

GMR AIRPORTS (MAURITIUS) LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

CONTENTS	PAGES
COMPANY INFORMATION	2
COMMENTARY OF THE DIRECTORS	3
SECRETARY'S CERTIFICATE	4
INDEPENDENT AUDITOR'S REPORT	5 - 7
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF CHANGES IN EQUITY	10
STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12 – 25

GMR AIRPORTS (MAURITIUS) LTD
COMPANY FORMATION

		Date of appointment	Date of resignation
DIRECTORS	:		
	Devananda Naraidoo	18 January 2013	-
	Nousrath Begum Bhugeloo	20 March 2013	-
	Veena Pydiah		
	<i>(Alternate to Nousrath Begum Bhugeloo)</i>	16 April 2013	10 May 2019
	Veerabhadra Lakshminarayana		
	Tummalapalli Srinivasa Subramanya	30 September 2016	-
	Rishikesh Batoosam		
	<i>(Alternate to Nousrath Begum Bhugeloo)</i>	06 December 2016	-
	Rishikesh Batoosam		
	<i>(Alternate to Devananda Naraidoo)</i>	06 December 2016	-
	Prakash Kumar Diwan		
	<i>(Alternate to Veerabhadra Lakshminarayana Tummalapalli Srinivasa Subramanya)</i>	08 May 2017	-
ADMINISTRATOR AND SECRETARY	:		
	Ocorian Corporate services (Mauritius) Limited 6th Floor, Tower A 1 CyberCity Ebène Republic of Mauritius		
REGISTERED OFFICE	:		
	6th Floor, Tower A 1 CyberCity Ebène Republic of Mauritius		
AUDITORS	:		
	RSM (Mauritius) 109, Moka Business Centre Mount Ory Road, Bon Air Moka Republic of Mauritius		
BANKERS	:		
	AfrAsia Bank Limited Bowen Square 10, Dr Ferrière Street Port Louis Republic of Mauritius		

**GMR AIRPORTS (MAURITIUS) LTD
COMMENTARY OF THE DIRECTORS**

The directors are pleased to present their commentary together with the audited financial statements of GMR Airports (Mauritius) Ltd ("the Company") for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of investment holding.

RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 December 2019 is **USD 51,890** (Period ended 31 December 2018: USD 47,310)

The directors do not recommend the payment of dividends for the period under review (Period ended 31 December 2018: USD Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

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

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

AUDITORS

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

By Order of the Board

SACHIDANANDA GOVINDA

FOR

OCORIAN CORPORATE

SERVICES (MAURITIUS) LIMITED

18 March 2020

**SECRETARY'S CERTIFICATE
TO THE MEMBERS OF GMR AIRPORTS (MAURITIUS) LTD**

Under section 166 (d) of the Companies Act 2001

We confirm, as Secretary of GMR Airports (Mauritius) Ltd, that based on records and information made available to us by the directors and sole shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 December 2019, all such returns as are required of the Company under the Mauritius Companies Act 2001.

SACHIDANANDA GOVINDA
FOR
OCORIAN CORPORATE
SERVICES (MAURITIUS) LIMITED

Ocorian Corporate Services (Mauritius) Limited
Corporate Secretary

Date: 18 March 2020

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

5

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

Opinion

We have audited the financial statements of GMR Airport (Mauritius) Ltd set out on pages 8 to 25, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of GMR Airport (Mauritius) Ltd as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Mauritius Companies Act 2001.

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 12 to the financial statements which describe the uncertainty of the impact of the recent outbreak of COVID-19 on the Company.

Other Information

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

Other Information (Continued)

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

7

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

RSM

**RSM
Chartered Accountants
Moka, Mauritius**

A handwritten signature in black ink, appearing to read 'Prashant Calcutteea'.

**Prashant Calcutteea, FCA
Licensed by FRC**

Date: *31 March 2020*

GMR AIRPORTS (MAURITIUS) LTD
STATEMENT OF LOSS OR PROFIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 USD	Period from 01 April 2018 to 31 December 2018 USD
	Notes		
EXPENSES			
Secretarial and administration fees		7,830	9,110
Accountancy fees		3,196	662
Directors' fees		2,400	3,800
Audit fees		2,560	2,530
Bank charges		446	134
Licence and registration fees		2,250	1,574
Tax fees		804	-
Impairment of financial assets		-	29,500
Amount waived	10 (c)	32,280	-
Investment written off	7	124	-
		<u>51,890</u>	<u>47,310</u>
LOSS BEFORE INCOME TAX		(51,890)	(47,310)
Income tax expense	5	-	-
LOSS FOR THE YEAR/ PERIOD		(51,890)	(47,310)
OTHER COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/ PERIOD		(51,890)	(47,310)
		<u>=====</u>	<u>=====</u>

The notes on pages 12 to 25 form an integral part of these financial statements.

Auditor's report on page 5 to 7


GMR AIRPORTS (MAURITIUS) LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 USD	2018 USD
ASSETS			
Non-current assets			
Financial assets at fair value through other comprehensive income	7	-	-
Current assets			
Financial assets at amortised cost	6	405,000	460,000
Prepayments		1,625	1,176
Cash and cash equivalents	8	11,933	10,322
Total current assets		418,558	471,498
TOTAL ASSETS		418,558	471,498
EQUITY AND LIABILITIES			
Stated capital	9	150,001	150,001
Retained earnings		262,507	314,397
		412,508	464,398
Current liabilities			
Accruals		6,050	7,100
Total current liabilities		6,050	7,100
TOTAL EQUITY AND LIABILITIES		418,558	471,498

Authorised by the Board on 18 March 2020
and signed on its behalf by



Director



Director

The notes on pages 12 to 25 form an integral part of these financial statements.

Auditor's report on page 5 to 7.

GMR AIRPORTS (MAURITIUS) LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Stated capital USD	Retained earnings USD	Total USD
Restated as at 01 April 2018	150,001	361,707	511,708
Comprehensive loss for the period	-	(47,310)	(47,310)
	-----	-----	-----
At 31 December 2018	150,001	314,397	464,398
Comprehensive loss for the year	-	(51,890)	(51,890)
	-----	-----	-----
At 31 December 2019	150,001	262,507	412,508
	=====	=====	=====

The notes on pages 12 to 25 form an integral part of these financial statements

Auditor's report on page 5 to 7.

GMR AIRPORTS (MAURITIUS) LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 USD	Period from 01 April 2018 to 31 December 2018 USD
	Notes		
<i>Cash flows from operating activities</i>			
Loss before income tax		(51,890)	(47,310)
<i>Adjustments for non-cash items:</i>			
Amount waived	10 (c)	32,280	-
Impairment of financial asset		-	29,500
		(19,610)	(17,810)
Operating loss before working capital changes			
<i>Changes in working capital:</i>			
(Increase)/ decrease in prepayments		(449)	898
Decrease in other payables		(1,050)	(12,617)
		(21,109)	(29,529)
Net cash flow used in operating activities			
<i>Cash flows from investing activities</i>			
Advance made to related company		(437,280)	(523,500)
Receipt from related party		460,000	40,000
		22,720	(483,500)
Net cash flow generated from/ (used in) investing activities			
Net increase/ (decrease) in cash and cash equivalents		1,611	(513,029)
Cash and cash equivalents at beginning of year/ period		10,322	523,351
Cash and cash equivalents at end of year/ period		11,933	10,322
		=====	=====
Represented by:			
Cash and cash equivalents		11,933	10,322
		=====	=====

The notes on pages 12 to 25 form an integral part of these financial statements.

Auditor's report on page 5 to 7.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

GMR Airports (Mauritius) Ltd is a private company limited by shares, incorporated in Mauritius on 18 January 2013 and domiciled in the Republic of Mauritius, holds a Category 1 Global Business Licence under the Financial Services Act 2007 and is regulated by the Financial Services Commission. The Company's registered office is 6th Floor, Tower A, 1 CyberCity, Ebene, Republic of Mauritius.

The principal activity of the Company is that of investment holding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with Companies Act 2001. The financial statements have been prepared under the historical cost basis.

The preparation of financial statements in conformity with IFRS, as modified by Companies Act 2001, requires the use of certain critical accounting estimates. It also requires the directors to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are described in Note 3.

Changes in accounting policies and disclosures

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

There has been amendments and interpretations that have become effective for the current year. The Company has adopted the following new interpretation during the year:

IFRIC 23 Uncertainty over Income Tax Treatment

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities. Specifically, IFRIC 23 provides clarity on how to incorporate this uncertainty into the measurement of tax as reported in the financial statements.

IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements about:

judgements made;
 assumptions and other estimates used; and
 the potential impact of uncertainties that are not reflected.

(ii) New and amended standards and interpretations in issue but not adopted by the Company

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

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies and disclosures (continued)

(ii) New and amended standards and interpretations in issue but not adopted by the Company (continued)

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

(a) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(b) Current and deferred income tax

The tax expense for the year comprises of current tax. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(c) 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

(a) Classification and initial measurement

The Company classifies its financial assets in the following measurement categories, as set out in IFRS 9:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

At initial recognition, an entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

b) Subsequent measurement

(i) Equity instruments

- Financial assets designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial assets (continued)

(b) Subsequent measurement (continued)

(ii) Debt instruments

There is only one measurement category into which the Company classifies its debt instruments which includes financial assets at amortised cost:

- Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

The Company's financial assets at amortised cost includes amount due from related party and cash and cash equivalents which are subsequently measured as follows:

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Amount due from related party

Amount due from related party are the contractual amounts for the settlement of other obligations due to the Company.

Amount due from related party are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment

The Company assesses on a forward-looking basis the expected credit loss ("ECL") associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company has only one type of financial asset that is subject to the expected credit loss model which include financial assets carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial assets (continued)

(b) Subsequent measurement (continued)

(ii) Debt instruments (continued)

Impairment (continued)

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For further details on impairment of financial assets, see note 4 (b).

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- 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

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial assets (continued)

(c) Derecognition (continued)

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 Group continues to recognise the transferred asset to the extent of its 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 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.

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost.

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 is made up of accruals only at the reporting date.

(b) Subsequent measurement

Accruals

Accruals are obligations to pay for services that have been acquired in the ordinary course of business from service providers. Accruals are classified as current liabilities as payment is due within one year.

Accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(c) Derecognition of financial liabilities

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

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

Financial liabilities (continued)

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

The carrying amount of assets is assessed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the Company estimates the recoverable amount of the asset being the higher of the asset's value in use and its fair value less costs to sell, in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for any excess of the asset's carrying amount over its recoverable amount and is taken directly to profit or loss.

(d) Stated capital

Ordinary shares are classified as equity.

(e) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

(f) Revenue recognition

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

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

Interest income is recognised using the effective interest method.

Dividend and interest income are shown gross of withholding taxes.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

Going concern

In light of the COVID19, management has made an assessment in respect of the entity's going concern and concluded that there is no issue for which the Company will no longer be going concern.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

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

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

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

(a) Market risk

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

(i) Currency risk

Foreign exchange risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rate. The Company has no significant exposure to foreign exchange risk.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company has no exposure to interest-rate risk as it has no interest-bearing financial assets and liabilities.

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors (continued)

(b) Credit risk (continued)

The Company has only one type of financial asset that is subject to the expected credit loss model which includes financial asset carried at amortised cost. The directors are of the opinion that the amount receivable from related party is fully recoverable within one year and therefore no ECL has been recognised at the reporting date.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Financial assets at amortised cost

Financial assets at amortised cost include amount receivable from related parties.

	2019	2018
	USD	USD
Impairment losses on financial assets at amortised cost	-	29,500
	=====	=====

(c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

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

The table below summarises the maturity profile of the Company's financial liabilities at 31 December 2018 based on contractual undiscounted payments:

	Repayable within	Total
	1 year	
	USD	USD
2019		
<u>Financial liabilities</u>		
Accruals	6,050	6,050
	=====	=====
 2018		
<u>Financial liabilities</u>		
Accounts payable	7,100	7,100
	=====	=====

(d) Fair values

The Company's assets and liabilities include amount receivable from related party, cash and cash equivalents, and accruals which are realised or settled within a short-term period. The carrying amounts of these assets and liabilities approximate their fair values. Hence, no fair value hierarchy has been disclosed.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Fair values (continued)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position and categories of financial instruments are as follows:

Financial instruments by category

	Financial assets at amortised cost	Total
	USD	USD
31 December 2019		
Financial assets		
Amount receivable from related party	405,000	405,000
Cash and cash equivalents	11,933	11,933
Total	416,933	416,933
	=====	=====
	Loans and receivables	Total
	USD	USD
31 December 2018		
Financial assets		
Amount receivable from related party	460,000	460,000
Cash and cash equivalents	10,322	10,322
Total	470,322	470,322
	=====	=====
	Other financial liabilities at amortised cost	
	2019	2018
Financial liabilities	USD	USD
Accruals	6,050	7,100
	=====	=====

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. INCOME TAX EXPENSE

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15% (2018: 15%). The Company has received its Category 1 Global Business Licence ("GBL1") on or before 16th October 2017 and is grandfathered under the provisions of the Finance (Miscellaneous Provisions) Act 2018 ("FA 2018"). As from 1st July 2021, the Company's GBL1 licence will be automatically converted to a Global Business Licence ("GBL"). The Company will therefore operate under the current tax regime up to 30th June 2021.

Until 30th June 2021, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax.

The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all of its foreign sourced income.

The Company's GBL1 licence will convert to a GBL licence on 1st July 2021 and will operate under the new tax regime. Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

At 31 December 2019, the Company had tax losses of **USD 7,756,896** (2018: USD 7,737,410) and is therefore not liable to income tax.

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

Up to the year ending:

	USD
31 March 2020	4,100,606
31 March 2021	3,577,005
31 March 2023	41,989
31 December 2023	17,810
31 December 2024	19,486

	7,756,896
	=====

A reconciliation of the actual income tax expense based on accounting profit and the actual income tax expenses is as follows:

	2019 USD	2018 USD
Loss for the year/ period	(51,890)	(47,310)
	-----	-----
Tax at the rate of 15%	(7,784)	(7,097)
Disallowed expenses	4,860	4,425
Unutilised tax losses	2,924	2,672
	-----	-----
Actual tax charge	-	-
	=====	=====

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. INCOME TAX EXPENSE (CONTINUED)

Deferred taxation

A deferred income tax asset of **USD 232,707** (2018: USD 232,122) has not been recognised in respect of tax losses carried forward as the directors consider that it is not probable that future taxable profits will be available against which the unused tax losses can be utilised.

6. FINANCIAL ASSETS AT AMORTISED COST

Classification of financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

	2019 USD	2018 USD
Amount receivable from related company (Note 11 (a), (b))	405,000	460,000
	-----	-----
	405,000	460,000
	=====	=====

The amount receivable from related company is unsecured, interest free and repayable within one year.

Impairment and risk exposure

Note 4(b) sets out information about the impairment of financial assets and the Company's exposure to credit risk.

All of the financial assets at amortised cost are denominated in USD currency units. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise of:

Equity investments at fair value through other comprehensive income

	2019 USD	2018 USD
Acquired during the year/ period	124	-
Investment written off on winding up	(124)	-
	-----	-----
At end of the year/ period	-	-
	=====	=====

During the year, the Company has acquired quotas representing 4% of the stated capital of GMR Macau Duty Free & Retail Company Limited a newly incorporated company registered in the Republic of China. The investee has been wound up just before the reporting date.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

Given that the investment has been acquired during part of the year, the directors are of the opinion that no fair valuation report was to be produced as at year end.

8. CASH AND CASH EQUIVALENTS

	2019 USD	2018 USD
Cash at bank	11,933 =====	10,322 =====

9. STATED CAPITAL

	2019 Number of shares	2018 Number of shares	2019 USD	2018 USD
<i>Issued and fully paid up</i>				
At start and end of the year/ period	150,001 =====	150,001 =====	150,001 =====	150,001 =====

The par value of the shares is USD 1 each.

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

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

10. RELATED PARTY TRANSACTIONS

During the year under review, the Company had the following transactions with related entities. The nature, volume of transactions and the balances with the entity are as follows:

	2019 USD	2018 USD
<i>(a) Amount receivable from related Company – GMR Airports (Int) BV Limited</i>		
At start of the year/period	-	-
Amount advanced during the year/period	405,000 =====	- =====
At end of the year/period (Note 6)	405,000 =====	- =====

The terms and conditions of the amount receivable related company have been disclosed in Note 6.

	2019 USD	2018 USD
<i>(b) Amount receivable from related Company - GMR Infrastructure (Overseas) Limited</i>		
At start of year/period	460,000	-
Amount advanced during the year/period	-	500,000
Repayment during the year/period	(460,000) -----	(40,000) -----
At end of year/period	- =====	460,000 =====

The balance has been repaid in full during the year ended 31 December 2019.

GMR AIRPORTS (MAURITIUS) LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. RELATED PARTY TRANSACTIONS (CONTINUED)

	2019	2018
	USD	USD
<i>(c) Amount receivable from related Company - GADL (Mauritius) Limited</i>		
At start of year/period	-	6,000
Amount advanced during the year/period	32,280	23,500
Impairment	-	(29,500)
Amount waived	(32,280)	-
	-----	-----
At end of year/period	-	-
	=====	=====

The amount advanced during the year has been waived in full as at 31 December 2019.

	2018	2018
	USD	USD
<i>(d) Fees to management entity of the Company – Ocorian Corporate Services (Mauritius) Limited</i>		
Fees paid during the year/period	14,230	23,060
	=====	=====
Fees accrued at end of the year/period	3,120	4,570
	=====	=====

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

11. PARENT AND ULTIMATE PARENT

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

12. EVENTS AFTER REPORTING PERIOD

Subsequent to 31 December 2019, the recent global outbreak of the corona virus ("COVID-19") has caused significant volatility within the economic markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted. The effect of the impact of COVID-19 has not been reflected in these financial statements, whilst such impact may affect the future results of the Company.