Management Discussion & Analysis

Forward-looking Statements

This document contains certain forward-looking statements based on the currently held beliefs and assumptions of the management of GMR Infrastructure Limited, which are expressed in good faith, and in its opinion and judgment, are fairly reasonable. For this purpose, forward-looking statements mean statements, remarks or forecasts that address activities, events, conditions or developments that the Company expects or anticipates which may occur in the future. Because of the inherent risks and uncertainties in the social and economic scenarios, the actual events, results or performance can differ materially and substantially from those indicated by these statements. GMR Infrastructure Limited disclaims any obligation to update these forward-looking statements to reflect future events or developments.

Infrastructure Growth

Macroeconomic Indicators

The year 2019 was marred by various trade related and geo-political tensions, which led to a decrease in business confidence and increase in uncertainty with respect to global trade, which has impacted investment decisions in general. As a result, the global economic growth was recorded at 2.9% for 2019 as compared to 3.6% in 2018 and 3.8% in 2017 (IMF).

While the world was still reeling under the aftermath of US – China trade tensions and geopolitical tensions in the middle east, we have been hit by yet another unprecedented event in the form of COVID-19 pandemic. The pandemic has spread at an alarming pace and has brought the global economy to a standstill amid various counter measures being taken across the world, like movement restrictions and lockdowns, to contain the spread. As a result, the global growth projection for 2020 has been lowered to -4.9% (IMF).

Even before the pandemic, India had been heading towards an economic slowdown owing to demand contraction. GDP growth in FY 2019-20 has sequentially fallen from 5.8% in Q4 FY 2018-19 to 5% in Q1 2019-20, 4.5% in Q2 2019-20, 4.7% in Q3 2019-20 and further to 4.2% in Q4 2019-20. In an effort to stem this slowdown, government announced a slew of interventions last year, the most important of them being a substantial cut in corporate tax rate from 30% to 22% announced in September 2019. This reform has positioned India as a more attractive destination, with tax rates being aligned with its Asian peers.

India's FDI inflows in FY 2019-20 have remained strong at around USD 68 billion, which is up by 10% YoY. Further, the country has continued its upward journey on the World Bank's Ease of Doing Business rankings, and jumped 14 positions to be at 63rd position from 77th position previous year, primarily on account of more efficient building permit processes and the process for insolvency resolution. The higher ranking acknowledges the focused efforts put in by the government and improves perception about doing business in India. Further, on a bright note, after more than a decade India's current account turned surplus by 0.1% of GDP in Q4 2019-20 as compared to a current account deficit of 0.7% GDP for the same period last year, mainly fuelled by software services income, inward remittances and lower oil prices.

The year 2019-20 also witnessed a major change in monetary policy stance from neutral to accommodative guided mainly by low inflation and low GDP growth. During the year, repo rate was cut from 6.25% in April 2019 to 4.40% in March 2020. On Insolvency and Bankruptcy code (IBC), of the total 3,774 cases filed since IBC came into force, 43% have been resolved till date.

However, in line with the fall in GDP, industrial activity did contract during 2019-20. Index of Industrial Production (IIP) registered a fall of 0.8% as compared to a rise of 3.8% in 2018-19. IIP for Infrastructure/ Construction goods also fell 4% during the year as compared to a 7.3% rise during the previous year. On the positive side, National highway construction registered an increase of 20% over previous year. Additionally, while Indian Railways witnessed strong revenue growth, the power generation capacity also rose at a healthy pace with significant addition of renewable energy capacity.

On the COVID-19 front, India being one of the most populous countries in the world may find itself in a vulnerable spot. Given the negative impact of COVID-19 on the country's economic activities, IMF has forecasted a GDP contraction of 4.5% for FY 2020-21. The pandemic has aggravated an already weak demand scenario. This is inspite of several policy reforms undertaken by the government.

Infrastructure Initiatives announced

For India, investments in infrastructure equal to 1% of GDP will result in GDP growth of atleast 2% due to multiplier effect on growth across other sectors (S&P Global Ratings, 2016).

Recognising the role of infrastructure in driving the growth of the economy, starting with the Union budget February 2020, the Government launched the National Infrastructure Policy (NIP) for 2020-25. Under the policy, INR 100 Lakh crore of investment in infrastructure was envisaged. The scheme is expected to be funded by Central and State governments (39% allocation each) and remaining 22% by the private sector. Areas to be covered under NIP include housing, logistics, modern railways, airports, clean energy, safe drinking water, etc. Under the policy, 100 more airports shall be added under the UDAN scheme. Further, in a major relief to Indian Inc., the government abolished dividend distribution tax.

The Budget 2020 has put a major impetus on the infrastructure sector by allocating INR 1.7 Lakh Crore for transport infrastructure development in FY 2020-21. The push also included completion of Delhi – Mumbai expressway by 2023, INR 22,000 Crore for power, renewable energy in FY 2020-21 and expansion of National gas grid. Indian railways received an allocation of INR 72,000 Crore, while INR 92,000 Crore was allocated towards highways and road transport. Government has also proposed to permit investments made by FIIs/ FPIs in debt securities issued by Infrastructure debt funds- NBFCs to be transferred/sold to any domestic buyers even during the specified lock in period of such debt securities. Further, initiatives like 'Housing for all', 'Smart Cities Mission', Regional connectivity scheme are expected to grant momentum to the infrastructure sector. Further, the share of Public Private Participation model is continuously increasing, thereby increasing investor confidence and investment in infrastructure sector.

Apart from the budget announcements, government has announced various policy measures to combat the impact of COVID-19 pandemic. COVID-19 has had an unprecedented impact on the world. Not only has it led to loss of human life, it has had a very adverse impact on the global economy. Countries, in an attempt to contain spread of this pandemic, have imposed periodic lockdowns, closure of manufacturing facilities and so on. Economic activities have intermittently come to a stop in many parts of the world. Some sectors have been affected more than others.

In order to limit the impact and help restart economic activities, Indian government announced a comprehensive economic package of INR 20 Lakh Crore, which included measures across the industry spectrum. Out of this, around INR 2 Lakh Crore is for cash disbursements, grains etc. for poor, while approximately INR 8 Lakh Crore is in the form of liquidity impetus provided by RBI. Further, various amounts were allocated across the board to MSMEs, NBFCs, DISCOMs, Food processing industry, agricultural sector, etc. A significant amount was designated for employment schemes.

Overall, with such reforms and India's innate strengths, we feel that the economy is expected to make an impressive comeback post pandemic. Already, some sectors such as automobiles, cement, steel and FMCG are showing recovery vis-à-vis the lockdown period. IMF has also forecasted GDP growth of > 6% for FY 2021-22 (IMF).

Impact on Sectors in which GMR Operates

The pandemic has had an adverse impact on the aviation sector. Not only has air travel been restricted due to government initiated lockdowns to curb the spread of COVID-19, the general passenger sentiment has also been adversely impacted. As per IATA (International Air Transport Association) estimates, 2019 level global air traffic (based on number of passengers) is only expected to return by 2023. However, recovery in short haul travel is still expected to happen faster than for long haul travel . IATA has urged governments to implement a layer of measures restoring air travel safety to regain traveller confidence through a slew of targeted measures - accurate, fast, scalable and affordable testing measures and comprehensive contact tracing to play a role in managing the risk of virus spread. Scientific advances in fighting COVID-19 including development of a successful vaccine, could allow a faster recovery.

The recovery scenario may be better for large countries like India given their large domestic market. International travel is also expected to pick up under the ' Vande Bharat Mission', the repatriation initiative by the Ministry of Civil Aviation and establishment of ' Air Bubbles' , bilateral arrangements with US, France, UK, Canada, Germany, UAE to restart commercial passenger services. Further, with the announcement that 100 new airports are to be developed by 2024 under UDAN scheme and plans to privatize 6 existing airports – Amritsar, Varanasi, Bhubaneswar, Indore, Raipur and Trichy, we believe that India continues to be an attractive aviation market in the medium to long term. Airport sector is expected to witness investments to the tune of US$ 25 bn by 2027. Additionally, Government of India has launched NABH – Nirman Scheme, aimed at increasing India's airport capacity – requiring investments to the tune of US$ 62 bn to achieve a capacity of 1 billion trips per year. (IBEF, Ministry of Commerce, GoI)

Pandemic impacted the energy sector in the last quarter of the financial year. The lockdown imposed by Government led to stoppage of almost all heavy industrial activity across India. This led to a sharp drop in consumption towards the latter part of March 2020. National PLF dropped from 61.07% in FY 2018-19 to 56.08% in FY 2019-20.

A number of measures have been announced by the Government to ensure revival of sector during the COVID crisis. A few of them being the INR 90,000 Crore loan package announced for the Discoms wherein they will be able to draw cheap loans from PFC/REC enabling them to pay off outstanding dues upto March 2020. Coal India also announced acceptance of Usance LC as payment mechanism for coal linkage.

At GMR, our commitment to the cause of Nation building is through creation of quality assets. We are proud to have been associated with Delhi Airport and Hyderabad Airport which are recognized worldwide as landmark infrastructure projects of the country. Over the past few years, we have consolidated our position, focused on addressing, rationalization and management of corporate debt and stressed assets, while building a platform for growth for the future. We have taken many significant steps in implementing our stated strategy to strengthen balance sheet through improved cash flows from increased profitability, debt reduction through asset monetization, value unlocking and prudent working capital management while creating avenues for growth.

In the current challenging environment, GMR Group has successfully completed the strategic partnership transaction with Groupe ADP, France based Global Airport Operator, which is a testament to the inherent strength of our Airport portfolio and also to the Group's credibility and ability to reinvent itself during difficult times. GMR Group had in February 2020 entered into an agreement with Groupe ADP. As part of first closing, GMR Group received ₹ 5,248 crore. In July 2020, second closing was completed and GMR received ₹ 4,565 crore as part of the same of which INR 1000 crore was received in the form of primary infusion in GMR Airports Limited. Consequently, GMR Airports Limited is now jointly owned by GMR Infrastructure Limited (51%) and Groupe ADP (49%) with GIL retaing Management Contorol. The money received from the deal has primarily been used for reducing the debt, provide exit to private equity investors and to improve overall liquidity at the Group level.

Groupe ADP, formerly Aéroports de Paris or ADP (Paris Airports), is an international airport operator based in Paris (France). Groupe ADP owns and manages Parisian international airports Charles de Gaulle Airport, Orly Airport and Le Bourget Airport, all gathered under the brand Paris Aéroport since 2016. Overall, the group managed 26 airports and 281.4 million passengers in 2018.

According to terms of the deal, GMR will retain management control over the airport business with Groupe ADP having board representation at GAL and its key subsidiaries. The strategic partnership is built on two-way exchange of expertise, personnel, knowledge and market access. Passengers and other stakeholders will also benefit immensely and thereby setting newer industry-defining benchmarks.

Simultaneously, we will continue to consolidate the Energy and Highways business with focus on cash flow improvement by recovering long pending receivables, pursuing claims with the appropriate agencies and strategically explore opportunities to unlock value in these businesses. As outcome of persistent efforts, we have successfully implemented the debt resolution plan in GMR Rajahmundry Energy Limited (GREL), in consultation with all the stakeholders including banks. We have also divested our entire equity stake in GMR Chhattisgarh Energy Limited (GCEL) to Adani Power Limited. The GMR Kamalanga Energy Limited (GKEL) deal has been terminated due to Covid-19 related uncertainties. GREL's debt resolution and GCEL's divestment have deleveraged our Balance Sheet considerably.

At our Special Investment Regions (SIRs), we are very hopeful that initiatives such as 'Make in India', stable political environment and proactive favorable policy interventions should be able to attract various global companies to set up base in India. Post Covid, there is a move on part of large manufacturing companies with supply chain concentrated in Far East to seek alternatives and we hope India will emerge as one of the choices for the same in the medium term. This should be a big positive for this sector.

In order to improve the value to the stakeholders and strengthen the balance sheet through deleveraging, more efforts are being made towards monetization / divestment of assets, selectively and opportunistically attracting investments and reducing debt and the overall cost of borrowing.

Airport Sector Outlook and Future Plan

Airport Sector

In FY 2019-20, Indian Aviation industry faced major challenges like Jet Airways shutdown and Pakistan Air Space closure and impact of COVID-19 towards the end of the year. The aviation industry across the globe is facing an unprecedented situation due to the COVID-19 outbreak. In India, a total shut down of all domestic and international air travel was implemented since March 24, 2020 till recently when the domestic operations resumed partially on May 25, 2020.

This has impacted the revenue streams and cash flows severely for entire aviation industry. According to estimates by various established agencies, next few months will continue to witness a sustained low level of passenger traffic levels with a gradual recovery. As per the recent estimate by IATA, global passenger traffic level for the year 2020 could be nearly 55% lower than the 2019 level.

The rapidly-evolving situation related to COVID-19 required a robust response by airport operators to ensure the safety of passengers, staff, and air operations at airports. We are proud to mention that our Airports have done exceedingly well in current situation and have proactively implemented contingency plans and adapted wherever needed by developing new ones.

Our existing efforts should take care of the immediate impact of the Covid situation on airport operations. However, with significant reduction in scale of operations at many airports, business continuity management is necessary for airport operators to mitigate the financial impacts of such a prolonged crisis.

At GMR, we have looked at business continuity from the following perspectives – on one hand, sustaining the operational aspects (aircraft movements and passenger management) of the airport and maintaining safe and efficient operating conditions and, on the other hand, the financial sustainability of the airport, and its business resilience and crisis management structure for addressing a prolonged crisis within the organization itself.

We have considered the three following points regarding business continuity from an airport system perspective:

- o Operational continuity – Our Airport teams have worked ceaselessly during the entire lockdown period to systematically prepare for a Safe and Reliable experience post-lockdown with strong focus on health and sanitation across passenger, partner and employee journey through the airport.
- o Financial sustainability – Our Teams have been focused on cash conservation and cost structure reduction through various interventions in our capital and operating expenditure as well as liquidity management. An important part of the effort for longer term sustainability has involved stakeholder management with the various partners of our airport business and policy advocacy to various Government agencies through industry bodies.
- o Organizational resilience – During this period of crisis, our teams have worked seamlessly to introduce new systems and processes to ensure that the organization continues to perform optimally while ensuring safety and well being of the employees and other partners of the organization. In particular, a new work-from-home policy was introduced, while a number of measures were taken at the work place to ensure continued safety and sanitation. Accordingly, IT infrastructure and systems were strengthened to ensure protection of data in these changed circumstances.

Given the importance of passenger safety during this pandemic, our teams have taken safety standards as a top priority. While abiding strictly by the government guidelines, we have worked tirelessly in this regard even during the lockdown period and implemented various safety measures and practices with the help of technology on various fronts to ensure uncompromised safety levels for both passengers and airport staff.

We are hopeful and have been working relentlessly in our efforts towards facilitating a faster recovery of air traffic.

On account of its strategic location in the cities, the real estate available as part of the concessions for our airports has tremendous potential. In FY 2018-19, we executed landmark transaction with Bharti at our Delhi real estate (Aerocity). We aim to establish Aerocity as the Central Business District (CBD) for the Delhi NCR region in the coming years. At our Hyderabad Airport real estate, given the availability of larger area in the periphery of the city, we intend to explore multiple options including synergistic areas like logistics and warehousing, in addition to the setting up Business Park, Retail and other Social Infrastructure. In FY 19-20, a joint venture (30%:70%) was formed between GMR Hyderabad Aerotropolis, a subsidiary of GHIAL, and ESR, a global logistics real estate firm, to jointly develop a 66 acre logistics park for INR 550 crores

We intend to progressively realize value in our real estate asset portfolio by diversifying the monetization models as well as the end use formats for development of these assets to capture demand for a wide range of developments. We intend to use a combination of lease and self-development models targeting developers and end-use customers respectively.

Economic Regulation & Airport Tariffs

On the economic regulation front, the Government had issued amendment to the Airport Economic Regulatory Authority (AERA) Act on August 6, 2019 amending the definition of the Major Airport from one and half Mn pax per annum (1.5) to three and half Mn pax per annum (3.5) thereby reducing burden on AERA. In case of future airport bidding the amendment also provided that the Authority shall not determine tariff of an airport if the tariff for such airport has been incorporated in the bidding document provided that the Authority should be consulted in advance regarding the tariff.

Tariff at Delhi Airport: DIAL has continued to operate on the Base Airport Charges regime that was notified by AERA in 2019.

AERA, on June 9, 2020, had issued the consultation paper no 15/2020-21 in the matter of determination of tariff for third control period for IGI Airport, Delhi. In accordance with the consultation paper, Authority proposes continuation of BAC+10% tariff for the balance period of third control period. Further, Authority in the said consultation paper also proposed to consider compensatory tariff to compensate DIAL in lieu of Fuel Throughput Charges which was stopped w.e.f. January 15, 2020 pursuant to MoCA direction.

Tariff at Hyderabad Airport: AERA, in case of Hyderabad Airport, on March 27, 2020, issued tariff order for the 2nd Control Period of GHIAL as an interim measure for the remaining period of one year till the finalization of 3rd Control Period tariff effective from April 1, 2021. AERA in its order allowed UDF of ₹ 281 per departing domestic passenger and ₹ 393 per departing international passenger at Hyderabad Airport.

Pursuant to TDSAT order dated March 4, 2020, Authority will be reconsidering the tariff related issues of GHIAL afresh along with Multi Year Tariff Petition (MYTP) for third control period. On July 24, 2020, GHIAL has filed the MYTP along with its contention again with AERA along with the multi-year tariff proposal for third control period (April 1, 2021- March 31, 2026).

Growth Outlook – New Opportunities

This year, Group received the letter of award and subsequently signed the concession agreement in June 2020 for Bhogapuram International Airport in Andhra Pradesh, with the concession period being 40 Years, which can be extended by further 20 years thereby paving the way for further activities. As part of exclusivity under Hyderbad airport's concession, we have also been awarded contract of operation and management of Bidar Airport in Karnataka for a period up to 2033 and the airport commenced operations from February 7, 2020. The above wins will further strengthen our position as a leading global Airport company, while expanding our footprint in India.

Subsequent to the signing of the Concession Agreement last year, we along with our Greek partner TERNA Group, have achieved the Concession Commencement Date for the New Heraklion Airport at Crete, Greece on February 6, 2020.

Further, in pursuit of our long-term strategic vision to develop and expand our footprints in the airport adjacencies business, Group won the concession for Duty Free business for Kannur Airport in Kerala for a concession period of 7 Years, extendable by further 3 years. The operations are expected to begin in FY 2020-21 and will mark the first duty free concession to be operated by us outside the GMR network.

We believe that Airport business has huge underlying attractiveness and will continue to be the growth engine for the Group. We are actively pursuing suitable airport opportunities in India as well as globally. Our strategy is to increase the capacity of our existing airports and improve the performance of our operating assets, maintaining a focus on operational excellence while continuing to build potentially higher margin revenue streams arising out of these assets. We also intend to add assets inorganically by bidding for suitable airport opportunities in India as well as globally and further develop certain key non-aeronautical operations and businesses including duty free retail and cargo services.

Indira Gandhi International Airport (IGI) – Delhi Airport operated by DIAL

Focus Areas for FY 2020-21

Despite the various issues impacting the aviation sector, in FY 2019-20 IGI handled 67.3 Mn passengers and 0.96 MMT of cargo with a minimal de-growth over last year. IGI Airport would continue to be the leading Airport among all Indian airports in both passenger traffic and cargo handled. DIAL was once again recognized as the Best Airport for service quality in the region by ACI and Best Airport in Central Asia by Skytrax.

However, the outbreak of COVID-19 has taken the world by surprise and businesses have been impacted. Like others, DIAL's traffic has been heavily impacted by the travel restrictions imposed by the government and the fall in travel confidence, given the severe measures being undertaken by the government. Even though there will be a severe impact of the pandemic in this fiscal, we are looking forward to an increase in traffic post resumption of air services. It is important to note that there is no fundamental change in the value drivers of the business. The impact from the COVID 19 outbreak on the business is expected to be a short to medium-term blip followed by a gradual recovery once the spread is contained.

To overcome the crisis, DIAL has been putting efforts on various fronts such as Safe Flying and Passenger Experience, financial resilience, stakeholder engagement and employee health & safety. DIAL has been continuously engaging with the state and regulatory authority for several support measures and policy interventions and we look forward to their consideration of these requests.

To repose faith in flying for passengers, DIAL has taken every necessary action and will continue to do so. A recent survey at Delhi Airport tells 9 out of every 10 passengers traveling to or from Delhi Airport, felt absolutely safe. Although, traffic level currently is well below the Pre-COVID level, DIAL has witnessed nearly 3 times passenger traffic compared to the 2nd busiest airport in India for the month of June 2020.

DIAL will also continue with the necessary parts of expansion of its airside infrastructure and terminal capacity as per the approved Master

Development Plan in order to cater to the future growth in passenger and air traffic. The Phase 3A expansion, includes, among others, expansion of Terminal 1 and Terminal 3, construction of a fourth runway along with enhancement of airfields and construction of taxiways and will expand capacity to 100 Mn passengers annually.

DIAL continues to work with all stakeholders including the airlines to further establish IGI Airport as an international hub airport for passengers and cargo. In line with this goal, DIAL will continue to work for reopening key international destinations gradually in accordance with the uplifting of international border restrictions. We will also continue to work with international carriers to boost long haul flights as well as dedicated freighters coming into Delhi.

Rajiv Gandhi International Airport (RGIA) – Hyderabad Airport operated by GHIAL

Focus Areas for FY 2020-21

Despite the pandemic related challenges during the later part of the year, in FY 2019-20, RGIA handled 21.6 million passengers, over 183,000 Air Traffic Movements (ATMs), and over 146,000 MT of cargo. While both passenger and ATMs registered a positive growth YoY of 1% and 2% respectively, cargo traffic declined by 1% YoY which was still the least de-growth registered among major metro airports in the country which saw cargo traffic de-growth ranging from -1% to -13% during the year. With the emergence of the COVID-19 pandemic in late FY2 019-20, traffic and revenues have been impacted significantly across the global aviation value chain including India. With the situation yet to return to normalcy, GHIAL will continue to maintain focus on financial resilience and sustainability until traffic recovery through measures for cash preservation and additional cash generation.

During this period, a key focus area will be ensuring the health and well being of passengers, staff and all airport community stakeholders and to convey a clear message to all that aviation remains the safest mode of transport.

On the regulatory front, GHIAL will strive for timely finalization of the 3rd Control Period tariff by AERA by April 2021 when the control period is set to begin.

As part of the capital expansion works, RGIA made further progress and commissioned additional 24 remote aircraft parking stands and significant progress was made on various elements on the airside such as taxiways, rapid exit taxiways, and construction of a dedicated tunnel for movement of Ground Support Equipment (GSE) under aircraft taxiways. Expansion works for the main Passenger Terminal Building (PTB) made swift progress during the year until the works were brought to a halt due to the lockdowns imposed by the government in response to the COVID-19 pandemic. The construction works were restarted subsequently at the earliest available opportunity and the expansion works are underway once again. GHIAL also secured environmental clearance from the Ministry of Environment, Forests and Climate Change for future capacity expansion to 50 MPPA, paving the way for longer-term growth of the airport.

Given the strong business fundamentals, strategic and competitive advantages, and initiatives to sustain and grow the business, GHIAL is well-positioned to return to the growth path as soon as the situation resulting from the COVID-19 pandemic returns to normalcy.

GMR Megawide Cebu Airport Corporation (GMCAC)

The passenger footfall for CY 2019 was recorded at ~12.7 Mn, constituting of ~8.4 Mn Domestic passengers and ~4.3 Mn International passengers, thus registering a YOY growth of ~9.9% in CY 2019.

GMCAC completed the renovation of the domestic Terminal 1 in September 2019, with world-class passenger facilities and state-of-the-art operating equipment. The Honourable President of the Philippines, Rodrigo Duterte, and executives from different government agencies graced the unveiling ceremony. A significant change for Terminal 1 is the creation of the 'Airport Village' which shall provide a vastly improved experience for all visitors arriving in Cebu. The renovated terminal provides more area and better facilities for passengers and concessionaires and has expanded the overall capacity of Terminal 1 from 4.5 Mn pax previously to 11 Mn pax.

The COVID-19 pandemic has had a considerable impact on Mactan-Cebu International Airport as well, with annual traffic expected to drop substantially in CY 2020. Scheduled domestic services resumed in June, with traffic ramping up as travel restrictions across the Philippines continue to be eased. The airport handled several international repatriation and utility flights, working closely with government stakeholders to ensure safe passage for Filipinos and foreigners alike. Following the ban on scheduled international services since March 2020, the airport welcomed its first batch of overseas travellers in mid-July – a feat made possible only by the establishment of a COVID-19 testing laboratory at the airport, which is the first dedicated, airport-centric testing facility in the world. The lab has a capacity of 3,000 RT-PCR tests a day, and till date, it has carried out over 7,000 RT-PCR tests. Results are delivered within 20 hours – which is the fastest in the country. Besides opening Cebu to international routes in North America, Southeast Asia and the Middle East, the lab also bolsters Cebu's credentials for joining 'travel bubbles' with the likes of China, Korea and Japan – its top international markets.

With domestic traffic on the rise and Cebu's international markets well on their way to recovery, the Management is confident that traffic shall rebound sooner than in other tourist-centric destinations. In addition to working with government stakeholders to resume operations and drive tourism revival in Cebu, the focus of the Management this year is to address COVID-related concerns, reduce operating costs and ensure that the airport is ready to embrace the new normal.

Crete International Airport

The consortium of GMR Airports and TERNA attained the concession commencement date for the design, construction, financing, operation, maintenance of the new international airport of Heraklion at Crete in Greece on February 6, 2020. Greek Prime Minister Mr. Kyriakos Mitsotakis and Minister of Infrastructure, Transport and Networks Mr. Kostas Karamanlis laid the foundation stone of the upcoming airport at Kasteli in a ceremony held on February 8, 2020. The Prime Minister highlighted that the new airport would incorporate the latest technologies and given its location at the heart of Eastern Mediterranean has the potential to develop into a regional hub.

Having attained the concession commencement, the design and construction activities of the project are underway. Thus, the focus of the Management this year is on ensuring that design works are completed within the timeline.

Energy Sector Outlook And Future Plan

Indian Economy - Power Sector Scenario

At the end of year, total installed capacity in India stood at 370 GW. Conventional energy (from thermal) sources accounted for 231 GW or 62.43% of the total capacity while renewable energy sources accounted for 86.7 GW and the rest comprised capacity from nuclear and hydro (>50 MW) based power plants. The power deficit increased from 0.1% in March 2019 to 0.4% in March 2020.

Following were the highlights of the Power sector in India during FY 2019-20:

- National PLF dropped from 61.07% in FY 2018-19 to 56.08% in FY 2019-20.
- Overall growth of 0.95% in generation over the previous year – 1389 BU generated in FY 2019-20 as compared to 1376 BU in FY 2018-19.
- Generation from renewable sources increased by 9.11% to 138.31 BU in FY 2019-20 compared to 127.6 BU in FY 2018-19. Further, installed capacity from renewable energy sources increased by 11.75% to 86.76 GW in FY 2019-20 from 77.64 GW in FY 2018-19.
- FY 2019-20 saw a 22% drop in merchant tariffs as compared to FY 2018-19 from ₹ 3.85/kWh to ₹ 3.01/kWh.
- Pursuant to a major policy decision by Government, Ministry of Power issued directions to all Discoms to open Letter of Credit for all the power being bought as a payment security mechanism. Post that, all Discoms have opened LCs as per the PPA provisions.
- Solar Energy Corporation of India had asked for Expression of Interest from generators to supply bundled RTC power. Inexpensive renewable power is to be bundled with expensive thermal power to offer a RTC power to Discoms at cheaper rate. It has now issued RfS document for purchase of 5,000 MW bundled power.
- Power Trading Corporation of India Limited (PTC) conducted a bid for purchase of 2,500 MW coal power for Medium Term under Aggregator model.
- Coal India Limited (CIL) continued its SHAKTI auctions of last year and offered linkage coal to power plants having no LoA and no PPAs under SHAKTI B(III) Scheme of MoC. More such auctions are accepted during FY 2020- 21.
- Coal production in India remained at levels similar to FY 2018-19 with an All India production of 729 MT as against 728.72 MT last year.

The Company demonstrated outstanding resilience during one of the most challenging and volatile periods being faced by energy sector. Our focus over last year has been on stabilizing our existing assets, improving their profitability and achieving operational excellence.

For the first time since commercial operations, GMR Warora Energy Limited (GWEL) has achieved normative availability for all its PPAs with no loss in capacity charges. The linkage materialization has been 99% for FY 2019-20. GWEL also won the most coveted award in HSE practices – the British Safety Council Sword. We have been able to enhance fuel security at GMR Kamalanga Energy Limited (GKEL) with a successful bid for 0.4 MTPA coal under SHAKTI B III Scheme of the GoI. GKEL has also bid successfully for a power sale bid for 150 MW conducted by PTC during Q4 of FY 2019-20 and is awaiting LoA. We continued to get positive results for our efforts on regulatory orders in APTEL and CERC. Our focus continued to be on the liquidation of regulatory receivables during FY 2019-20 and we have succeeded to a significant level.

However, due to the non-availability of domestic gas and high price of imported gas, we have been facing challenges in securing gas for our operational gas plants. After the unexpected order of the Supreme Court against GMR Vemagiri Power Generation Limited (GVPGL), we have got a positive order from CERC wherein Deepwater gas has been declared a domestic gas and availability declaration has been upheld. We are working to realize our dues from the Discoms.

Battling water ingress, tough geography and adverse weather conditions, our project team at GMR Bajoli Holi Hydro Power Limited (GBHHPL) has managed to tunnel through the tough terrain. With more than 90% of the Project being completed, we are expecting to commission the plant during Q1 of FY 2021-22.

Efforts put in by GMR Upper Karnali Hydropower Limited (GUKHPL) have borne fruit with Bangladesh Power Development Board (BPDB) issuing LoA for 500 MW PPA. PPA is currently in draft stage and will get signed during H1 of FY 2020-21.

To mitigate the stress on energy business due to pandemic, we have taken several policy advocacy measures such as Usance LC for coal payments to CIL, usage of linkage coal for sale of power in short term markets, relaxation in FGD timelines, approval of Hydro Power Obligations for states, etc.

Many initiatives were taken to safeguard employee heath during pandemic such as temperature scanning at entry and exit gates, compulsory wearing of nose mask, scheduled sanitization of plant, launch of COVID-19 Warriors with responsibilities such as creating awareness in work area, ensuring usage of PPEs, ensuring social distancing, visitor management, etc.

Going forward, our strategy in the Energy sector will mainly be on improving operational efficiencies and focussed efforts towards ensuring realization of benefits under the regulatory measures announced . We will also build on the existing platform to pursue growth opportunities in this sector that are asset light and/ or through partnership model, while monetization / divestment of assets on a selective / opportunistic basis would still be considered

Mining assets

International coal prices have shown moderate recovery since beginning of 2019. The prices of mid CV coal have touched a peak around March 2019 and remained rangebound during remaining part of the year. Currently, global outbreak of COVID-19 has impacted the manufacturing activities across the world and impacted the demand of coal, as a result the International coal prices have seen a sharp decline since April 2020, primarily on account of lower demand mainly from China and India. We expect the coal price pressure to continue in the medium term. Despite the impact of the weaker coal prices, our mining business shall remain focused on keeping the cash cost under control and ramping up the production volumes to maintain its profitability. Thermal coal remains an important source of fuel for developing countries in Asia, and our business will remain well-positioned to benefit from the growing demand.

Transportation and Urban Infrastructure Sector Outlook and Future Plan

Transportation

Railways

Your Company entered the Railways business in FY 2013-14 by winning two Rail Vikas Nigam Limited (RVNL) projects, which are now nearing completion. We made a further big leap into Railway projects in FY 2014-15 when we were awarded two packages on the eastern Dedicated Freight Corridor Corporation (DFCC) in the State of Uttar Pradesh worth ₹ 5,080 Crore and further two more packages 301 and 302 in 2016 worth ₹ 2,281 Crore in Punjab & Haryana. Your Company will be focusing on new projects in DFCC in PPP /EPC mode that are expected to come up during FY 2020-21 and beyond. The Company has invested in two sets of fully mechanized track laying equipment and other heavy construction equipment that can lay up to 1.5 Kms of track linking every day and can be used in future projects as well. Apart from construction of railway lines, Government has opened up station development and running of passenger trains in PPP mode. Your Company will explore those opportunities that correspond to its overall Group strategy.

Highways

As per the report released by the task force on National Infrastructure Pipeline, a total capital investment of Rs 20 trillion has been planned for roads and bridges sector in the period between 2020 and 2025. The projects include construction of new expressways and several four and six laning projects. Significant number of projects are expected in new bridge construction, RoB's at level crossings, etc. The ambitious plan aims at development of 60000 Kms of National highways including 2500 Kms expressways, 9000 Kms of economic corridors, 2000 Kms of coastal and port connectivity, bypasses for 45 towns and enhanced connectivity for 100 tourist destinations by 2024.

The Highway sector continues to be one of the most dynamic sectors in the country. NHAI has a robust bidding pipeline of Rs 780 Bn for FY 2020-21, which is dominated by HAM projects. However, bidding activity was subdued in FY 2019-20 and further due to COVID-19, the awarding activity is expected to pick up only in 2nd half of FY 2020-21. Of the 28,000 Kms under in Bharatmala Project, NHAI has already awarded 11,000 Kms, and has plans to award the balance 17,000 Kms.

Though we are consolidating our portfolio in the Highways Sector, we will be on lookout for the right opportunities, which are in sync with our strategy of Asset Light Asset Right and that leverage our expertise and resources.

Urban Infrastructure

The Urban Infrastructure space, specifically the Industrial Parks domain, faced headwinds in the year 2019 in the form of elections in the Centre and some States. Most of the big ticket investments by corporates did not materialize owing to the wait and watch approach adopted by potential investors towards the evolving policies of the Central and state governments and also the subdued GDP growth of 4.2% in FY 2019-20 in the country, which was the lowest in the past eleven years. The existing party came back to power at the Center, while a different party came to power in the state of Andhra Pradesh. While the Center saw continuance of policies from the previous tenure, the State of Andhra Pradesh saw several policy changes. The new Industrial Policies of Andhra Pradesh and Tamil Nadu are expected to be announced soon. A positive development has been the improvement in India's Ease of Doing Business ranking from 77th to 63rd.

On the SEZ policy and regulatory front, the minimum area requirement for an SEZ has been brought down from 1250 acres to 125 acres. Also to make SEZs attractive, all existing notified SEZs are deemed to be multi-sector SEZs. New Tax rates were announced by Central Government during September 2019. Effective Tax rate has been slashed to 17.16% from 25.17% for new manufacturing companies and from 30% to 22% for existing companies.

However, due to COVID-19 effect in Q4 FY 2019-20, economic activity declined and is expected to contract further in FY 2020-21. To revive the economy, the Central Government has announced stimulus package of Rs 20 lakh Crores with a call for "Aatma Nirabhar Bharat", a self-reliant India. Further many states have suspended labour laws to make their states attractive for Investments. The Government of India is expected to simplify the labour laws with the objective of making India an attractive destination for manufacturing. The Indian Government is coming out with multiple policies, schemes to stimulate the economy like MeitY's SPECS, PLI, EMC-2, new policy for medical equipment manufacturing parks, Remission of Duties and Taxes on Export Product (RoDTEP), liberalized FDI regimes, etc., to improve attractiveness of manufacturing in India.

As a fallout of COVID-19, Global manufacturers having their manufacturing units in China or depending on China, are planning to shift at least part of the manufacturing out of China with the objective of de-risking their operations and supply chain in the long run. India, uniquely placed with large domestic market, skilled manpower at lower labour cost combined with recent policy reforms should represent an attractive manufacturing destination. In this context, the global manufacturers' "China plus one" strategy should augur well for Make-in-India and propel demand for land in Industrial Parks in FY 2020-21.

Kakinada SEZ is rebranding itself as Kakinada Industrial Park to position itself as a destination for manufacturing units focused both on exports as well as Indian market. The current industrial units in the Industrial Park, viz. Nekkanti Sea foods, Devi fisheries, Pals Plush, Rural BPO are employing around 2,000 people. Two additional food manufacturing units are under construction and would be operational in FY 2020-21. The subsidiary company Kakinada Gateway Port Limited has been allowed an extension of one year for achieving the Financial Closure of the Port subsidiary, i.e.

upto November 20, 2020. With better visibility of the Port, the Kakinada SEZ Business is poised to benefit from the demand of Port-led industries.

Krishnagiri SIR signed the Joint Venture Agreement with Tamil Nadu Industrial Development Corporation (TIDCO), giving a much needed boost. Further, the Company entered into an MoU with its first client M/s Micro-Tech C.N.C. Ltd. for ten acres of land for a period of ninety-nine years. Under the 'Make in India' initiative, the Govt. of India had announced setting up of a Defense Industrial Production Corridor (DIPC) in Tamil Nadu and Hosur has been identified as one of the key nodes under the Tamil Nadu Corridor. Also, under Bharat Mala scheme, NHAI is developing a 205 kms long satellite township ring road linking Hosur and Bengaluru. All these positive developments are expected to take GKSIR to the next level of growth.

Environment Protection and Sustainability

As the Company operates in an increasingly resource-constrained world, being environmentally conscious and efficient are key to our operations. The Company has a Corporate Environment, Health, Safety and Quality (EHSQ) Policy to articulate, guide, and adopt an integrated approach towards implementing EHSQ objectives and the Company remains committed towards the said policy. These established systems certified by reputed certifying agencies have helped to monitor and manage our operations systematically, safely and in environment friendly manner. The Company continues to abide by regulations concerning the environment by allocating substantial investments and resources on a continuous basis to adopt and implement pollution control measures. Our continuous endeavor to go beyond compliance and conserve natural resources helps to march towards attaining excellence in environmental management and efficient and sustainable operations as well. The details of Environment, Health and Safety (EHS) initiatives are provided in the Business Responsibility Report forming part of Annual Report.

Discussion and analysis of financial conditions and operational performance

The consolidated financial position as at March 31, 2020 and performance of the Company and its subsidiaries, joint ventures and associates during the financial year ended on that date are discussed hereunder:

1. ASSETS- NON CURRENT ASSETS

1.1. Property Plant and Equipment (PPE)

PPE has decreased from ₹ 9,614.42 Crore as at March 31, 2019 to ₹ 9,379.68 Crore as at March 31, 2020 primarily due to additions to fixed assets in DIAL and GHIAL offset by depreciation charge for the year.

1.2. Right of use asset

Right of use asset recognised for ₹ 106.19 crore as at March 31, 2020 mainly in DIAL, GHIAL and few subsidiaries due to adoption of New Indian Accounting Standard (Ind AS) 116 - Leases effective April 1, 2019.

1.3. Capital work-in-progress

Capital work-in-progress has increased from ₹ 857.03 Crore as at March 31, 2019 to ₹ 3,809.02 Crore as at March 31, 2020 primarily on account of expansion of existing airport at New Delhi and Hyderabad.

1.4. Investment Property

Investment property has increased from ₹ 3,139.79 Crore as at March 31, 2019 to ₹ 3,491.28 Crore as at March 31, 2020 primarily on account of additional capital expenditure incurred during the year by SEZ business.

1.5. Other Intangible Assets

Other Intangible assets has decreased from ₹ 2,867.05 Crore as at March 31, 2019 to ₹ 2,763.67 Crore as at March 31, 2020 primarily due to amortization during the year.

1.6. Investments accounted for using equity method

Investments accounted for using equity method has decreased from ₹ 7,659.94 Crore as at March 31, 2019 to ₹ 7,012.75 Crore as at March 31, 2020 primarily due to share of loss in joint venture and associates during the year and impairment provision of investment in joint ventures and associates.

1.7. Loans and Advances

Loans and advances has increased from ₹ 276.83 Crore as at March 31, 2019 to ₹ 447.73 Crore as at March 31, 2020 mainly due to advance given to related parties.

1.8. Other financial assets

Other financial assets have increased from ₹ 2,000.45 Crore as at March 31, 2019 to ₹ 3,090.19 Crore as at March 31, 2020 mainly due to increase in fair value of cross currency swaps / call spread offset by decrease in non-current bank balances and receivable against Service Concession Arrangements (SCA).

1.9. Other non-current assets

Other non-current assets have increased from ₹ 1,771.99 Crore as at March 31, 2019 to ₹ 2,420.60 Crore as at March 31, 2020 primarily on account of increase in balances with Govt. authorities and recognition of lease equalization reserve on adoption of 'Ind AS 116 – Leases' .

2. ASSETS – CURRENT ASSETS

2.1. Financial assets – Investments

Investments have increased from ₹ 2,350.34 Crore as at March 31, 2019 to ₹2,959.12 Crore as at March 31, 2020 primarily on account of investment in mutual fund and commercial papers by GIL and GHIAL partially offset by redemption of mutual fund by DIAL. All investments are in normal course of business.

2.2. Loans and Advances

Loans and advances has increased from ₹ 109.78 Crore as at March 31, 2019 to ₹ 916.98 Crore as at March 31, 2020 mainly due to advance given to related parties.

2.3. Financial assets – Trade receivables

Trade receivables has decreased from ₹ 1,447.37 Crore as at March 31, 2019 to ₹ 1,423.84 Crore as at March 31, 2020 in the normal course of business.

2.4. Financial assets – Cash and cash equivalents

Cash and cash equivalents have increased from ₹ 918.66 Crore as at March 31, 2019 to ₹ 2,859.43 Crore as at March 31, 2020 mainly due to parking of surplus fund in short term Fixed deposit in DIAL out of proceeds from new borrowings during the year.

2.5. Financial assets – Bank balances other than cash and cash equivalents

Bank balances other than cash and cash equivalents increased from ₹ 710.99 Crore as at March 31, 2019 to ₹ 1,589.34 Crore as at March 31, 2020 primarily due to increase in bank deposits in DIAL and GHIAL.

2.6. Other financial assets

Other financial assets have decreased from ₹ 4,722.83 Crore as at March 31, 2019 to ₹ 1,601.88 Crore as at March 31, 2020. This is primarily on account of realization of receivable from sale of GAL stake to ADP during the year 2019-20. Further, this is compensated by increase in unbilled revenue and other non-trade receivable in subsidiaries in the normal course of business.

2.7. Other current assets

Other current assets have increased from ₹ 253.84 Crore as at March 31, 2019 to ₹ 776.06 Crore as at March 31, 2020 primarily due to increase in balances with Government Authorities and advance to suppliers in the normal course of business.

2.8. Assets classified as held for sale

Assets classified as held for sale increased from ₹ 28.91 Crore as at March 31, 2019 to ₹ 61.73 Crore as at March 31, 2020 mainly due to one subsidiary classified as held for sale entity during FY 2019-20.

3. EQUITY

Equity share capital remains the same at ₹ 603.59 Crores. Total equity has decreased from ₹ 1,241.89 Crore as at March 31, 2019 to ₹ 215.89 Crore as at March 31, 2020 primarily on account of provision for impairment in value of equity investments and share of loss in joint venture and associates. Non-controlling interests have increased from ₹ 1,695.02 Crore as at March 31, 2019 to ₹ 2,674.58 Crore as at March 31, 2020 mainly on account of increased share of minority on account of divestment of 25% stake in airport entities to Groupe ADP.

4. NON-CURRENT LIABILITIES

4.1. Borrowings

Non-current borrowings have increased from ₹ 21,663.81 Crore as at March 31, 2019 to ₹ 26.521.90 Crore as at March 31, 2020, primarily due to new senior secured bonds in DIAL and GHIAL offset by repayment of loans in GIL and subsidiaries during the year.

4.2. Lease Liabilities

Lease liabilities recognised for ₹ 105.24 crore as at March 31, 2020 mainly in DIAL, GHIAL and few subsidiaries due to adoption of New Indian Accounting Standard (Ind AS) 116 - Leases effective April 1, 2019.

4.3. Other Financial Liabilities

Other financial liabilities have increased from ₹ 722.19 Crore as at March 31, 2019 to ₹ 747.26 Crore as at March 31, 2020, mainly due to increase in security deposit from concessionaires and retention money payable offset with decrease in concession fee payable.

4.4. Provisions

Provisions have decreased from ₹ 123.33 Crore as at March 31, 2019 to ₹ 105.83 Crore as at March 31, 2020 mainly due to lower provision in operation and maintenance in certain road entities.

4.5. Deferred tax liabilities (net)

Deferred tax liability is ₹ 225.04 Crore as at March 31, 2020 (₹ 78.11 Crore as at March 31, 2019) increase in deferred tax liabilities is primarily due to deferred tax liabilities recognised on undistributed profits of Joint ventures and netting of DTA with DTL in FY 2018-19 numbers.

4.6. Other non-current Liabilities

Other non-current liabilities have decreased from ₹ 2,079.46 Crore as at March 31, 2019 to ₹ 2,004.52 Crore as at March 31, 2020 primarily due to decrease in advance from customers and deferred revenue.

5. CURRENT LIABILITIES

5.1. Short term Borrowings

Borrowings have decreased from ₹ 2,364.99 Crore as at March 31, 2019 to ₹ 1,630.87 Crore as at March 31, 2020 mainly due to payment of short term borrowings.

5.2. Trade Payables

Trade payables have increased from ₹ 1,946.29 Crore as at March 31, 2019 to ₹ 2,261.51 Crore as at March 31, 2020 mainly due to payable to NHAI in road entity and provision for revenue share due to 'Ind AS 116 – Leases' in DIAL.

5.3. Other current financial liabilities

Other current financial liabilities have increased from ₹ 7,443.44 Crore as at March 31, 2019 to ₹ 10,289.49 Crore as at March 31, 2020. The increase is mainly due to increase in current maturities of long term borrowings, increase in interest accrued on borrowings and non-trade payables.

5.4. Provisions

Provisions have decreased from ₹ 1,052.62 Crore as at March 31, 2019 to ₹ 968.45 Crore as at March 31, 2020 mainly due to lower provision in operation and maintenance in certain road entities, decrease in provision for loss in associate offset by increase in power banking provision and other provision in normal course of business.

5.5. Other current liabilities

Other current liabilities has increased from ₹ 1,312.57 Crore as at March 31, 2019 to ₹ 1,327.46 Crore as at March 31, 2020 mainly due to increase in statutory dues off set by decrease in unearned revenue, advance from customers and other liabilities.

5.6. Liabilities directly associated with the assets classified as held for sale

Liabilities held for sale increased from ₹ 60.08 Crore as at March 31, 2019 to ₹ 71.50 Crore as at March 31, 2020 mainly due to one subsidiary classified as held for sale entity during FY 2019-20.

Overview of our results of operations

The following table sets forth information with respect to our revenues, expenditure and profits (loss) on a consolidated basis:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Continuing operations		
Income		
Revenue from operations (including other operating income)	8,394.93	7,410.80
Finance income	160.61	165.16
Other income	666.59	708.76
Total Income	**9,222.13**	**8,284.72**
Expenses		
Revenue share paid / payable to concessionaire grantors	2,037.19	1,764.75
Operating and other administrative expenditure	3,889.79	4,105.50
Depreciation and amortization expenses	1,064.25	983.96
Finance costs	3,545.07	2,684.15
Total expenses	**10,536.30**	**9,538.36**
Loss before share of loss of associate and joint ventures, exceptional items and tax from continuing operations	**(1,314.17)**	**(1,253.64)**
Share of loss of associates and joint ventures (net)	(288.33)	(87.89)
Loss before exceptional items and tax from continuing operations	**(1,602.49)**	**(1,341.53)**
Exceptional items - loss on impairment of investments accounted for using the equity method (net)	(680.91)	(2,212.30)
Loss before tax from continuing operations	**(2,283.41)**	**(3,553.83)**
Tax expenses/(income)	(84.92)	(87.42)
Loss after tax from continuing operations (i)	**(2,198.49)**	**(3,466.41)**
EBITDA from continuing operations (Sales/income from operations – Revenue share – operating and other admin expenses)	**2,628.56**	**1,705.71**
Discontinued operations		
(Loss)/profit from discontinued operations before tax expenses	**(3.70)**	**117.84**
Tax expenses	-	7.72
(Loss)/profit after tax from discontinued operations (ii)	**(3.70)**	**110.12**
Total loss after tax for the year (A) (i+ii)	**(2,202.19)**	**(3,356.29)**
Other comprehensive income for the year, net of tax (B)	24.15	173.63
Total comprehensive income for the year, net of tax (A+B)	**(2,178.04)**	**(3,182.66)**

Sales/Operating Income

The segment wise break-up of the Sales/Operating Income are as follows:

Particulars	For the year ended			
	March 31, 2020		March 31, 2019	
	Amount (₹ in Crore)	% of Revenue from operations	Amount (₹ in Crore)	% of Revenue from operations
Revenue from Operations:		-		-
Airports segment	6,131.49	71.66%	5,346.71	70.58%
Power segment	777.35	9.09%	593.08	7.83%
Road segment	585.20	6.84%	570.50	7.53%
EPC segment	859.10	10.04%	904.85	11.94%
Others segment	202.40	2.37%	160.82	2.12%
Total Revenue from operations	**8,555.54**	**100.00%**	**7,575.96**	**100.00%**

Operating income from airport segment

Income from our airport segment consists of income from aeronautical sources (principally consisting of landing and parking, passenger service fees and UDF), non-aeronautical sources (consisting principally of income from rentals, trade concessionaires and ground handling), cargo operations and rentals received in connection with commercial development on land that is part of our airport projects.

Operating income from airport segment increased by 14.68% from ₹ 5,346.71 Crore in fiscal 2019 to ₹ 6,131.49 Crore in fiscal 2020 mainly in parking, cargo operations, lease & space rental and revenue from commercial property development. However, there is overall increase in traffic in all the operating airports despite COVID-19 pandemic.

Operating income from power segment

Income from our power segment mainly consists of energy and coal trading income from GETL and GISPL. Other major operating energy entities including major entities like GWEL, GKEL and GGSPPL are assessed as Joint ventures and accounted for based on equity accounting. The operating income from power segment has increased by 31.07% from ₹ 593.08 Crore in fiscal 2019 to ₹ 777.35 Crore in fiscal 2020 primarily due to increased operations in coal trading.

Operating income from road segment

Income from our road operations is derived from annuity payments received from NHAI for our annuity projects and toll charges collected from road users of the toll road projects.

The operating income from road segment has marginally increased by 2.58% from ₹ 570.50 Crore for fiscal 2019 to ₹ 585.20 Crore for fiscal 2020 mainly in toll income. Concession period in annuity projects in subsidiaries namely GMR Tuni Anakapalli Expressways Limited (GTAEL) and GMR Tambaram Tindivanam Expressways Limited (GTTEL) ended on November 8, 2019 and these projects handed over to NHAI.

Operating income from EPC sector

Income from our EPC division is derived from the execution of engineering, procurement and construction works in connection with power, road, railways and other projects under implementation. Despite the COVID -19 pandemic, Hyderabad airport witnessed a 2% increase in passenger traffic, while Delhi airport witnessed a 3% decline in passenger traffic.

During the fiscal 2020, the EPC sector has contributed ₹ 859.10 Crore to the operating income as against ₹ 904.85 Crore in fiscal 2019. Decrease is mainly because few EPC projects are nearing completion resulting in lower revenues from construction projects.

Operating income from Other Sectors

Income from other sector includes management services income, investment income and operating income of aviation and hotel businesses. During the fiscal 2020, other sector has contributed ₹ 202.40 Crore to the Operating Income as against ₹ 160.82 Crore in fiscal 2019.

Expenditure

Revenue share paid/payable to concessionaire grantors

The revenue share paid/payable to various concessionaires has increased from ₹ 1,764.75 Crore in fiscal 2019 to ₹ 2,037.19 Crore in fiscal 2020 primarily on account of increase in operating income at airport sector.

Cost of material consumed

The decrease in cost of material consumed is mainly on account of higher material consumption at DFCC project in fiscal 2019.

Purchase of Traded goods

Increase in purchase of traded goods in the fiscal 2020 is primarily due to increase in operating revenue from electrical energy and coal trading.

Employee benefits expenses

The increase in employee benefit costs is mainly on account of annual salary increments and recruitment of new employees.

Other expenses

Other expenses include:

- Consumption of stores and spares, electricity and water charges, manpower hire charges, technical consultancy fee, cost of variation works, insurance for plant and machinery, airport operator fee, lease rentals, repairs and maintenance to plant and machinery, travel, insurance, legal and other professional charges, provision for advances, losses on sale of fixed assets and investments, travelling and conveyance, communication, loss on foreign exchange and other miscellaneous expenses.

There is decrease in other expenses in fiscal 2020 mainly due to forex loss, write off advances and donation expense in fiscal 2019.

Exceptional items

In fiscal 2020, there is impairment loss of ₹ 680.91 Crore in carrying value of equity investments in joint ventures and associates.

Tax expenses

Tax expense/ (credit) mainly comprises of current tax expense and deferred tax expense / (credit). There is no significant movement in tax expense/ (credit) in fiscal 2020 compared to fiscal 2019.

Significant changes in key financial ratios, along with detailed explanations

Key Financial ratios on standalone basis including significant changes (more than 25%) are shown in the table below:

	FY 2019-20	FY 2018-19	Change
Debtor turnover (days)	413.62	354.36	(17%)*
Inventory turnover (days)	39.27	18.45	(113%)**
Interest coverage ratio	0.50	0.30	(65%)
Current ratio	1.57	1.89	(17%)
Debt equity ratio	0.68	0.61	(10%)
Operating profit margin %	(0.29)	(0.44)	34%***
Net profit margin %	(0.40)	(0.51)	22%***
Return on net worth	(0.12)	(0.09)	(39%)#

* Increase in the ratio is on account of various deductions being made by the client (DFCCIL) on account of recovery of mobilization advance at higher rate.

** Increase in Inventory turnover ratio is due to increase in average inventory.

*** Improvement in operating profit margin and net profit ratio is due to lower Cost of Goods Sold (COGS)

\# The change in return on net worth is majorly due to Provisions are made for the loans and impairment in investments during FY 2019-20.

Corporate Social Responsibility

GMR Varalakshmi Foundation (GMRVF) is the corporate social responsibility arm of the GMR Group. The Group has been undertaking CSR activities on a significant scale since 1991. GMRVF supports the companies under the Group in implementing their CSR mandates. GMRVF's purpose is to work in the fields of Education, Health and Empowerment such that its activities directly benefit mainly the communities in the immediate neighborhood of the Group's projects. Currently, GMRVF is working with selected communities in 20 locations in India. The locations are spread across different states namely Andhra Pradesh, Delhi, Himachal Pradesh, Karnataka, Maharashtra, Goa, Odisha, Punjab, Tamil Nadu, Telangana, Uttar Pradesh and Uttarakhand. The detailed information on CSR activities of the Group is provided in Business Responsibility Report forming part of the Annual Report.

Awards and Recognitions in the year 2019-20:

- GMR Varalakshmi Foundation won the 'Mahatma Award for Social Good 2019' on the occasion of 150th Birth Anniversary of Mahatma Gandhi. The award was presented by Smt. Rajashree Birla.
- GMRVF received Best Diversity and Inclusion Initiative Awards 2019 for its work of empowering women in its communities, from GoDiverse, a reputed organization which offer diversity and inclusion related services to corporates.
- Nagavali Institute of Rural Entrepreneurship Development run by GMRVF and Andhra Bank jointly at Rajam, AP was adjudged as one of the 3 best performing RSETIs (out of the total 587 Rural Self-Employment Training Institutes) in India by Ministry of Rural Development (MoRD).
- GMRVF received "Excellence Award for Corporate Social Responsibility" for CSR activities around Hyderabad International Airport from Federation of Telangana Chambers of Commerce and Industry (FTCCI).
- The Foundation was awarded the prestigious Kalinga CSR Award from the Institute of Quality and Environmental Management Service (IQEMS) for its significant contribution in the field of Corporate Social Responsibility.

Risk Concerns and Threats

Identification, assessment, profiling, treatment and monitoring the risks

A comprehensive risk management process that includes identifications of risks, their assessment and their treatment has been in deployment consistently over the years. The Enterprise Risk Management (ERM) function helps the Sectors and key business units in aggregating and consolidating their risks. The Company prioritizes and manages the risks identified through its Risk Registers.

Implementation of the ERM process across the Group's businesses is independently assessed by internal audit team i.e. the Management Assurance Group (MAG). Their inputs and recommendations are taken into consideration for continuous improvement in business processes.

Linkages: The Company has established a strong linkage with Corporate Strategy and Risk management function which helps it to focus on key strategic risks. Detailed risk analysis is carried out during the formulation of the Company's Strategic Plan and Annual Operating Plan. List of top risks are revised as a part of the Strategic plan exercise. ERM team also shares the results of its exercise with the MAG to enable it to draw plans for risk-based audit.

Business Resilience: The Company has put in place detailed Business Continuity Plans (BCP) and Disaster Recovery Plans (DRP) that enables it to quickly and effectively adapt to disruptions while maintaining continuous business operations and safeguarding people, assets and overall brand equity. The plans identify potential vulnerabilities and puts in place appropriate processes and risk treatment plans to respond and minimize impact of disruptive events.

Reporting: The ERM team within the Company's businesses regularly present the risk assessment and efficacy of the mitigation strategy adapted by them, first to the Management team for validation and thereafter to the Audit Committee/ Risk Management Committee of the Board.

Based on the above process, the management has taken cognizance of risks in the recent times and for which appropriate plans and actions are being taken, as follows:

1. Black Swan Event

The emergence of COVID-19 infection in China in December 2019 that quickly spread to many countries in Europe, Asia, America became an unprecedented pandemic of catastrophic consequences has also had significant impact on the Indian Economy and has affected our airport, power and road businesses.

The Group is assessing the long-term impact of this black swan risk that is yet to reveal its full scale of disruption on global economies and on Indian economy in particular.

As a response, each business formed a war room of senior executives to track various initiatives along with strong support from corporate and functional teams. As part of our response to the COVID-19 situation, we have focused on business continuity along these fronts:

- Operational continuity
- Financial sustainability – cash conservation and reduction of cost structure
- Organizational resilience

2. Macroeconomic Risk factors:

During FY 2019-20, India's macroeconomic situation was already on a weak footing. Covid-19 has further aggravated the macroeconomic environment globally and in India. It has a significant impact on the operating performance of the Group.

Our Airports sector has been hit significantly. Key segments being impacted include tourism travel, business travel and MICE. Further, airlines are also significantly impacted, and their continued sustenance is important for our airports business.

Risks facing the energy sector have amplified with lower power demand resulting in aggravating the already precarious financial situation of the DISCOMs. The Government of India has announced a package in this regard.

Potential impact of the situation would be in terms of lower revenues, profitability and cash flows to service debt obligations.

As a mitigation for these macroeconomic risk factors, the Group relies on a diversified portfolio across different sub-sectors within the Infrastructure Sector along with revised strategies. Our portfolio of T&UI had less impact and in fact Krishnagiri and Kakinada projects may benefit as global manufacturers explore alternate locations to China to locate their manufacturing operations.

The Group is also reaching out to its stakeholders and undertaking various policy advocacy measures to ensure our ability to service debt. We successfully closed our strategic partnership transaction with Groupe ADP to ensure much needed liquidity during this period. Timely fund-raising in airports sector has helped to partially insulate business from COVID-19 related risks.

3. Geopolitical risk:

In the past year, unexpected geopolitical changes have heightened the risk of conflicts between nations (US/China/Iran) in the country's neighborhood.

Our hydro power project in Nepal may face geo-political risks due to current relations between India and Nepal on one hand, and India and China on the other.

To address risks from geopolitical issues,

- The Group relies on the Government's proactive role in protecting the interests of Indian industries arising out of chaning geopolitical landscape.
- As in previous case of Maldives Airport, the Group relies on high credibility of international arbitration platforms.

4. Political risks:

Given the nature of the concession business, change in governments may occasionally have consequences on concessions, typically at an early stage. Accordingly, local politics within the countries, including India, where we operate may affect our business.

To address these risks,

- Our Group implements its strategy of working closely with all relevant stakeholders to mitigate impact of the political risks.
- We partner with local players outside India to mitigate the same.
- Our transaction with ADP, which is owned and supported by the French Government, should strengthen our position in this regard.

5. Technology Risk:

Technology Risks are impacting businesses on various fronts:

- Business disruption as new technologies offer a value proposition difficult to match by traditional industries. The emergence of solar energy at a much lower cost has put the traditional power generation industry under stress. Alternate travel technologies such as Hyperloop may pose an additional risk to the highway, railways and airline sectors as it evolves.
- Use of digital technologies such as Artificial Intelligence, Block chain, etc. are allowing even traditional companies an opportunity to provide a new range of products and services, which are redefining

many industry segments. Technological application in all areas of business operations is evolving rapidly, rendering existing processes and equipment less efficient or obsolete. These impact the relative competitive position of many players in an industry segment. The Airport sector is witnessing a wide range of induction of digital technologies which is impacting the way business is being done in this sector.

- Digital Technologies are being introduced in many functional processes across businesses which impact speed, agility and cost structure of businesses, which in turn may impact the relative competitive position of players in an industry.

In this regard,

- The Group is looking at technology disruptions as an area of opportunity and is exploring strategies to exploit the same.
- We are also continuously experimenting and upgrading to new technologies to meet both the regulatory requirements as well as operational efficiency.
- The Group is also working with an external consultant while restructuring its internal finance processes and adopting latest technologies with a view to enhance speed, agility and cost effectiveness of resources. The induction of technology is expected to be an ongoing process in the group.

6. Competition risk:

The Group may be affected by the increasing competition in most business streams, particularly in airports sector.

Thermal power business also faces tough competition for PPAs due to lack of suitable PPAs in market and too many IPPs vying for the same PPAs.

As mitigation,

- The Group has continued to focus on building competitive advantage in its core business areas to ensure that we are competitively well-positioned in our businesses.
- The company continues to enhance its diligence processes that were established for project procurement. Recent airport bid of Jewar was thoroughly assessed for risks, following an established elaborate bid assessment process.
- Group is engaging in active policy advocacy so that more PPAs based on various thermal sources are offered by DISCOMs.

7. Regulatory Risk:

Group's airports business remained exposed to regulatory changes that have impacted tariffs. While AERA's tariff determinations are trued up over the tariff period and have less impact on the long term sustainability, they do have short term impact on profitability and liquidity.

In the energy sector, changes and modifications in regulations related to tariffs and environmental protection continued to pose risks to the Group's energy business.

As mitigation measures, the Group actively pursues:

- Tracking of all developments in the regulatory environment.
- Participation in sector-specific industry associations and chambers of commerce to work for resolution of issues that may impact our businesses.
- Identifying, monitoring and updating the management on regulatory developments and their impact.
- Where necessary, the Group has engaged in arbitration and/or litigation as appropriate, in order to protect its interest in this regard.

8. Ability to finance projects at competitive rates:

Given the nature of the infrastructure sector, the industry players carry relatively higher debt levels. While the country has witnessed strong interest from Sovereign and International Pension Funds in financing high quality secondary assets, Infrastructure financing in India faces certain issues which are inhibiting the smooth financing of the sector. These include:

- Lack of options beyond Bank Financing to finance green field projects. In addition, Indian banks have struggled to offer long term debt financing solutions on account of an asset liability mismatch at their end. Further, with the large number of non performing infrastructure assets the Indian banking sector has faced over the past few years, many institutions and banks are hesitating to provide further project financing in this regard.
- Lack of a well-developed bond market in India, which can encourage greater availability of funding for the Infrastructure sector.

  Nevertheless, we are continuously exploring innovative means to finance/refinance our projects including refinancing through bond issue, takeout finance, ECB loans (where we have a natural hedge to reduce the forex exposure) etc., wherever possible at competitive rates. We also continue to work with stakeholders to improve the environment for infrastructure financing in the country.

9. Interest Rate Risk:

Recent macroeconomic trends have resulted in falling oil prices and reduced interest rates. However, interest rates in developing economies such as India are typically volatile, and any increase in interest rate may adversely affect our profitability.

We are continuously exploring and implementing innovative means of financing/refinancing our existing loan with the aim of reducing our interest costs.

Also, with the divestments of some of our assets and capital raise exercises, we also aim to reduce our debt exposure and thereby the interest cost.

10. Credit Risk:

Our airport business continues to be exposed to credit risks of our airline customers and non-aero services customers. Collection of receivables from distressed airlines has continued to be at risk

However,

- These exposures are relatively small compared to overall business and the Group has implemented the processes to mitigate the same like BGs, cash & carry wherever necessary in Airports.
- All receivables are being closely monitored and reviewed frequently by the top management.
- Under regulatory framework in airports, the Company has recovered defaulted amounts as opex.
- In the energy sector, the Company has been taking a number of advocacy steps as well as litigation to establish and recover dues from various discoms.

  Our exposure to sale of electricity to DISCOMs may expose us to credit risk of counter parties.

11. Foreign Currency Exchange Rate Risk:

Throughout the year, some of our businesses remained exposed to the vagaries of exchange rate risk, as we have some expenditure in foreign currencies for procurement of project equipment or debt servicing.

As mitigation,

- We have mechanism for regular review of our foreign exchange exposures including the sensitivity of our financials to exchange rate
- We hedge our exposures and keep rolling them as part of a foreign exchange risk management policy
- With respect to certain long term borrowings, with both issuer and subscriber having the opportunity to convert into equity under different situations, the potential exchange rate risk on the principal amount is quite limited.

12. Cyber Security Risk:

Although Group's businesses have not been affected by cyber-attacks, vulnerability to increasingly sophisticated hacking methods persists. Our airport operations may face this risk.

As mitigation, the Company has

- Instituted processes to assess its vulnerability to cyber security risks and initiated actions to mitigate emerging risks.
- Strengthened its network infrastructure with advanced technologies to address any exigencies of WFH for employees and related vulnerabilities.
- Deployed In-Tune Mobile Device Management (MDM) to monitor and control data leakage from Mobile devices.

13. Manpower risk:

With increasing competition in the Group's core businesses, newer players have taken an aggressive approach to meet their critical manpower requirement by poaching on experienced personnel of the established companies.

Our company is also exposed to these methods by the new entrants in the industry.

For mitigating these risks,

- The Group has been building bench strength and is further taking adequate measures to ensure that the impact of such aggressive manpower hiring approach is mitigated for our businesses.
- Employees in critical positions are being incentivized with career development options.

14. Arbitration/ Litigation risk:

With the expansion of business, obstacles in the form of disputes are common. While the Group ethos is to attempt to address these disputes through amicable discussions, at times it is forced to adopt alternate means of resolution, including arbitrations and litigations.

The Group has a very robust in-house mechanism for dispute risk assessment, which provides the management with an early evaluation of the risks and costs associated with every potential arbitration / litigation, before the same is triggered.

The Group has ongoing disputes in its businesses across the sectors, which primarily relate to the interpretation of issues relating to various concession documentation or laws by respective Authorities or Grantors.

The Group would typically work with a combination of strong in-house counsel - both corporate and sectoral, and specialist external counsel as per the specific requirements.

Internal control systems and their adequacy

The Company's internal financial control framework, established in accordance with the COSO framework to ensure the adequacy of design and operating effectiveness of operational, financial and compliance controls. The effectiveness of the internal controls is continuously monitored by the Management Assurance Group (MAG).

The Company has appropriate policies and procedures in place which play a pivotal role in the deployment of the internal controls. These controls and processes have been embedded and integrated with SAP (or other ERP systems, as the case may be) and/or other allied IT applications which have been implemented across all Group companies.

MAG continuously assesses opportunities for improvement in all business processes, systems and controls and provides recommendations which add value and improves an organization's operations.

Deviations, if any, are addressed through systemic identification of causals. Corrective actions, if required, are taken by the respective functions. Functional owners take responsibility for introducing preventive actions. Proactive actions are initiated to ensure compliance with the several upcoming regulations through deployment of cross functional teams. As far as possible, emphasis is placed on automation of controls within the process to minimize deviations and exceptions.

Respective Business/Company CEOs are responsible to ensure compliance with the policies and procedures laid down by the management. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

MAG is responsible for undertaking internal audits across the group and they are assisted by outsourced audit firms. The internal audit scope covers inter alia, all businesses and corporate functions, as per the annual plan reviewed and approved by the Audit Committee at the beginning of every year.

During 2019-20, MAG took the following initiatives:

- Release of Updated MAG Manual Version 2.0 (2019)
- Launch of Knowledge Mine, an intranet portal in Success Factors (Navyatha) for imparting knowledge online and periodic updates for MAG Team Members.
- Engaged a reputed firm to review existing processes in MAG and benchmark them with best practices in internal audit.
- A standard monthly MIS format was introduced effective October 2019 for reporting various initiatives taken by MAG (e.g. Monitoring MAG efficiency and effectiveness) to respective Sector Business Chairman, CEOs and CFOs for Corrective Action/Preventive Action (CAPA).
- Initiation of an online software LARS (Laser Audit Reporting System) to track open audit observations and trigger alerts/reminder mails to users for closure of audit observations.
- Implemented a performance evaluation matrix for assessment of outsourced audit firms engaged for various audit assignments thus enabling decision making for continuity or rotation of these audit firms, as appropriate.

Every quarter, Audit Committee of the Board is presented with key control issues and actions taken on the issues highlighted in previous report(s).

An Annual Certificate for the financial year 2019-20 was issued by Group Head MAG to Audit committee, confirming compliance to prescribed processes as enumerated in MAG Manual while undertaking audits, reporting audit observations and their closure.

Developments in Human Resources and Organization Development at GMR Group

In FY 2019-20, Group continued focusing on People, Process and Technology across workforce lifecycle stages. While critical initiatives were successfully completed during the year, the focus is continued in taking forward the change management initiatives and adapt the new way of managing work.

This year the focus has been to strengthen HR Operations, sustain People Processes and at the same time prepare for upcoming growth specifically in Airports Sector. Tremendous employees' participation was seen across group sustaining robust outcomes across many of people initiatives, e.g. Employee Engagement and Ethical Culture survey, Continual Improvement Projects, Employee Suggestion Scheme - Idea Factory, Employee Rewards & Recognition, Employee Communication through Town Halls, Skip Level Meetings, Goal Setting, Performance Appraisals, Digital Awareness, Self-learning and development, while keeping a close eye on 'Frugal' way of working and imbibing group's core values & beliefs.

Some of the initiatives taken up at the Group are detailed below:

- **Non-Compete**

GMR Implemented Non-compete clause for identified employees of the group. This clause has been a standard practice in the industry for long, which enables the organization to strengthen its capabilities and invest in its people. In order to protect our interests and stay ahead of the competition, the policy was implemented in its true spirit.

- **Global Mobility:**

The policy was implemented in FY 2019-20 to efficiently manage employees and address their queries/concerns when they chose to be transferred to various locations where GMR operates. The policy has streamlined and standardized all the issues with reference to movement of our personnel, especially on international assignments.

- **Talent Review and Succession Planning for middle and Senior level employees of GMR:**

This exercise was carried out in the year gone by and we are happy that all middle & senior management employees have been identified with their Long Term as well as Immediate Step In successors. Having a talent pipeline is one of the most critical area for an organization as the most important assets for an organization are its employees. GMR having the vision is also committed to develop the capabilities of its talent in the year ahead through Leadership Development Programs, Individual Training Programs and Spiritual Development of each employee.

- **Change management and Organization Structures**

In order to win and sustain in highly dynamic business environment, every organization needs to continuously evolve by analysing its design & structure, ways of working, how well people are organized and many other factors. This analysis makes sure that the employees deliver their best at all times. GMR undertook various such studies and analysis in the year gone by. Some of these have been implemented and few are at various stages of their respective lifecycle. We aim to complete all such studies and become even better, nimble and agile organization in coming years.

- **Learning & Development:**

In FY 2019-20 we have critically focused on upskilling of our workforce. Following have been few of our initiatives:

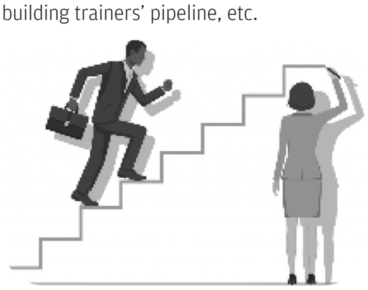
a. Non-Violent Communications, this training is focused to enhance communication skills. Main aim of this program is to teach people to communicate with his/her subordinates in such a way which is not aggressive / offensive and at same time remains firm.

b. Gender Harmony sessions for sensitizing our people on importance of having diversity of gender, culture, etc. in an organization.

c. Nipun, Daksh, Saksham and Netritva are the programs undertaken to enhance Technical, Foundational (such as MS office, power point etc.), Managerial and Leadership Skills respectively of our people. Daksh and Nipun programs have already been launched and have confidence building participation & feedback from the trainees. Other two programs would be launched later in this year.

d. Yoga & Wellbeing have been our core focus areas and to have this implemented GMR explored all the options internally as well as externally. Internally the COE-L&D within Corporate HR runs weekly sessions on various forms of yoga and DIY exercises. The program is being attended by various level of employees and is highly appreciated within the group.

e. Control of costs associated with Learning Initiatives by running in-house programs, stringent negotiation mechanisms with external partners, building trainers' pipeline, etc.



- **Spirituality & Well Being:**

GMR came up with a unique idea for Spiritual enhancement of our people. In order to take this forward and enhance Spiritual Wellbeing of our people, the group conducted various sessions by prominent spiritual speakers such as Sadhguru, Swami Sukhabodhananda, Swami Gaur Gopal Das, Sister Shivani, Sirshree & others. We plan to further improve upon our deliverables on this front and enhance the spiritual upkeep of our employees and their family members.

- **Digital HR:**

Going digital and reducing paper based working culture have been another key focus area for GMR and to compliment this goal the group has successfully launched MyGMR App which has been downloaded almost 5000 times from google & apple play-stores. This is a great success story as it increases transparency and reduces bureaucratic glitches at some areas of concern. We have also ensured in the past year that the Success Factor (SF) platform is utilized to 100% of its value & capacity and with the efforts of all our stakeholders the SF Platform is achieving maximum utilization without any further investments during the year. In the year coming ahead, GMR aims to automate the attendance capturing process which would be linked to MyGMR app.

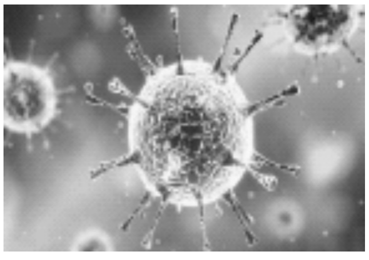
- **Integrating, aligning & strengthening of HR policies across JVs & subsidiaries:**

In the year gone by the group has initiated benchmarking study for quick integration of our policies & procedures with GMR's other JVs in the Airport Sector. We aim to complete this within FY 2020-21. The process is necessary to create healthy & harmonious environment for employees working for the group through such entities and the standardized processes leads to a simple & nimble way of working.

- **Change Management during COVID-19:**

With an unprecedented challenge posed by the corona pandemic on Health, Economic and other fronts of the Economy and of the People, it was imperative for GMR to proactively respond to the situation and manage the events in such a way that its impact is minimized to the possible extent. Change Management have been the toughest task during these times for the group. Following actions highlight GMR's commitment to its people:

- Proactive and timely launch of Remote working policy. This not only supported us in Business Continuity but also on safety & wellbeing of our people and their sense of belongingness with GMR.
- Rationalization of work weeks, wherein all employees (except operations & essential service) have been permitted to work from remote locations on all Saturday's.
- Time to time addressing of Employees' Health & Safety concerns at workplace by strict adherence to Safety Measures, ample provision of Sanitizers, Hand Soap, etc. Regular trainings to raise awareness on the pandemic at group and unit levels, etc.
- Sustainability through cost optimization without compromising on employee expectations.
- On-going monitoring has been the toughest. With the implementation of strict measures & checks we made sure that no COVID-19 case is reported in our offices across locations.
- As part of continued sustainability and cash conservation measure during the difficult times, GMR Group had to implement Compensation Restructuring for employees. While doing so, we made sure that those employees having lower compensation packages are not impacted and at the same time the group also made sure that other employees are not over-burdened with pay cuts. We devoted a great care to retain the jobs of our people and that of their safety & wellbeing during these tough times.



- **Other initiatives**

There have been several initiatives successfully undertaken during the year which are worth mentioning here, such as:

a. GMR achieved 43% of IJP rate which is best among any industry peer.

b. GMR undertook the project of Career Mapping, through which an employee's future path and probable roles are made visibly clear to the individual. This not only helps the employees to know what their professional career holds for them; they can also aspire to be at a role of their choice. Complemented with right Learning & Development mechanisms an employee is destined to soar high with GMR. We aim to implement this within FY 2020-21.

c. The group emphasizes to have ethical work environment for its people. In this direction in FY 2019-20, we invigorated the Ethics Committee (also known as ICC) to carefully handle and conclude any case of Sexual Violations / Offences in the group.