



## INDEPENDENT AUDITOR'S REPORT

To The Members of GMR Kannur Duty Free Services Limited.

### Report on the Audit of Financial Statements

#### Opinion

1. We have audited the accompanying financial statements of M/s. **GMR Kannur Duty Free Services Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, 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 "financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements for the year ended March 31, 2023 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, 2023, and its profit (financial performance including other comprehensive income), its cash flows and the 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 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 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 Annual Report, but does not include the 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 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 identified above when it becomes available 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.

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.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements:**

5. The accompanying financial statements have been approved by the Company's Board of Directors. 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act and other accounting principles generally accepted in India. 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 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, the Board of 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 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 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 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.

**Report on Other Legal and Regulatory Requirements:**

13. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has not paid any remuneration to its directors during the year.

14. As required by the Companies (Auditor's Report) Order, 2020 ("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 extent 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 financial statements comply with the Indian 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, 2023 taken on record by the board of directors, none of the directors are disqualified as on March 31, 2023 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 does not have any pending litigations which would impact its financial position,
  - 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, 2023.
  - iv.
    - a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
    - b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our attention that causes us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

- v. The Company has not declared or paid any dividend during the year ended March 31, 2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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

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**Hitesh Kumar P**

Partner

Membership No. 233734

UDIN No: 23233734BGRCNI2914

Place: Bengaluru  
Date: May 18, 2023

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

The Appendix referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended March 31, 2023, we report that:

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets
  - (a)
    - 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 maintained proper records showing full particulars of intangible assets.
  - (b) The Company has the program of physical verification of PPE once in every three years and no material discrepancies identified on such verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company doesn't own any immovable properties, accordingly the provisions of clause 3(i)(c) of the order are not applicable to the Company.
  - (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii)
  - (a) 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.
  - (b) As per the information and explanations provided to us, the Company has not taken any working capital loan during the year and accordingly reporting under this clause is not applicable.
- (iii) The Company has not made investments or provided guarantees or security or granted unsecured loans or advances in the nature of loans during the year, and accordingly reporting under clause (iii) is not applicable.
- (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 Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (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, 2023 for a period of more than six months from the 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.
- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix)
  - (a) According to the information and explanations provided to us, the Company has not defaulted in repayment of dues to a financial institution and banks or any lender and accordingly reporting under this clause is not applicable.
  - (b) According to the information and explanations provided to us, the Company has not been declared wilful defaulter by any bank or financial institution or other lender;
  - (c) The Company does not have any loans and accordingly reporting under this clause is not applicable.
  - (d) On an overall examination of financial statements of the Company, no funds raised on short-term basis and accordingly reporting under this clause is not applicable.
  - (e) The Company does not have subsidiaries, joint ventures or associates and accordingly reporting on clause 3(ix)(e) of the Order is not applicable.
  - (f) The Company does not have subsidiaries, joint ventures or associates and accordingly reporting on clause 3(ix)(f) of the Order is not applicable.

(x)

- (a) During the year, the Company has raised moneys by way of rights issue to the existing shareholders amounting to Rs. 30.00 lakhs and it had utilized the funds for the purpose which those are raised.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

(xi)

- (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the period.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanations provided to us, during the year the company has not received any whistle blower complaints.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the books of account

- (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(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 as referred to in section 192 of companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi)

- (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) of the Order is not applicable.
- (b) In our opinion, the company is not conducting any Non-Banking Financial or Housing Finance activities. Hence, reporting under clause 3(xvi) (b) of the Order is not applicable.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by RBI. Accordingly, the provisions stated in paragraph 3(xvi)(c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has one CICs as part of the Group.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) According to the information and explanations provided to us, provisions of section 135 related to Corporate Social Responsibility (CSR) is not applicable. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

(xxi) The reporting under clause 3(xxi) is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

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**Hitesh Kumar P**

Partner

Membership No: 233734

UDIN No.: 23233734BGRCNI2914

Place: Bengaluru

Date: May 18, 2023

**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 Kannur Duty Free Services Limited** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

The Company's Board of Directors 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, 2023, 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

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**Hitesh Kumar P**

Partner

Membership No: 233734

UDIN No.: 23233734BGRCNI2914

Place: Bengaluru

Date: May 18, 2023

**GMR Kannur Duty Free Services Limited**  
**CIN: U74999KL2019PLC060429**  
**Balance Sheet as at March 31, 2023**  
**(All amounts in Indian Rupees lakhs, unless otherwise stated)**

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	281.29	193.20
Other Intangible assets	4	71.99	87.99
Capital work-in-progress	3	0.87	98.87
Financial Assets			
Other financial assets	5	0.50	0.50
Other non current assets	6	116.31	27.68
		<b>470.96</b>	<b>408.24</b>
<b>Current assets</b>			
Inventories	7	461.19	76.84
Financial Assets			
i) Cash and cash equivalents	8	143.23	120.89
ii) Other financial assets	5	8.17	4.28
Other current assets	9	4.80	2.97
		<b>617.39</b>	<b>204.98</b>
<b>Total Assets</b>		<b>1,088.35</b>	<b>613.22</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Equity Share capital	10	445.00	415.00
Other Equity	11	244.27	34.09
<b>Total Equity</b>		<b>689.27</b>	<b>449.09</b>
<b>Non-current liabilities</b>			
Deferred Tax Liability	17	6.32	4.94
		<b>6.32</b>	<b>4.94</b>
<b>Current liabilities</b>			
Financial Liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises; and		8.50	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	14	358.36	123.92
Other Financial Liabilities	15	7.88	16.03
Other current liabilities	16	9.13	9.60
Current Tax Liability (net)	12	4.94	3.65
Provisions	13	3.94	5.99
		<b>392.75</b>	<b>159.19</b>
		<b>399.07</b>	<b>164.13</b>
<b>Total Equity and Liabilities</b>		<b>1,088.35</b>	<b>613.22</b>
Significant accounting policies	2		

The accompanying notes are an integral part of Financial statements

In terms of our report attached

**For K.S. Rao & Co**

Firm Registration Number : 003109S

Chartered Accountants

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**Hitesh Kumar P**

Partner

Membership No : 233734

For and on behalf of the board of directors of

**GMR Kannur Duty Free Services Limited**

**RAJESH KUMAR ARORA**  
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**Rajesh Kumar Arora**

Director:

DIN- 03174536

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**Shyam Sundar Gopalakrishnan**

Director:

DIN- 06955526

Place: Bengaluru  
Date: May 18, 2023

Place: New Delhi  
Date: May 18, 2023

Place: New Delhi  
Date: May 18, 2023

**GMR Kannur Duty Free Services Limited**

CIN: U74999KL2019PLC060429

**Statement of Profit and Loss for the year ended March 31, 2023**

(All amounts in Indian Rupees lakhs, unless otherwise stated)

Particulars	Notes	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Income</b>			
Revenue from operations	18	1,753.37	839.33
Other income	19	-	0.23
<b>Total Income (i)</b>		<b>1,753.37</b>	<b>839.56</b>
<b>Expenses</b>			
Cost of goods sold	20	740.54	395.45
Employee benefits expense	21	133.05	91.37
Concession fee and license fee	22	286.12	99.66
Depreciation and amortization expense	23	78.65	59.91
Other expenses	24	228.39	131.15
<b>Total Expense (ii)</b>		<b>1,466.75</b>	<b>777.54</b>
<b>Profit before tax (i)-(ii)</b>		<b>286.62</b>	<b>62.02</b>
<b>Tax expenses</b>			
a) Current tax		74.84	8.55
c) Deferred tax		1.40	4.94
<b>Total Income tax expense</b>		<b>76.24</b>	<b>13.49</b>
<b>Profit/(Loss) for the year</b>		<b>210.38</b>	<b>48.53</b>
Other comprehensive income			
Items that will not be reclassified to profit or (loss)		(0.20)	-
<b>Other comprehensive income for the year</b>		<b>(0.20)</b>	<b>-</b>
<b>Total Comprehensive Income / (Loss)</b>		<b>210.18</b>	<b>48.53</b>
Earnings per equity share			
Basic and Diluted (In Rs.)	25	4.86	1.72
<b>Significant accounting policies</b>	2		

The accompanying notes are an integral part of Financial statements

In terms of our report attached

**For K.S. Rao & Co**

Firm Registration Number : 003109S

Chartered Accountants

**HITESH KUMAR P JAIN**  
 Digitally signed by  
 HITESH KUMAR P  
 JAIN  
 Date: 2023.05.18  
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**Hitesh Kumar P**

Partner

Membership No : 233734

**For and on behalf of the board of directors of****GMR Kannur Duty Free Services Limited**

**RAJESH KUMAR ARORA**  
 Digitally signed by RAJESH KUMAR ARORA  
 DN: cn=RAJESH KUMAR ARORA, o=GMR KANNUR DUTY FREE SERVICES LIMITED, ou=KANNUR, email=rajesh.kumar@gmrkannur.com, c=IN, postalCode=110017, st=CHHAROT  
 cn=RAJESH KUMAR ARORA, o=GMR KANNUR DUTY FREE SERVICES LIMITED, ou=KANNUR, email=rajesh.kumar@gmrkannur.com, c=IN, postalCode=110017, st=CHHAROT  
 Date: 2023.05.18 19:29:15 +05'30'

**Rajesh Kumar Arora**

Director

DIN- 03174536

**SHYAM SUNDAR GOPALAKRISHNAN**  
 Digitally signed by SHYAM SUNDAR GOPALAKRISHNAN  
 Date: 2023.05.18  
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**Shyam Sundar Gopalakrishnan**

Director

DIN- 06955526

Place: Bengaluru  
 Date: May 18, 2023

Place: New Delhi  
 Date: May 18, 2023

Place: New Delhi  
 Date: May 18, 2023

**GMR Kannur Duty Free Services Limited**

CIN: U74999KL2019PLC060429

**Statement of Cash Flows for the year ended March 31, 2023**

(All amounts in Indian Rupees lakhs, unless otherwise stated)

	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>Cash flow from operating activities</b>		
Profit before tax	286.62	62.02
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortization expenses	78.65	59.91
Unrealised foreign exchange Loss	64.26	28.10
<b>Operating profit before working capital changes</b>	<b>429.53</b>	<b>150.03</b>
<b>Movements in working capital :</b>		
(Decrease) / Increase in trade payables	178.65	(279.54)
(Decrease) / Increase in other current liabilities	(0.47)	6.40
(Decrease) / Increase in provisions	(2.24)	5.98
Decrease / (Increase) in other receivables	(2.30)	(1.90)
(Increase)/Decrease in inventories	(384.35)	21.31
Decrease in loans and advances	(92.04)	(23.97)
<b>Cash generated from operations</b>	<b>(302.75)</b>	<b>(271.70)</b>
Direct taxes paid (net of refunds)	(73.55)	(4.90)
<b>Net cash flow from operating activities (A)</b>	<b>53.23</b>	<b>(126.57)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work in progress	(60.89)	(152.84)
<b>Net cash flow used in investing activities (B)</b>	<b>(60.89)</b>	<b>(152.84)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	30.00	315.00
<b>Net cash flow used in financing activities (C)</b>	<b>30.00</b>	<b>315.00</b>
Net increase in cash and cash equivalents (A + B + C)	22.34	35.59
Cash and cash equivalents at the beginning of the year	120.89	85.30
<b>Cash and cash equivalents at the end of the year</b>	<b>143.23</b>	<b>120.89</b>
<b>Components of cash and cash equivalents at the end of the year</b>		
Cash on hand	10.99	12.32
With banks- on current account	17.46	13.55
- Exchange earner's foreign currency account	101.82	95.02
Cash in transit	12.96	-
<b>Total cash and cash equivalents</b>	<b>143.23</b>	<b>120.89</b>

The accompanying notes are an integral part of Financial statements

In terms of our report attached

**For K.S. Rao & Co**

Firm Registration Number : 003109S

Chartered Accountants

HITESH  
KUMAR P JAIN

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HITESH KUMAR P JAIN  
Date: 2023.05.18  
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**Hitesh Kumar P**

Partner

Membership No : 233734

For and on behalf of the Board of Directors of

**GMR Kannur Duty Free Services Limited**

RAJESH  
KUMAR  
ARORA

Digitally signed by RAJESH KUMAR ARORA  
DN: cn=RAJESH KUMAR ARORA, o=GMR KANNUR DUTY FREE SERVICES LIMITED, email=RAJESH.KUMAR.ARORA@GMRKANNUR.COM, c=IN, serial=1819, 2023.05.18 19:29:29 +05'30'

**Rajesh Arora**

Director

DIN : 03174536

SHYAM SUNDAR  
GOPALAKRISHNAN  
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Date: 2023.05.18 20:25:10  
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**Shyam Sundar Gopalakrishnan**

Director

DIN- 06955526

Place: Bengaluru  
Date: May 18, 2023

Place: New Delhi  
Date: May 18, 2023

Place: New Delhi  
Date: May 18, 2023

**Statement of Changes in Equity for the year ended March 31, 2023**

(All amounts in Indian Rupees lakhs, unless otherwise stated)

#### A. Equity Share Capital:

**Equity shares of Rs. 10 each issued, subscribed and fully paid**

**As at April 01, 2021**

Issue of shares during the year

As at March 31, 2022

Issue of shares during the period

**As at March 31, 2023**

No. of shares	Amount in lakhs
41,50,000	415.00
-	-
<b>41,50,000</b>	<b>415.00</b>
3,00,000	30.00
<b>44,50,000</b>	<b>445.00</b>

### B. Other Equity

Particulars	Retained Earnings	Total
<b>Balance as at April 01, 2021</b>	(14.44)	(14.44)
Profit for the Year	48.53	48.53
<b>As at March 31, 2022</b>	<b>34.09</b>	<b>34.09</b>
Profit for the Year	210.38	210.38
Remeasurement of the net defined benefit plans	(0.20)	(0.20)
<b>As at March 31, 2023</b>	<b>244.27</b>	<b>244.27</b>

## Summary of significant accounting policies

The accompanying notes are an integral part of Financial statements

2

In terms of our report attached

For K.S. Rao &amp; Co

Firm Registration Number: 003109S

Chartered Accountants

HITESH  
KUMAR P  
JAIN

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HITESH KUMAR P JAIN  
Date: 2023.05.18  
22:51:12 +05'30'

**Hitesh Kumar P**

Partner

Membership No : 233734

For and on behalf of the board of directors of

**GMR Kannur Duty Free Services Limited**[illegible]

**Rajesh Kumar Arora**

Director

DIN- 03174536

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GOPALAKRISHNA  
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SUNDAR GOPALAKRISHNAN  
Date: 2023.05.18 20:25:30  
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**Shyam Sundar Gopalakrishnan**

Director

DIN- 06955526

Place: Bengaluru

Date: May 18, 2023

Place: New Delhi

Date: May 18, 2023

Place: New Delhi

Date: May 18, 2023

**GMR Kannur Duty Free Services Limited**

**CIN: U74999KL2019PLC060429**

**Notes to the financial statements for the year ended March 31, 2023**

**All amounts are in Rs. Lakhs, unless otherwise stated**

**1. Corporate information**

GMR Kannur Duty Free Services Limited ("GKDFSL or the Company") was incorporated on November 20, 2019 as a wholly owned subsidiary of GMR Airports Limited. To establish and run duty free shops and customs free trade zone, either directly or through agencies to cater to the requirements of International passengers.

The Financial Statements for the year ended 31 March 2023 are approved by the company's Board of Directors in their meeting held on May 18, 2023

**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 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.

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

**Ind AS 1 - Presentation of Financial Statements** - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies and include corresponding amendments to IND AS 107 and IND AS 34. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.

**Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors** - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 12 - Income Taxes** - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. Also there is corresponding amendment to IND AS 101. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statement.

**(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) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### **c) Foreign currencies**

The Financial statements are presented in 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***

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. 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 recognized in the statement of profit and loss.

**GMR Kannur Duty Free Services Limited****CIN: U74999KL2019PLC060429****Notes to the financial statements for the year ended March 31, 2023****All amounts are in Rs. Lakhs, unless otherwise stated**

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) Sale of goods:**

Revenue from the sale of goods is recognised at the point in time when control is transferred to customers.

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

**Deferred tax**

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

**(f) Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit and loss as incurred

Capital Work in Progress are items of Property, Plant and Equipment which are not yet ready for their intended use and are carried at cost, comprising direct cost and related incidental expenses.

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

Particulars	Years
Buildings on leasehold land	30
Leasehold improvements	15
Roads	10
Plant and equipment	15
Electrical installations and equipment	10
Furniture and fittings	8-10
Office equipment	5
Computers and data processing units	3 – 6
Motor vehicles	8

**GMR Kannur Duty Free Services Limited**

**CIN: U74999KL2019PLC060429**

**Notes to the financial statements for the year ended March 31, 2023**

**All amounts are in Rs. Lakhs, unless otherwise stated**

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

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.

Leasehold improvements are amortized over shorter of estimated useful lives or lease period.

Individual assets costing less than Rs.5,000 are fully depreciated in the year of purchase.

**(g) Intangible assets**

Intangible assets are carried at cost, net of accumulated amortisation 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 recognised in Statement of Profit and Loss when the asset is derecognized.

**(h) Inventories**

Inventories are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis and includes other directly associated costs in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**(i) Retirement and other employee benefits**

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. The Company recognizes contribution payable to the provident fund scheme 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 period when the contributions to the respective funds are due. The Company has no obligation, other than the contribution payable to the respective funds.

The Company operates a defined benefit gratuity plan (partly funded) in India, which requires contribution to be made to a separately administrated fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

**GMR Kannur Duty Free Services Limited**

**CIN: U74999KL2019PLC060429**

**Notes to the financial statements for the year ended March 31, 2023**

**All amounts are in Rs. Lakhs, unless otherwise stated**

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave 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 as short-term employee benefit. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the entire 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.

**(j) Cash and cash equivalents**

Cash and cash equivalents 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.

**(k) Contingent liabilities**

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 assets are disclosed when the economic benefits are probable.

**(l) Earnings per share**

Basic Earnings per Share is calculated by dividing the net profit and loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating Diluted Earnings per Share, the net profit and loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Notes to the Financial Statements for the year ended March 31, 2023

(All amounts in Indian Rupees lakhs, unless otherwise stated)

**3 Property, plant and equipment**

	Leasehold improvements	Furniture and fixtures	Plant and machinery	Office equipment	Electrical installations	Computers and data processing units	Total Property, plant and equipment	Capital Work in progress
<b>Gross Block</b>								
At April 01, 2021	-	10.74	0.86	5.62	-	60.89	78.12	-
Additions	114.16	9.74	0.41	6.12	26.48	2.63	159.54	98.87
Disposals	-	-	-	-	-	-	-	-
At March 31, 2022	114.16	20.48	1.27	11.74	26.48	63.52	237.65	98.87
Additions	129.25	14.85	-	3.29	-	0.36	147.75	(98.00)
Disposals	-	-	-	-	-	-	-	-
At March 31, 2023	243.41	35.33	1.27	15.03	26.48	63.88	385.40	0.87
<b>Depreciation</b>								
At April 01, 2021	-	0.14	0.05	0.13	-	2.28	2.60	-
Charge for the year	13.00	2.32	0.11	2.35	3.02	21.06	41.86	-
Disposals	-	-	-	-	-	-	-	-
At March 31, 2022	13.00	2.46	0.16	2.48	3.02	23.34	44.46	-
Charge for the year	28.68	4.16	0.11	2.59	3.02	21.09	59.65	-
Disposals	-	-	-	-	-	-	-	-
At March 31, 2023	41.68	6.61	0.27	5.07	6.03	44.44	104.10	-
<b>Net block</b>								
At March 31, 2022	101.16	18.02	1.11	9.27	23.46	40.18	193.20	98.87
At March 31, 2023	201.72	28.71	1.00	9.96	20.45	19.44	281.29	0.87

**GMR Kannur Duty Free Services Limited****CIN: U74999KL2019PLC060429****Notes to the Financial Statements for the year ended March 31, 2023**

(All amounts in Indian Rupees lakhs, unless otherwise stated)

**4 Intangible Assets**

	Software	Total intangible assets
<b>Gross Block</b>		
At April 01, 2021	108.07	108.07
Additions	-	-
Disposals	-	-
At March 31, 2022	108.07	108.07
Additions	3.00	3.00
Disposals	-	-
At March 31, 2023	111.07	111.07
<b>Amortisation</b>		
At April 01, 2021	2.02	2.02
Charge for the year	18.05	18.05
Disposals	-	-
At March 31, 2022	20.08	20.08
Charge for the year	19.00	19.00
Disposals	-	-
At March 31, 2023	39.08	39.08
<b>Net block</b>		
At March 31, 2022	87.99	87.99
At March 31, 2023	71.99	71.99

**5 Other financial assets**

	As at March 31, 2023	As at March 31, 2022
<b>Non Current (unsecured, considered good unless stated otherwise)</b>		
Security deposit	0.50	0.50
	<b>0.50</b>	<b>0.50</b>
<b>Current (unsecured, considered good unless stated otherwise)</b>		
Other receivables	8.17	4.28
	<b>8.17</b>	<b>4.28</b>

**6 Other Non Current Assets**

	As at March 31, 2023	As at March 31, 2022
Input Tax Credit	114.90	27.68
Gratuity Asset	1.41	-
	<b>116.31</b>	<b>27.68</b>

**7 Inventories (valued at lower of cost and net realisable value)**

	As at March 31, 2023	As at March 31, 2022
Retail merchandise	460.52	76.84
Packing materials	0.67	-
<b>Total</b>	<b>461.19</b>	<b>76.84</b>

**8 Cash & cash equivalents**

	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
Balances with banks:		
- On current accounts	17.46	13.55
Cheques on hand		
- Exchange earner's foreign currency	101.82	95.02
Cash in transit	12.96	-
Cash on hand	10.99	12.32
<b>Total</b>	<b>143.23</b>	<b>120.89</b>

**9 Other Current Assets**

	As at March 31, 2023	As at March 31, 2022
<b>Current (unsecured, considered good unless otherwise stated)</b>		
Advances recoverable in cash or kind	2.38	1.19
Prepaid Expenses	2.42	1.78
<b>Total</b>	<b>4.80</b>	<b>2.97</b>

**10 Share capital**

	As at March 31, 2023	As at March 31, 2022
<b>Authorised share capital</b>		
50,00,000 equity shares of Rs. 10 each	500.00	100.00
Increase/(decrease) during the year	-	400.00
<b>Total</b>	<b>500.00</b>	<b>500.00</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
4,15,000 equity shares of Rs.10 each	415.00	100.00
Add: Issued during the year	30.00	315.00
<b>Total</b>	<b>445.00</b>	<b>415.00</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period****Equity Shares**

	As at March 31, 2023		As at March 31, 2022	
	Number	Rs.	Number	Rs.
At the beginning of the year	41,50,000	415.00	10,00,000	100.00
Additions:	3,00,000	30.00	31,50,000	315.00
Outstanding at the end of the year	44,50,000	445.00	41,50,000	415.00

**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. In the event of liquidation of the Company the holders of equity shares would 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) Shares held by holding company:**

	As at March 31, 2023	As at March 31, 2022
<b>GMR Airports Limited</b>		
44,50,000 equity shares of Rs.10 each (March 31, 2022: 41,50,000) (in numbers)	44,50,000	41,50,000

**(d) Details of shareholders holding more than 5% shares in the company**

	As at March 31, 2023		As at March 31, 2022	
	Nos	% holding in	Nos	% holding in
<b>Equity shares of Rs.10 each fully paid</b>				
GMR Airports Limited*	44,50,000	100%	41,50,000	100%

\*99.94% shares are held by GMR Airports Limited and balance are held by the Company only through nominees.

During the period, 3,00,000 equity shares of Rs.10 each were allotted on August 29, 2022 pursuant to letter of offer dated August 25, 2022 for issue of shares on rights basis.

<b>11 Other equity</b>	As at March 31, 2023	As at March 31, 2022
<b>Reserves &amp; Surplus</b>		
Balance as per last financial statements	34.09	(14.44)
Add: Net profit during the year	210.38	48.53
Other items of Comprehensive Income		
Re-measurement gains on defined benefit plans	(0.20)	-
<b>Total</b>	<b>244.27</b>	<b>34.09</b>
<b>12 Current Tax Liability (net)</b>	As at March 31, 2023	As at March 31, 2022
Provision for taxation [net of advance tax]	4.94	3.65
<b>Total</b>	<b>4.94</b>	<b>3.65</b>
<b>13 Provisions</b>	As at March 31, 2023	As at March 31, 2022
<b>Particulars</b>		
Provision for gratuity	-	2.22
Provision for leave benefits	3.94	3.77
<b>Total</b>	<b>3.94</b>	<b>5.98</b>
<b>14 Trade payables</b>	As at March 31, 2023	As at March 31, 2022
<b>Particulars</b>		
- Outstanding dues to creditors other than micro enterprises and small enterprises	358.36	123.92
- Outstanding dues to micro enterprises and small enterprises	8.50	-
	<b>366.86</b>	<b>123.92</b>

**15 Other Financial Liabilities - Current**

Particulars	As at March 31, 2023	As at March 31, 2022
Capital Creditors	3.40	12.58
Retention money	4.48	3.45
	<b>7.88</b>	<b>12.58</b>

**16 Other Liabilities -Current**

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues	9.13	9.60
	<b>9.13</b>	<b>9.60</b>

**17 Deferred tax:**

	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	7.32	6.45
<b>Gross deferred tax liability</b>	<b>7.32</b>	<b>6.45</b>
<b>Deferred tax asset</b>		
Provision for Employee Benefits	0.99	1.51
<b>Gross deferred tax asset</b>	<b>0.99</b>	<b>1.51</b>
<b>Net deferred tax (liability)/Asset</b>	<b>(6.32)</b>	<b>(4.94)</b>

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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**Notes to the Financial Statements for the Year Ended March 31, 2023**

(All amounts in Indian rupees lakhs, unless otherwise stated)

**18. Revenue from operations**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Sale of products	1,740.12	839.33
Sale of indigenous products	13.25	-
<b>Revenue from operations</b>	<b>1,753.37</b>	<b>839.33</b>

**19. Other income**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Other non-operating income	-	0.23
<b>Total</b>	<b>0.00</b>	<b>0.23</b>

**20. Cost of goods sold**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Opening stock	76.84	98.15
Add: Purchases	1,124.89	374.14
Less : Closing stock	(461.19)	(76.84)
<b>Total</b>	<b>740.54</b>	<b>395.45</b>

**21. Employee benefit expense**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Salaries, wages and bonus	111.18	72.73
Contribution to provident and other fund	10.12	6.11
Gratuity expense	1.10	2.22
Staff welfare expenses	10.65	10.32
<b>Total</b>	<b>133.05</b>	<b>91.37</b>

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**Notes to the Financial Statements for the Year Ended March 31, 2023**

(All amounts in Indian rupees lakhs, unless otherwise stated)

**22. Concession fee and license fee**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Concession fee	264.17	82.90
License Fee	21.95	16.77
<b>Total</b>	<b>286.12</b>	<b>99.66</b>

**23. Depreciation and amortization expense**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Depreciation of tangible assets	59.65	41.86
Amortization of intangible assets	19.00	18.05
<b>Total</b>	<b>78.65</b>	<b>59.91</b>

**24. Other expenses**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Electricity charges	9.56	5.15
Rates and taxes	3.54	1.98
Insurance	1.91	0.54
Repairs and maintenance - others	27.78	17.40
Rent	0.84	0.84
Advertising, selling and distribution expense	19.96	22.94
Travelling and conveyance	4.34	2.69
Communication costs	19.67	12.15
Printing and stationery	1.08	1.06
Legal and professional fees	2.37	2.18
Management fee	61.12	29.28
Payment to auditors (refer details below)	3.80	2.00
Bank Charges	7.85	4.51
Forex Difference Net	64.27	28.10
Miscellaneous expenses	0.30	0.33
<b>Total</b>	<b>228.39</b>	<b>131.15</b>

**Payment to auditors**

Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
<b>As auditor</b>		
Statutory Audit and Limited Review Fee	3.00	2.00
Tax Audit Fee	0.50	-
Reimbursement of expenses	0.30	-
<b>Total</b>	<b>3.80</b>	<b>2.00</b>

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Notes to the financial statements for the year ended March 31, 2023

All amounts are in Rs. Lakhs, unless otherwise stated

**25. Earnings per share (EPS)**

The following reflects the profit and share data used in the basic and diluted Earnings per share (EPS) computations:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Profit for calculation of basic/diluted EPS	210.38	48.53
Weighted average number of equity shares in calculating basic/diluted EPS	43.27	28.15
Earnings per share Basic and diluted (Rs.)	4.86	1.72

**26. Retirement and other employee benefits****a. Defined contribution plan**

Contribution to Provident and other funds under employee benefits expense are as under:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Contribution to provident fund	8.22	5.10
Contribution to employee state insurance	1.75	0.95
Contribution to Labour welfare fund	0.15	0.05

**b. Defined benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn basic salary for each completed year of service.

**i. Net employee benefit expenses (recognised in the employee benefits expenses)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current service cost	1.12	2.22
Interest cost on benefit obligation	(0.02)	-
<b>Net employee benefit expenses</b>	<b>1.10</b>	<b>2.22</b>

**ii. Net asset to be recognized in the balance sheet:**

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation	(2.78)	(2.22)
Fair Value of Plan Assets	4.19	-
<b>Net asset/(liability) to be recognized in the balance sheet</b>	<b>1.41</b>	<b>(2.22)</b>

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All amounts are in Rs. Lakhs, unless otherwise stated

**a. Principal assumptions used in determining gratuity obligation:**

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.30%	7.10%
Attrition rate	5.00%	5.00%
Expected rate of salary increases	6.00%	6.00%

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

**b. Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:****Expected benefit payments for the year ending:**

Year ending	Amount
March 31, 2024	0.00
March 31, 2025	0.01
March 31, 2026	0.32
March 31, 2027	0.39
March 31, 2028	0.68
March 31, 2029 to March 31, 2033	6.86

**c. Sensitivity Analysis:****A quantitative sensitivity analysis for significant assumption is as shown below:**

Particulars	March 31, 2023	March 31, 2022
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(0.36)	(0.28)
- 1% decrease	0.44	0.34
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	0.44	0.34
- 1% decrease	(0.36)	(0.29)
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	(0.03)	(0.02)
- 1% decrease	0.02	0.02

- c. Liability towards compensated absence is provided based on actuarial valuation amounts to Rs. 3.94 lakhs (March 31, 2022: Rs. 3.77 lakhs).

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Actuarial assumptions for long-term compensated absences</b>		
Discount rate	7.30%	7.10%
Salary escalation	6.00%	6.00%
Attrition	5.00%	5.00%

**GMR Kannur Duty Free Services Limited****CIN: U74999KL2019PLC060429****Notes to the financial statements for the year ended March 31, 2023****All amounts are in Rs. Lakhs, unless otherwise stated****27. Details of transactions with related parties****A. Names of related parties and related party relationship**

(i)	Holding company	GMR Airports Limited (GAL)
(ii)	GAL's holding company	GMR Airports Infrastructure Limited (Formerly known as GMR Infrastructure Limited)
(iii)	Ultimate holding company	GMR Enterprises Private Limited
(iv)	Fellow subsidiary companies (Where transactions have taken place during the reporting years)	GMR Hospitality and Retail Limited- Hyderabad Duty Free Division GMR Airport Developers Limited
(v)	Key Managerial Personnel (KMP)	Rajesh Kumar Arora, Director George Cherian, Director Shyam Sundar Gopalkrishnan, Director

**B. Related party transactions**

Sl. No.	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i)	<b>Purchases</b> GMR Hospitality and Retail Limited - Hyderabad Duty Free Division	769.93	289.87
(ii)	<b>Proceeds from issue of Share capital</b> GMR Airports Limited	30.00	315.00
(iii)	<b>Communication costs</b> - GMR Airport Developers Limited	3.02	-
(iv)	<b>Management Fee :</b> GMR Airports Limited	61.12	29.28

**C. Balances outstanding in related party accounts are as follows:**

Related party transactions	As at March 31, 2023	As at March 31, 2022
<b>Trade payables:</b>		
GMR Hospitality and Retail Limited- Hyderabad Duty Free Division	272.95	2.99
GMR Airports Limited	6.23	31.62
GMR Airport Developers Limited	0.36	-
<b>Issue of Share Capital:</b>		
GMR Airports Limited	445.00	415.00

**GMR Kannur Duty Free Services Limited**

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Notes to the financial statements for the year ended March 31, 2023

All amounts are in Rs. Lakhs, unless otherwise stated

**28. Financial risk management objectives and policies****Financial Risk Management Framework**

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

- Details of unhedged foreign currency is shown below:

Particulars	Currencies Exposure	As at March 31, 2023		As at March 31, 2022	
		Amount in foreign currency	Amount	Amount in foreign currency	Amount
Trade payables	USD	2,91,117	239.21	22,867	17.33
	CHF	-	-	7,737	6.35
	EURO	3,322	2.97	1,984	1.67
	GBP	20,929	21.27	-	-
Bank balances	USD	1,23,917	101.82	1,25,374	95.17
Other Receivables	USD	3,492	2.87	3,641	2.74
	CHF	1,206	1.08	300	0.25
	EURO	4	0.00	163	0.14
Foreign currency on hand	AED	5,300	1.19	18,395	3.80
	KWD	646	1.73	1,443	3.61
	OMR	-	-	379	0.75
	QAR	6,247	1.40	2,982	0.62
	SAR	16,935	3.71	5,853	1.18
	USD	4,657	3.83	1,161	1.42
	BAH	-	-	28	0.06
Cash in Transit	USD	15,775	12.96	-	-

29. The Company elected to exercise the option permitted under section 115BAA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured its deferred tax assets/ (liabilities) (net) based on the rate prescribed in the said Ordinance. The full impact of this change has been recognised in the statement of profit and loss and other comprehensive income, for the year ended March 31, 2023.

**30. Fair valuation techniques**

The carrying amount of all financial assets and liabilities appearing in the audited Financial Statements is reasonable approximation of fair values.

**GMR Kannur Duty Free Services Limited****CIN: U74999KL2019PLC060429****Notes to the financial statements for the year ended March 31, 2023****All amounts are in Rs. Lakhs, unless otherwise stated**

31. Based on and to the extent of information available with the Company under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Sl .No.	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	Principal amount due to suppliers under MSMED Act, as at the end of the year	8.50	-
(ii)	Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	-	-
(iii)	Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-
(iv)	Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v)	Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi)	Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

32. The company monitors the operating results of its business as a single operating segment.

**33. Commitments and Contingencies**

- A. Contingent Liabilities as on 31<sup>st</sup> March 2023 – Nil (31<sup>st</sup> March 2022: NIL)
- B. Commitments as on 31<sup>st</sup> March 2023 – Nil (31<sup>st</sup> March 2022: 51.47 Lakhs)

**GMR Kannur Duty Free Services Limited****CIN: U74999KL2019PLC060429****Notes to the financial statements for the year ended March 31, 2023****All amounts are in Rs. Lakhs, unless otherwise stated****34. Financial ratios**

Ratio	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	% Variance	Reason for variance
			Ratio	Ratio		
Current ratio	Current assets	Current liabilities	1.57	1.29	22.08%	
Return on equity ratio	Profit after tax	Average of total equity	36.96%	18.15%	18.81%	
Inventory turnover ratio	Costs of materials consumed	Average inventories	2.75	4.52	-39.10%	Increase in Purchases during the year.
Trade payables turnover ratio	Purchases	Average trade payables	4.58	2.43	88.94%	Increase in Purchases during the year.
Net capital turnover ratio	Revenue from operations	Working capital [Current assets - Current liabilities]	7.81	18.33	-57.42%	Increase in Revenue compared to the previous year
Net profit ratio	Profit after tax	Revenue from operations	12.00%	5.78%	6.22%	
Return on capital employed	Earnings before depreciation and amortisation, interest and tax [Earnings = Profit after tax + Tax expense + Depreciation and amortisation expense + Finance costs (excluding interest on lease liabilities)]	Capital employed [Total assets - Current liabilities + Current borrowings]	52.96%	27.15%	25.81%	Due to increase in Equity share capital
Return on investment	Profit after tax	Equity share capital + Instruments entirely equity in nature + Securities premium	47.28%	11.69%	35.58%	Due to increase in Equity share capital

**GMR Kannur Duty Free Services Limited****CIN: U74999KL2019PLC060429****Notes to the financial statements for the year ended March 31, 2023****All amounts are in Rs. Lakhs, unless otherwise stated****35. Ageing schedule of capital work-in-progress**

<b>As at 31 March 2023</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Projects in progress	-	0.87	-	-	0.87
<b>Total</b>	-	<b>0.87</b>	-	-	<b>0.87</b>

<b>As at 31 March 2022</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Projects in progress	98.87	-	-	-	98.87
<b>Total</b>	<b>98.87</b>	-	-	-	<b>98.87</b>

**36. Ageing schedule of trade payables**

<b>As at 31 March 2023</b>	<b>Outstanding from the due date of payment</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
Micro, small and medium enterprises	8.50	-	-	-	8.50
Others	358.36	-	-	-	358.36
Disputed dues – MSME	-	-	-	-	-
Disputed dues – Others	-	-	-	-	-
<b>Total</b>	<b>366.86</b>				<b>366.86</b>

<b>As at 31 March 2022</b>	<b>Outstanding from the due date of payment</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
Micro, small and medium enterprises	-	-	-	-	-
Others	123.92	-	-	-	123.92
Disputed dues – MSME	-	-	-	-	-
Disputed dues – Others	-	-	-	-	-
<b>Total</b>	<b>123.92</b>				<b>123.92</b>

