | 6,427.68 | 6,427.68 | 5,382.07 | 5,382.07 |
| Other financial assets | 2,435.72 | 2,435.72 | 1,058.49 | 1,058.49 |
| Cash and cash equivalent and other bank balances | 814.96 | 814.96 | 1,865.72 | 1,865.72 |
| Financial assets – Loans | - | - | - | - |
| **Total Financial Assets** | **9,906.91** | **9,906.91** | **14,684.77** | **14,684.77** |
| | | | | |
| **Financial liabilities** | | | | |
| **Valued at amortized cost** | | | | |
| Borrowings | 30,352.14 | 30,352.14 | 27,429.06 | 27,429.06 |
| Trade payables | 9,438.53 | 9,438.53 | 9,481.19 | 9,481.19 |
| Leases | 2,986.78 | 2,986.77 | 4,326.11 | 4,326.11 |
| Other financial liabilities | 4,630.53 | 4,630.54 | 173.50 | 173.50 |
| **Total Financial Liabilities** | **47,407.98** | **47,407.98** | **41,409.86** | **41,409.86** |

The management assessed the cash and cash equivalent, trade receivables trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(All amounts are in Rs. lakhs, unless otherwise stated)

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.

**47. Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021

| Particulars | Date of valuation | Total | Quoted prices in active market# (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investments held at fair value through profit and loss | March 31, 2021 | 228.55 | 228.55 | - | - |

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020

| Particulars | Date of valuation | Total | Quoted prices in active market# (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Investments held at fair value through profit and loss | March 31, 2020 | 1,414.38 | 1,414.38 | - | - |

There have been no transfers between Level 1 and Level 2 during the year ending March 31, 2021 & March 31, 2020.
#The mutual funds are valued using the closing NAV.

**48. Use of estimates and judgement**

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(A) JUDGEMENTS**

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

**Service Concession Arrangements -**

Management has assessed applicability of Appendix D to Ind AS 115 – "Service Concession Arrangements" to operations and maintenance agreements entered into by the Company for provisioning of cargo services at Hyderabad Airport. In assessing the applicability, management has exercised significant judgement in relation to the underlying ownership of the assets, terms of the arrangement entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meets the criteria for recognition as service concession arrangements.

**(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 Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

**Impairment of Cash Generating Unit (CGU):**

The Company reviews its carrying value of CGU, annually, or more frequently when there is an indication for impairment. For the purpose of impairment testing, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets for assessing the value in use. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell (also refer note 43 above).

**Income tax and Deferred Tax**

Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/recovered for uncertain tax provisions. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that sufficient future taxable profit will be available against which those deductible temporary difference can be utilized.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.
The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

**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 Discounting 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.

**Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment and Intangible assets at the end of each reporting period. This assessment may result in change in the depreciation / amortization expense in future periods.

**Provision for doubtful receivables**

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

**Other estimates**

The preparation of Standalone Consolidated Financial Statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of Standalone Consolidated Financial Statements and the reported amount of revenues and expenses for the reporting period.

For and on behalf of the Board of Directors
**GMR Air Cargo And Aerospace Engineering Limited**
**(**formerly known as GMR Aerospace Engineering Limited)

**Rajesh Kumar Arora**
Director
DIN : 03174536

**SGK Kishore**
Director
DIN : 02916539

**Srikanth Vetcha**
Chief Financial Officer

**Rakhal Panigrahi**
Company Secretary
M.No. ACS39622

Place: Hyderabad
Date: XXXX XX, 2021

(All amounts in ₹ lakhs except otherwise stated)

**3. Property, Plant & Equipment**

| | Buildings on leasehold land # | Plant and equipment | Office equipment | Computer equipment and IT systems | Furniture and fixtures | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Cost or deemed cost** | | | | | | | |
| **At April 1, 2019** | **11,930.48** | **8,092.29** | **197.66** | **159.67** | **246.88** | **14.00** | **20,640.98** |
| Additions | **28.56** | 623.83 | 121.91 | 21.17 | 61.02 | 15.92 | 872.41 |
| Disposals | - | (204.62) | (1.16) | (4.54) | - | - | (210.32) |
| **At March 31, 2020** | **11,959.04** | **8,511.50** | **318.41** | **176.30** | **307.90** | **29.92** | **21,303.07** |
| Additions | 11.29 | 1,138.78 | 74.45 | 170.97 | 61.84 | 15.54 | 1,472.86 |
| Disposals | - | (0.29) | - | - | - | - | (0.29) |
| **As at March 31, 2021** | **11,970.33** | **9,649.99** | **392.86** | **347.27** | **369.74** | **45.46** | **22,775.64** |
| | | | | | | | |
| **Accumulated Depreciation** | | | | | | | |
| **At April 1, 2019** | **2,633.84** | **2,621.47** | **185.19** | **47.45** | **107.21** | **10.76** | **5,605.92** |
| Depreciation charge for the year | 669.79 | 698.77 | 10.09 | 51.40 | 61.96 | 2.39 | 1,494.40 |
| Disposals | | (99.28) | (1.16) | (4.46) | - | - | (104.90) |
| **At March 31, 2020** | **3,303.63** | **3,220.96** | **194.12** | **94.39** | **169.17** | **13.15** | **6,995.42** |
| Depreciation charge for the year | 706.23 | 792.90 | 49.35 | 58.61 | 41.91 | 4.36 | 1,653.36 |
| Disposals | - | (0.13) | - | - | - | - | (0.13) |
| **As at March 31, 2021** | **4,009.86** | **4,013.73** | **243.47** | **153.00** | **211.08** | **17.51** | **8,648.65** |
| | | | | | | | |
| **Net Block** | | | | | | | |
| **At March 31, 2020** | **8,655.41** | **5,290.54** | **124.29** | **81.91** | **138.73** | **16.77** | **14,307.65** |
| **As at March 31, 2021** | **7,960.47** | **5,636.26** | **149.39** | **194.27** | **158.66** | **27.95** | **14,126.99** |

# Building is constructed on lease hold land taken from GMR Hyderabad Aviation SEZ Limited ("GHASL") who has obtained the same from GMR Hyderabad International Airport Limited ("GHIAL") (holding company). GHIAL has obtained such land under the land lease agreement with the Government of Telangana.

**4. Other Intangible Assets**

| | Right to Operate - Cargo facility | Computer Software | Technical Know-how | Total |
|---|---|---|---|---|
| **Cost or deemed cost** | | | | |
| **At April 1, 2019** | **2,634.31** | **354.96** | **898.29** | **3,887.56** |
| Additions | 371.78 | 72.32 | - | 444.10 |
| Disposals | (5.18) | - | - | (5.18) |
| **At March 31, 2020** | **3,000.91** | **427.28** | **898.29** | **4,326.48** |
| Additions | 7,131.75 | 16.47 | - | 7,148.21 |
| Disposals | - | - | - | - |
| **As at March 31, 2021** | **10,132.66** | **443.75** | **898.29** | **11,474.69** |
| | | | | |
| **Accumulated Amortization** | | | | |
| **At April 1, 2019** | **1,023.30** | **282.77** | **898.29** | **2,204.36** |
| Charge for the year | 488.03 | 27.86 | - | 515.89 |
| Disposals | (4.73) | - | - | (4.73) |
| **At March 31, 2020** | **1,506.60** | **310.63** | **898.29** | **2,715.52** |
| Charge for the year | 697.79 | 25.78 | - | 723.57 |
| Disposals | - | - | - | - |
| **As at March 31, 2021** | **2,204.39** | **336.41** | **898.29** | **3,439.09** |
| | | | | |
| **Net Block** | | | | |
| **At March 31, 2020** | **1,494.31** | **116.65** | **-** | **1,610.96** |
| **As at March 31, 2021** | **7,928.27** | **107.34** | **-** | **8,035.60** |

**5. Right of use Assets**

| | Right-of-use assets | | Total |
|---|---|---|---|
| | **Land** | **Buildings** | |
| **At April 01, 2019** | - | - | - |
| Impact of adoption of Ind AS 116 (Refer Note 34) | 6,174.76 | 1,884.68 | 8,059.44 |
| Additions | | - | - |
| Adjustments (Refer Note 34) | (3,790.40) | - | (3,790.40) |
| **As at March 31, 2020** | **2,384.36** | **1,884.68** | **4,269.04** |
| Additions | 262.02 | - | **262.02** |
| Adjustments (Refer Note 34) | | **(1,884.68)** | **(1,884.68)** |
| **As at March 31, 2021** | **2,646.38** | **-** | **2,646.39** |
| | | | |
| **Accumulated Amortization** | | | |
| **At April 01, 2019** | - | - | - |
| Impact of adoption of Ind AS 116 (Refer Note 34) | - | - | - |
| Charge for the year | 277.75 | 475.07 | 752.82 |
| Adjustments | - | - | - |
| **As at March 31, 2020** | **277.75** | **475.07** | **752.82** |
| Charge for the year | 203.76 | 118.12 | 321.88 |
| Adjustments (Refer Note 34) | | (593.18) | (593.18) |
| **As at March 31, 2021** | **481.51** | **0.00** | **481.52** |
| | | | |
| **Net Block** | | | |
| **As at March 31, 2020** | **2,106.61** | **1,409.62** | **3,516.22** |
| **As at March 31, 2021** | **2,164.87** | **-** | **2,164.87** |

**6. Intangible Assets under development**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Capital expenditure incurred on intangible assets | 624.36 | 121.23 |
| | **624.36** | **121.23** |

**7(a) Investments**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Non-trade investments** | | | | |
| **Investment in Commercial Paper (unquoted) (held at amortised cost)** | | | | |
| -Piramal Enterprises Limited (Face value of Rs. 5,000 lakhs (March 31, 2020: Rs. 5,000 lakhs)) | - | - | - | 4,964.11 |
| **Investment in mutual funds (unquoted) (held at fair value through profit and loss)** | | | | |
| Nil units (March 31, 2020: 124,251.904 units) of Rs.100 each of Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan | | | - | 394.80 |
| Nil units (March 31, 2020: 173,207.142 units) of face value of Rs.100 each ICICI Prudential Liquid Fund - Growth | - | - | - | 506.63 |
| 206,087.986 units (March 31, 2020: Nil units) of face value of Rs.100 each ICICI Prudential Overnight Fund Direct Plan Growth | - | - | 128.20 | |
| 115,516.808 units (March 31, 2020: Nil units) of face value of Rs.100 each ICICI Prudential Overnight Fund Direct Plan Growth | - | - | - | 512.95 |
| 3,561.616 units (March 31, 2020: Nil units) of face value of Rs.1000 each UTI Overnight Fund-Direct Growth Plan | - | - | 100.35 | - |
| **Total** | **-** | **-** | **228.55** | **6,378.49** |

**7(b) Other Financial Assets**

| | Non Current | | Current | |
|---|---|---|---|---|
| Security deposits | | | | |
| Unsecured,considered good, to related parties | 37.33 | 48.30 | - | 7.23 |
| Unsecured,considered good, to others | 78.99 | 62.74 | - | - |
| Margin money deposits held with bank | 4.50 | | | |
| Interest accrued on fixed deposits | - | - | 8.53 | 11.40 |
| Interest accrued on loan | - | - | 20.27 | - |
| Interest accured on Commercial Paper | - | - | - | 25.12 |
| Other deposits | 0.71 | 0.71 | - | - |
| Unbilled revenue | - | - | 2,275.93 | 902.99 |
| Other receivables | - | - | 9.44 | - |
| **Total** | **121.53** | **111.75** | **2,314.19** | **946.74** |

**8. Deferred tax Assets (net)**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Deferred tax assets (DTA) relating to** | | |
| Impact of WDV of Property, plant and equipment & Intangible assets | 0.45 | 0.35 |
| | **0.45** | **0.35** |

| **Movement in deferred tax asset** | **On account of PPE** | **Total** |
|---|---|---|
| **Balance as at April 01, 2020** | **0.35** | **0.35** |
| **(Charge)/ credit:** | | |
| - to profit or loss | 0.10 | 0.10 |
| - to other comprehensive income | - | - |
| Balance as at March 31, 2021 | **0.45** | **0.45** |
| **Total deferred tax liability (A)** | | |

**9. Tax Assets:**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Advance income-tax (net of provision) | 3,512.02 | 3,296.14 | 1.00 | 170.64 |
| | **3,512.02** | **3,296.14** | **1.00** | **170.64** |

**10. Other Assets:**

| | Non Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Unsecured, considered good** | | | | |
| Capital advances | 1,273.01 | 285.48 | - | - |
| Advances recoverable in cash or kind | 272.55 | 272.55 | 539.05 | 191.38 |
| **Total (A)** | **1,545.56** | **558.03** | **539.05** | **191.38** |
| **Other loans and advances** | | | | |
| Prepaid expenses | 9.82 | 13.83 | 248.48 | 204.75 |
| Advance Concession fee | 2,596.42 | - | - | - |
| Balances with statutory/ government authorities | 112.47 | 112.47 | 267.34 | 211.02 |
| **Total (B)** | **2,718.71** | **126.30** | **515.83** | **415.77** |
| **Total (A+B)** | **4,264.27** | **684.33** | **1,054.88** | **607.15** |

**11. Inventories**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Stores and spares (valued at lower of cost or net realisable value)* | 6,484.29 | 4,325.30 |
| | **6,484.29** | **4,325.30** |

*includes material in transit of Rs.282.24 lakhs (March 31,2020 Rs. 3.58 lakhs)

**12. Trade Receivables**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Unsecured, considered good** | | |
| - Considered good- Secured | - | - |
| - Considered good-Un Secured | 6,427.68 | 5,382.07 |
| - Have significant increase in Credit Risk | 8.93 | - |
| - Credit impaired | 68.48 | 71.13 |
| Less: Provisions for Trade receivables - credit impaired | (77.41) | (71.13) |
| **Total** | **6,427.68** | **5,382.07** |

**13(a) Cash and cash equivalents**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Cash on hand | 0.88 | 1.82 |
| Cheques on hand | 0.00 | - |
| Balance with banks | | |
| - on current accounts | 295.15 | 425.97 |
| - exchange earner's foreign currency account | 317.19 | 732.60 |
| - on escrow accounts | 1.01 | 2.00 |
| - Deposits with maturity for less than or equal to 3 months | - | 200.00 |
| **Total** | **614.23** | **1,362.39** |

**13(b) Bank balance other than cash and cash equivalent**

| | | |
|---|---|---|
| Fixed deposits held as Margin money | 5.73 | 5.33 |
| Deposits with maturity for more than three months but less than 12 months | | |
| - With Others | 195.00 | 498.00 |
| | **200.73** | **503.33** |

**14. Financial Assets - Loans**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Inter corporate deposit and loans | | |
| - Considered good- Secured | - | - |
| - Considered good-Un Secured | 2,000.00 | - |
| - Have significant increase in Credit Risk | - | - |
| - Credit impaired | - | - |
| **Total** | **2,000.00** | - |

*The company has given loan to GMR Goa International Aitport Limited amounting to Rs. 20 Crores with an interest rate of 10% p.a. repayable within 60 days from the date of disbursement.

**15. Equity Share Capital**

| | Equity Shares | |
|---|---|---|
| | **In numbers** | **Amount** |
| **Authorised share capital:** | | |
| **At April 01, 2019** | **357,568,450** | **37,600** |
| Increase during the year | 324,000,000 | 32,400 |
| **At March 31, 2020** | **681,568,450** | **70,000** |
| Increase during the year | - | - |
| **As at March 31, 2021** | **681,568,450** | **70,000.00** |

| **Issued, subscribed and fully paid share capital** | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| 455,812,200 (March 31, 2020: 455,812,200) fully paid equity shares of Rs. 10 each | 45,581.22 | 45,581.22 |
| 18,000 (March 31, 2020: 18,000) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up (Refer Note 1.1) | 1,800.00 | 1,800.00 |
| 18,735 (March 31, 2020: 18,735) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up (Refer Note 1.1) | 1.87 | 1.87 |
| | **47,383.09** | **47,383.09** |

**a. Reconciliaton of number of shares and amount outstanding at end of the year**

| **Equity Shares** | **In numbers** | **Amount** |
|---|---|---|
| **As at April 01, 2019** | **338,400,000** | **33,840.00** |
| Issues of the shares during the year (Refer Note below) | 117,412,200 | 11,741.22 |
| **As at March 31, 2020** | **455,812,200** | **45,581.22** |
| Issues of the shares during the year | - | - |
| **As at March 31, 2021** | **455,812,200** | **45,581.22** |

**Preference shares - Series A**

| **CCCPS of Rs.10,000/- each fully paid up** | **In numbers** | **Amount** |
|---|---|---|
| **As at April 01, 2019** | - | - |
| Issues of the shares during the year (Refer Note below) | 18,000 | 1,800.00 |
| **As at March 31, 2020** | **18,000** | **1,800.00** |
| Issues of the shares during the year | - | - |
| **As at March 31, 2021** | **18,000** | **1,800.00** |

**Preference shares - Series B**

| **CCCPS of Rs.10/- each fully paid up** | **In numbers** | **Amount** |
|---|---|---|
| **As at April 01, 2019** | - | - |
| Issues of the shares during the year (Refer Note below) | 18,735 | 1.87 |
| **As at March 31, 2020** | **18,735** | **1.87** |
| Issues of the shares during the year | - | - |
| **As at March 31, 2021** | **18,735** | **1.87** |

Note: Includes effect of common control transaction (refer Note 1.1), adjustments have been made in respect of consideration other in cash aggregating Rs. 10,993.09 lakhs to be discharged by issue of Equity shares of Rs. 9,191.22 lakhs and Compulsorily Convertible Cumulative Preference Shares (Series A & B) of Rs 1,801.87 lakhs.

(All amounts in ₹ lakhs except otherwise stated)

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. In 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.

**c. Terms/ rights attached to CCCPS**

The Company has issued 18,000 fully paid up CCCPS (Series A) of Rs. 10,000/- each fully paid up and 18,735 fully paid up CCCPS (Series B) of Rs. 10/- each.

CCCPS (Series A) and CCCPS (Series B) carry cumulative dividend @ 11.97% and the Company declares the dividend in Indian Rupees. CCCPS (Series A) and CCCPS (Series B) shall be compulsorily converted into equity shares of Rs.10/- each at the rate of one equity share for each CCCPS (Series A) and CCCPS (Series B) share, as the case may be, after the expiry of the concession year.

Other than the right to receive the dividends and preference rights on voluntary winding up, the CCCPS (Series A) and CCCPS (Series B) shall not have any rights including but not limited to the voting rights. These preference shares shall rank pari-passu for the all the rights other than the par value of each share and the dividends thereon.

**c. Shares held by holding company**

Out of the equity shares issued by the company, shares held by its holding company are as below:

| Name of shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No of shares held | Amount | No of shares held | Amount |
| GMR Hyderabad International Airport Limited and its nominees | | | | |
| 45,58,12,200 fully paid equity shares of Rs. 10 each | 455,812,200 | 45,581.22 | 455,812,200 | 45,581.22 |
| 18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up | 18,000 | 1,800.00 | 18,000 | 1,800.00 |
| 18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up | 18,735 | 1.87 | 18,735 | 1.87 |

**d.Details of shareholders holding more than 5% shares in the company**

| Name of shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | No of shares held | % Holding in Class | No of shares held | % Holding in Class |
| **45,58,12,200 fully paid equity shares of Rs. 10 each** | | | | |
| GMR Hyderabad International Airport Limited and its nominees | 455,812,200 | 100% | 455,812,200 | 100% |
| **18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up** | | | | |
| GMR Hyderabad International Airport Limited and its nominees | 18,000 | 100% | 18,000 | 100% |
| **18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up** | | | | |
| GMR Hyderabad International Airport Limited and its nominees | 18,735 | 100% | 18,735 | 100% |

As per records of the Company including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

| 16. Other equity | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(i) Equity component of related party loan** | | |
| **As at April 01, 2020 / As at April 01, 2019** | 51.17 | 51.17 |
| Less: Adjustment duing the year/year | - | - |
| Closing Balance | **51.17** | **51.17** |

| (ii) Retained earnings | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Opening Balance | (46,667.94) | (48,143.08) |
| Add: (Loss)/Profit for the year | 536.21 | 1,642.71 |
| Remeasurement (losses) on the defined benefit plans | 17.46 | (37.55) |
| Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1) | - | (107.73) |
| Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1) | - | (0.11) |
| Dividend distribution tax on CCCPS dividend | - | (22.17) |
| Closing Balance | **(46,114.26)** | **(46,667.94)** |
| **(iii) Amalgamation Adjustment Deficit Account** | | |
| Opening balance | (1,089.16) | (1,089.16) |
| Add: Adjustment duing the year/year | - | - |
| Closing balance | **(1,089.16)** | **(1,089.16)** |
| **Total** | **(47,152.25)** | **(47,705.93)** |

**17. Borrowings**

| | Long Term | | Short Term | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Debentures** | | | | |
| **Secured** | | | | |
| Redeemable Non Convertible Debentures | 9,984.91 | 9,974.20 | - | - |
| **Unsecured** | | | | |
| Redeemable Non Convertible Debentures | 17,459.85 | 17,454.86 | - | - |
| **Others** | | | | |
| Overdraft facility from bank | - | - | 2,907.38 | - |
| | **27,444.76** | **27,429.06** | **2,907.38** | **-** |

Notes:(i) During the year ended March 31, 2018 the Company has issued 1,000 Senior, Rated, Listed, Secured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.
The Debentures are secured by:
(a) First pari-passu charge by way of equitable mortgage of leasehold rights of the land to the extent of 16.46 acres on which MRO facilities are constructed along with the buildings, structures, etc. on the land.
(b) First ranking pari-passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.
(c) First ranking pari-passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future of the Company.
(d) First ranking pari-passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.
(e) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.
(f) As per the Debenture Trust Deed dated October 04, 2017, Debenture Trustee (acting on the instruction of Majority Resolution) may permit the Company to create a charge on the Security in favour of lenders advancing Loan Equivalent Risk Facility("LER Facility") to the Company. The Security Interest created over the Security for securing the LER Facility shall be second charge and shall rank subservient to the charge of the Debenture Holders.

(ii) During the previous year ended March 31, 2018 the Company issued 1750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of ` 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.
The Debentures are secured by:
(a) First ranking pari passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.
(b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, of Issuer, present and future of the Company.
(c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.
(d) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.
(e) The Charge Created against Debt as per the Debenture Trust Deed dated October 04, 2017 in all respects, rank pari-passu inter se amongst the Debenture Holders and the Working capital lenders, without any preference or priority to one over the other or others. The Working Capital Facility to be availed, shall be in the form and substance, satisfactory to the debenture holders, shall not exceed an amount of ` 3,500 lakhs (Rupees Three Thousand Five Hundred Lakhs Only)

(iii)The Company has availed the overdraft facility upto 3000 Lakhs from ICICI Bank is repayable on demand and carries interest of MCLR-6M is 8.20% plus spread 1.4%, as per the terms of sanction letter.

**18. Lease Liabilities**

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Lease liabilities (Refer Note 34) | 2,322.32 | 3,002.85 | 664.46 | 1,323.26 |
| | **2,322.32** | **3,002.85** | **664.46** | **1,323.26** |

**19. Provisions**

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| **Provision for employee benefits** | | | | |
| Provision for gratuity | 14.71 | 80.05 | - | - |
| Leave Encashment | - | - | 404.49 | 386.25 |
| **Other provisions** | | | | |
| Provision for replacement obligations | 662.00 | - | 405.50 | - |
| **Total** | **676.70** | **80.05** | **809.99** | **386.25** |

**20. Trade payables**

| | Current | |
|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 |
| Trade Payables | | |
| (i) Total Oustanding dues of micro enterprises and small enterprises | 50.36 | 12.60 |
| (ii) Total Oustanding dues of creditors other than micro enterprises and small enterprises | 9388.17 | 9,468.59 |
| | **9,438.53** | **9,481.19** |

(All amounts in ₹ lakhs except otherwise stated)

**21. Other financial liabilities**

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Payables for purchase of fixed assets | - | - | 303.93 | 78.13 |
| Deposit from customers | - | - | 79.27 | 71.88 |
| Retention money | - | - | 8.88 | 17.05 |
| Interest Accrued but not due on borrowings | - | - | 6.44 | 6.44 |
| Security deposit received | - | - | 2.00 | - |
| Other liabilities | 4,230.01 | - | - | - |
| | **4,230.01** | **-** | **400.52** | **173.50** |

**22. Other current liabilities**

| | Current | |
|---|---|---|
| | As at March 31, 2021 | As at March 31, 2020 |
| Advances from customers | 1,383.50 | 213.28 |
| Others | | |
| Stautory Liabilities | 551.46 | 606.15 |
| Unearned revenue | 1,352.39 | 951.99 |
| | **3,287.35** | **1,771.42** |

(All amounts in ₹ lakhs except otherwise stated)

| 23. Revenue from operations | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Income from MRO operations** | | |
| Revenue from MRO Services | 24,361.87 | 20,346.02 |
| **Income from cargo operations** | | |
| Cargo operations | 7,597.37 | 8,748.14 |
| Improvements to concession asset | 258.22 | 371.78 |
| **Income from MRO Consultancy & Training services** | | |
| Revenue from training services | 16.66 | 98.15 |
| **Other operating revenue** | | |
| Document handling charges | 59.56 | 100.08 |
| Container handling charges | 123.48 | 74.51 |
| Rent | 136.01 | 145.05 |
| Parking income | 28.68 | 37.07 |
| | **32,581.85** | **29,920.80** |

| 24. Other income | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest Income | 368.02 | 602.70 |
| Finance income on financial assets held at amortised cost | 13.89 | 7.09 |
| Fair value gain on financial instruments at fair value through profit or loss | 1.74 | 24.38 |
| Profit on sale of Mutual Funds | 29.12 | 69.32 |
| Duty credit Scrips | 161.87 | - |
| Gain on account of foreign exchange fluctuation (net) | - | 350.97 |
| Other non operating income | 65.31 | 40.94 |
| Miscellaneous income | 128.18 | 186.83 |
| | **768.13** | **1,282.23** |

| 25. Cost of stores and spare consumed | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Inventory at the beginning of the year | 4,325.30 | 3,368.33 |
| Add: Purchases | 11,069.87 | 7,037.81 |
| Less: Inventory written off | (34.65) | (26.25) |
| Less: Inventory at the end of the year | (6,484.29) | (4,325.30) |
| | **8,876.23** | **6,054.59** |

(All amounts in ₹ lakhs except otherwise stated)

| 26. Employee benefit expenses | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Salaries, wages and bonus | 7,687.22 | 7,152.32 |
| Contribution to provident and other funds | 396.44 | 383.93 |
| Gratuity expenses | 117.81 | 28.72 |
| Staff welfare expenses | 481.02 | 522.26 |
| **Total** | **8,682.49** | **8,087.23** |

| 27. Finance costs | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Interest on | | |
| Cash Credit facility and overdraft facility from bank | 133.77 | 116.72 |
| Redeemable Non Convertible Debentures | 2,366.95 | 2,367.00 |
| Lease Liability | 647.99 | 698.54 |
| Interest others | - | 0.11 |
| Bank and finance charges | 56.22 | 49.15 |
| | **3,204.93** | **3,231.52** |

| 28. Depreciation and amortisation expenses | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Depreciation of property, plant and equipment (Refer note 3) | 1,653.23 | 1,494.40 |
| Amortisation of intangible assets (Refer note 4) | 723.57 | 515.89 |
| Depreciation on Right-of-use Assets (Refer note 5) | 321.88 | 752.82 |
| | **2,698.68** | **2,763.11** |

| **29. Other expenses** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| Rates and taxes | 272.70 | 594.53 |
| Concession fee | 1,434.29 | 1,773.74 |
| Technical fee | 661.58 | 581.21 |
| Provision for planned maintenance under SCA | 1,184.95 | - |
| Cargo handling charges | 399.57 | 477.34 |
| Lease expenses | 61.26 | 123.18 |
| Concessionaire rent | 25.84 | 33.04 |
| Electricity and water charges (net of recoveries) | 539.35 | 589.01 |
| Equipment hire charges | 228.16 | 81.36 |
| Insurance | 475.71 | 342.99 |
| Repairs and Maintenance | | |
| - Plant and machinery | 178.29 | 213.09 |
| - Buildings | 78.37 | 59.57 |
| - IT Systems | 65.36 | 86.86 |
| - Others | 546.76 | 604.33 |
| Sub-contracting expenses | 336.17 | 153.82 |
| Advertising and sales promotion | - | 83.46 |
| Travelling and conveyance | 375.08 | 482.80 |
| Communication expenses | 51.38 | 57.52 |
| Printing and stationery | 54.38 | 42.83 |
| Security expenses | 138.17 | 167.61 |
| House Keeping Charges | 71.80 | 59.92 |
| Business development expenses | 214.90 | 209.58 |
| Membership and Subscriptions | 51.63 | 17.33 |
| Corporate social responsibility expense | 14.41 | - |
| Legal and professional fees | 1,093.88 | 1,004.82 |
| Board meeting expenses | 2.60 | 3.39 |
| Payment to auditors * | 35.07 | 48.47 |
| Loss on account of forex fluctuation (net) | 159.53 | - |
| Provision for doubtful receivable | 8.94 | 42.57 |
| Property, plant and equipment written off | 0.16 | 105.42 |
| Charity and Donations (Refer Note below) | 125.00 | 770.00 |
| Inventory written off | 34.65 | 26.25 |
| Bad debts written off | 20.71 | 27.55 |
| Miscellaneous expenses | 158.82 | 141.04 |
| | **9,099.46** | **9,004.63** |

*net of reimbursements

Note: The Company has made a Donation to Prudent Electoral Trust for political purpose amounting to Rs. Nil (March 31, 2020 - Rs. 700 Lakhs).

| **Payment to auditors** | **For the year ended March 31, 2021** | **For the year ended March 31, 2020** |
|---|---|---|
| **As auditor:** | | |
| Statutory audit fee | 12.99 | 21.56 |
| Tax Audit fee | 4.30 | |
| **In other capacity:** | | |
| Limited Review/Certifications | 16.88 | 24.00 |
| Reimbursement of expenses | 0.90 | 2.91 |
| | **35.07** | **48.47** |

(All amounts in ₹ lakhs except otherwise stated)

## 30. Tax expenses

### (a) Income tax expense:

The major components of income tax expenses For the year ended March 31, 2021 and year ended March 31, 2020 are:

**(i) Profit or loss**

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Current tax | - | 1.92 |
| Deferred tax | (6.24) | 45.54 |
| **Total income tax expense recognised in statement of Profit & Loss** | **(6.24)** | **47.46** |

**(ii) OCI**

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Income tax effect on remeasurement of defined benefit plans | 6.14 | (13.19) |
| Income tax charge / (credit) to OCI | **6.14** | **(13.19)** |