

Walker Chandio & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

Independent Auditor's Report

To the Members of GMR Hyderabad International Airport Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of GMR Hyderabad International Airport Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its joint venture, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the separate financial statements and on the other financial information of the subsidiaries and joint venture the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group, its joint venture, as at 31 March 2020, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 18 and 19 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

Emphasis of Matter - PSF(SC) Fund

4. We draw attention to Note 37(l)(B)(xxii) to the consolidated financial statements, which describes the uncertainty relating to outcome of litigation pertaining to the costs related to procurement of security equipment, construction of residential quarters for Central Industrial Security Force deployed at the Rajiv Gandhi International Airport, Hyderabad and other costs which have been adjusted from the PSF(SC) Fund up to 31 March 2018, pending final decision from the Hon'ble High Court of Telangana and the consequential instructions from the Ministry of Civil Aviation. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Covid-19

5. We draw attention to Note 2.3 of the accompanying consolidated financial statements which describes the uncertainties due to the outbreak of Covid-19 pandemic and the management's evaluation of the impact on the consolidated financial statements of the Company as at the balance sheet date. Our opinion is not modified in respect of this matter.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and joint venture, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
7. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1. Utilisation of Minimum Alternate Tax (MAT) credit <i>Refer to Note 2.6(u) for the accounting policy and note 43 for the financial disclosures in the accompanying consolidated financial statements.</i> The Holding Company is under tax holiday period until financial year 2021-22 and has accumulated MAT credit asset of ₹457.11 crores (31 March 2019: ₹405.41 crores). Recognition of MAT credit asset requires significant judgement regarding the likelihood of its realization within the specified period through estimation of future taxable profits of the Company and consequently there is a risk that the MAT credit asset may not be realized within the specified period, if these future projections are not met. In order to assess the utilization of MAT credit, the Holding Company has prepared	Our audit procedures in relation to assessment of MAT credit recognition and its utilization as at reporting date, included, but were not limited to the following: • Assessed and tested the design and operating effectiveness of the Company's controls over recognition of the MAT credit. • Understood the process and tested the internal controls over preparation of the taxable profit forecast based on reasonable and supportable assumptions and inputs to the model used to estimate the future taxable profits; • Understood and tested the controls surrounding management's evaluation of litigations and contingent liabilities; • Challenged the judgements exercised by the management and tested the key assumptions used including the impact of COVID-19 based on our knowledge of the industry, publicly

Walker Chandio & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

revenue and profit projections which involved judgements and estimations such as estimating aeronautical tariff [which is determined by Airport Economic Regulatory Authority ("AERA")], revenue growth, passenger growth, profit margins, tax adjustments under the Income-tax Act, 1961. Further, as explained in note 46, the Holding Company had filed an appeal, challenging various aspects of the aeronautical tariff order passed by AERA in respect of first control period from 1 April 2011 to 31 March 2016. During the current year, Telecom Disputes Settlement Appellate Tribunal (TDSAT) has directed AERA to reconsider the issues afresh while determining the aeronautical tariff for the Third Control Period commencing from 1 April 2021. We have identified this as a key audit matter for current year audit owing to the materiality of the amounts involved and inherent subjectivity involved in the determination of utilization of MAT credit through estimation of future taxable profits and projected aeronautical tariff revenue which involved determination by AERA and being a subject matter of litigations.	available information and Company's strategic plans; • Compared the prior year expected tax profits with the actual results to determine the efficacy of the management's budgeting process; • Tested the appropriateness of the forecasted tax liability computation as per the provisions of the IT Act, including assessment of the eligibility of various tax exemptions availed and MAT liability computation as per Section 115JB of the IT Act; • Obtained and evaluated sensitivity analysis performed by the management on aforesaid key assumptions and performed further independent sensitivity analysis to determine impact of estimation uncertainty on the future taxable profits; • Obtained and reviewed the documents with respect to the litigations during the year with AERA and the related order issued by TDSAT; and • Assessed the appropriateness and adequacy of the related disclosures in the standalone financial statements in accordance with the applicable accounting standards.
--	---

Key audit matter	How our audit addressed the key audit matter
2. Valuation of derivative financial instruments <i>Refer to Note 2.6 (n)(E) for the accounting policy and note 40 for the financial disclosures in the accompanying consolidated financial statements.</i> The Holding Company has entered into derivative financial instruments, i.e. cross currency swap, coupon only swap and call spread options to hedge its foreign currency risks relation to the long-term debt issued in foreign currency. Management has designated these derivative financial instruments and the aforesaid debt at initial recognition as cash flow hedge relationship as per Ind AS 109, Financial Instruments.	Our audit procedures to test the valuation of derivative financial instruments included, but were not limited to the following: • Assessed and tested the design and operating effectiveness of the Company's controls over derivative financial instruments and the related hedge accounting; • Reviewed the management documentation for the designated hedge instrument which defines the nature of hedge relationship; • Considered consistent application of the accounting policies and assessed the hedge accounting methodologies applied; and compared these to the Company's accounting policies and requirements under Ind AS 109, Financial Instruments.

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

The valuation of hedging instrument is complex and necessitates a sophisticated system to record and track each contract and calculate the related valuations at each financial reporting date. Since valuation of hedging instruments and consideration of hedge effectiveness involves both significant assumptions and judgements such as such as forward exchange spot, forward rates, currency yield curves, interest rate curves and forward rate curves and involvement of management's valuation specialist, and therefore, is subject to an inherent risk of error. We have identified valuation of hedging instruments as a key audit matter in view of the aforesaid significant judgements, estimates and complexity involved.	• Evaluated the management's valuation specialist's professional competence, expertise and objectivity; • involved a specialist for testing the accuracy and reasonableness of the input data, assumptions used and testing the fair values of derivative financial instruments and compared the results to management's results; • Assessed the appropriateness and adequacy of the related disclosures in the standalone financial statements in accordance with the applicable accounting standards.
--	---

Key audit matter	How our audit addressed the key audit matter
3. Testing of capital-work-in-progress <i>Refer to Note 2.6 (e) for the accounting policy and notes 3 and 32 for the financial disclosures in the accompanying consolidated financial statements.</i> The Holding Company is in the process of expansion of Rajiv Gandhi International Airport, Hyderabad. Determining whether expenditure meets the capitalization criteria in line with Ind AS 16, Property, Plant and Equipment and the Company's accounting policy, specifically with regard to whether they are operational or capital in nature, involves significant management judgement. Further, the tariff determination by AERA for different control periods with respect to the aeronautical services is linked to the Regulated Asset Base, which is based on the fixed asset balance and considering these additions are significant to the asset base of the Company, we have assessed inappropriate capitalization as a significant risk as part of our audit strategy. Such aforementioned capital expenditure has been funded from the specific borrowings raised for such purpose. Accordingly, the borrowing cost incurred	Our audit procedures to assess appropriate capitalisation of such expenditure included, but were not limited to the following: • Assessed the design and implementation and tested the operating effectiveness of key controls surrounding the capitalization of costs. • Reviewed management's capitalisation policy, including application of the aforesaid policy, to assess consistency with the requirements set out by Ind AS 16, Property, Plant and Equipment. • Compared the additions with the budgets and the orders given to the vendors. • Ensured that the borrowing cost capitalized is as per Ind AS 23 Borrowing Costs. • Tested the additions on a sample basis for their nature and purpose to ensure that the capitalization is as per company's accounting policy. • Assessed the appropriateness and adequacy of the related disclosures in the standalone financial statements in accordance with the applicable accounting standards.

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

on such borrowings have been included as a capital expenditure in accordance with the provisions of Ind AS 23, Borrowing Costs. Owing to the above factors, we have identified this as a key audit matter for current year audit due to the significance of the capital expenditure incurred during the year.	
---	--

Key audit matter	How our audit addressed the key audit matter
4. Assessment of impairment in the carrying value of the Maintenance, Repair and Overhauling division (MRO) – Cash Generating Unit (“MRO CGU”) <i>Refer to Note 2.6 (i) for the accounting policy and notes 53 for the financial disclosures in the accompanying consolidated financial statements.</i> The auditors of GMR Air Cargo and Aerospace Engineering Limited (“GACAEL”), a wholly owned subsidiary of the Holding Company have reported as follows: At each reporting period, the subsidiary assesses the carrying value of CGU to determine whether there is any indication that the MRO CGU has suffered an impairment loss. If any indication exists, the subsidiary estimates the recoverable amount. As indicated in Note 53 of the consolidated financial statements, owing to the past accumulated losses of the MRO CGU and occurrence of the Covid-19 pandemic, the management has assessed the impairment of the carrying value of the MRO CGU as at 31 March 2020. Basis ADP deal, the Management has determined the recoverable amount of MRO CGU. Additionally, the Management has used value-in-use approach and has applied significant judgements, assumptions related to capacity utilization, revenue growth, margins and selection of discount rates.	The auditor’s of GACAEL, have reported as follows: Our audit procedures in relation to assessing the carrying value of the MRO CGU included but were not limited to, the following: - Evaluated the design and implementation and operating effectiveness of internal controls relating to the Management’s assessment of the impairment workings of MRO CGU; - Assessed the reasonableness of the key business assumptions such as capacity utilisation, revenue growth rate and margins by understanding the Management’s plan and by performing retrospective testing; - Assessed the reasonableness of the valuation model using market assumptions namely the discount rate adopted for the valuation with the assistance of our internal valuation experts (including for COVID19 impact); - Performed sensitivity analysis around the key assumptions and stress-tested for various scenarios (considering COVID19 impact) to determine if any changes to key assumptions would impact the recoverable amounts; - In respect of the agreement between GMR Group and ADP, discussed with the Management and GMR Group to understand the implications insofar as the MRO CGU is concerned. Verified certain key terms of the agreement/documents in public domain. Compared and correlated the value attributed to the MRO CGU with the carrying value, to determine if there is impairment; - In respect of COVID-19 impact, performed corroborative enquiries with the Management

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

We have identified the estimation of the recoverable amount of MRO CGU as a key audit matter because these assumptions are of particular importance due to the level of uncertainties and the judgements involved, thus changes in these assumptions could have a significant impact on the recoverable amount of MRO CGU.	to understand the impact and how this affected the projections; • We have assessed the disclosures made by GACAEI in relation to this matter; and • The results of impairment testing were also approved by the Board of Directors.
---	---

Information other than the Consolidated Financial Statements and Auditor's Report thereon

8. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

9. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its joint venture are responsible for assessing the ability of the Group and of its joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

11. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its joint venture.

Auditor's Responsibilities for the Audit of the Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint venture to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its joint venture, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

17. Due to the Covid-19 related lock-down restrictions, auditors of GACAEL and GMR Hospitality & Retail Limited ("GHRL") (collectively referred as "Subsidiary Auditors") were not able to physically observe the stock verification that was carried out by the management. Consequently, the subsidiary auditors, have performed alternative procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue unmodified opinion on the financial statements of GACAEL and GHRL. Our opinion is not modified in respect of this matter.
18. We did not audit the financial statements of three (3) subsidiaries, whose financial statements reflects total assets of ₹703.08 crores and net assets of ₹25.95 crores as at 31 March 2020, total revenues of ₹564.46 crores and net cash inflows amounting to ₹7.66 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹4.52 crores for the year ended 31 March 2020, as considered in the consolidated financial statements, in respect of its joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, are based solely on the reports of the other auditors.
19. We did not jointly audit the financial statements of three (3) subsidiaries, whose financial statements reflects total assets of ₹497.92 crores and net assets of ₹183.22 crores as at 31 March 2020, total revenues of ₹37.66 crores and net cash inflows amounting to ₹76.47 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited solely K.S Rao & Co., ('KSR') one of the joint auditors of the Holding Company, whose reports have been furnished to us by the management and Walker Chandiok & Co LLP's ("WCC") opinion so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries, and WCC's report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports issued by KSR in its individual capacity.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters in paragraph 18 and 19 with respect to our reliance on the work done by and the reports of the other auditors.

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

20. The consolidated financial statements of the Company for the year ended 31 March 2019 were audited by the Joint auditors K. S. Rao & Co., and predecessor auditor, S. R. Batliboi & Associates LLP, who have expressed a qualified opinion on those financial statements vide their audit report dated 23 July 2019. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

21. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 18 and 19, on separate financial statements of the subsidiaries and joint venture, we report that the Holding Company, 6 subsidiary companies covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to 1 subsidiary companies and 1 joint venture company covered under the Act, since none of such companies is a public company as defined under section 2(71) of the Act.
22. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report (s) of the other auditor(s) on separate financial statements and other financial information of the subsidiaries and joint venture, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture companies covered under the Act, none of the directors of the Group companies and joint venture company covered under the Act, are disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies, associate companies and joint venture companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and joint venture:

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its joint venture as detailed in Note 37(I) to the consolidated financial statements;
- ii. provision has been made in these consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and joint venture company covered under the Act, during the year ended 31 March 2020; and
- iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

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

Sd/-
Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 20207660AAAAACK1922

Place: Hyderabad
Date: 22 July 2020

Sd/-
Hitesh Kumar P
Partner
Membership No.: 233734
UDIN: 20233734AAAAEM2786

Place: Bengaluru
Date: 22 July 2020

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

Annexure 1

List of subsidiaries and joint venture included in the Statement

Subsidiaries

1. GMR Hospitality and Retail Limited
2. GMR Air Cargo and Aerospace Engineering Limited
3. GMR Hyderabad Aerotropolis Limited
4. GMR Hyderabad Aviation SEZ Limited
5. GMR Logistics Park Private Limited
6. GMR Aero Technic Limited

Joint venture

1. Laqshya Hyderabad Airport Media Private Limited

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

Annexure A to the Independent Auditor's Report of even date to the members of GMR Hyderabad International Airport Limited on the consolidated financial statements for the year ended 31 March 2020

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of GMR Hyderabad International Airport Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its joint venture as at and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint venture company, which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company, its subsidiary companies, its joint venture company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint venture company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and joint venture company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and joint venture company, the Holding Company, its subsidiary companies and joint venture company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, based on internal control over financial reporting criteria established considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to three (3) subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹703.08 crores and net assets of ₹25.95 crores as at 31 March 2020, total revenues of ₹564.46 crores and net cash inflows amounting to ₹7.66 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (including other comprehensive income) of ₹4.52 crores for the year ended 31 March 2020, in respect of a joint venture company, which are companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies and joint venture company have been audited by other auditors whose report have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and joint venture company, as aforesaid, under Section 143(3)(i)

Walker Chandiok & Co LLP
Chartered Accountants
7th Floor, Block III, White House
Kundan Bagh, Begumpet,
Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
Kasturba Road, Bengaluru 560001,
Karnataka, India

of the Act in so far as it relates to such subsidiary companies and joint venture companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

10. We did not jointly audit the internal financial controls with reference to financial statements insofar as it relates to three (3) subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹497.92 crores and net assets of ₹183.22 crores as at 31 March 2020, total revenues of ₹37.66 crores and net cash inflows amounting to ₹76.47 crores for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited solely by K.S Rao & Co., ('KSR') one of the joint auditors of the Holding Company, whose reports have been furnished to us by the management and Walker Chandiok & Co LLP's ("WCC") opinion on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies and joint venture company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports issued by KSR in its individual capacity. WCC's opinion is not modified in respect of this matter with respect to reliance on the work done by and on the reports issued by KSR.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

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

Sd/-
Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 20207660AAAACK1922

Sd/-
Hitesh Kumar P
Partner
Membership No.: 233734
UDIN: 20233734AAAAEM2786

Place: Hyderabad
Date: 22 July 2020

Place: Bengaluru
Date: 22 July 2020

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Consolidated Balance Sheet as at March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
1. Non-current assets			
Property, plant and equipment	3	2,707.86	2,464.10
Capital work-in-progress	32	1,335.26	436.12
Right of use asset	4.1	74.47	-
Intangible assets	4.2	61.92	56.42
Intangible assets under development		1.24	1.25
Investment in joint venture	5.1	19.25	14.75
Financial assets			
- Loans	6	17.37	21.56
- Other financial assets	7	865.00	239.85
Non-current tax assets	8.1	51.88	28.96
Deferred tax asset (net)	29	252.83	252.49
Other non-current assets	9	739.30	554.58
		6,126.38	4,070.08
2. Current assets			
Inventories	10	81.85	56.18
Financial assets			
- Investments	5.2	1,241.10	475.10
- Trade receivables	11	178.77	180.55
- Cash and cash equivalents	12	270.98	395.08
- Bank balances other than cash and cash equivalents	13	680.93	115.05
- Loans	6	217.13	55.79
- Other financial assets	7	147.63	32.28
Current tax assets	8.1	1.71	17.11
Other current assets	9	55.33	18.98
		2,875.43	1,346.12
Assets held for sale	61	58.45	-
Total Assets		9,060.26	5,416.20
II. EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	378.00	378.00
Other equity	15		
- Capital reserve		107.00	107.00
- Retained earnings		1,214.29	668.43
- Cash flow hedge reserve		165.06	31.72
Total equity attributable to equity holders of the parent		1,864.35	1,185.15
LIABILITIES			
1. Non-current liabilities			
Financial liabilities			
- Borrowings	16.1	5,685.81	3,176.53
- Lease liabilities		83.05	-
- Other financial liabilities	17	229.92	246.09
Government grants	18	35.59	40.87
Long term provisions	21	1.47	1.36
Deferred tax liability (net)	29	6.54	5.01
Other non-current liabilities	19	68.43	63.63
		6,110.81	3,533.49
2. Current liabilities			
Financial liabilities			
- Borrowings	16.2	19.92	37.94
- Trade payables	20		
-Total outstanding dues of micro and small enterprises		11.58	0.70
-Total outstanding dues of creditors other than micro and small enterprises		157.17	133.27
- Other financial liabilities	17	731.60	422.55
Government grants	18	5.27	5.27
Other current liabilities	19	59.35	42.84
Short term provisions	21	22.99	18.25
Current tax liability (net)	8.2	35.87	36.74
		1,043.75	697.56
Liabilities classified as held for sale	61	41.35	-
Total liabilities		7,195.91	4,231.05
Total Equity and Liabilities		9,060.26	5,416.20

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration
number: 001076N/N500013

For K.S.Rao & Co.,
Chartered Accountants
ICAI Firm registration
number: 0031095

For and on behalf of the Board of Directors of
GMR Hyderabad International Airport Limited

Sd/-
Sanjay Kumar Jain
Partner
Membership No.: 207660

Sd/-
Hitesh Kumar P
Partner
Membership No.: 233734

Sd/-
GBS Raju
Managing Director
DIN: 00061686

Sd/-
H.J Dora
Director
DIN: 02385290

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: July 22, 2020

Place: Bengaluru
Date: July 22, 2020

Sd/-
Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: July 22, 2020

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Consolidated Statement of Profit and Loss for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
Incomes			
Revenue from contracts with customers	22	2,012.47	1,876.05
Other income	23	122.55	126.05
Total income		2,135.02	2,002.10
Expenses			
Concession fee		68.50	61.53
Purchase of traded goods		82.92	59.65
Changes in inventory of traded goods	24	(15.63)	1.82
Employee benefits expense	25	225.50	191.91
Finance costs	26	286.63	248.75
Depreciation and amortization expenses	27	216.49	181.04
Other expenses	28	554.88	483.04
Total expenses		1,419.29	1,227.74
Profit before share of profit in joint venture and tax		715.73	774.36
Share of profit in joint venture		4.50	3.76
Profit before tax		720.23	778.12
Tax expense	29		
Current tax		118.20	168.70
Deferred tax expense/ (credit)		(7.43)	15.34
Minimum alternate tax credit entitlement		(51.70)	(136.31)
Total tax expense		59.07	47.73
Profit for the year		661.16	730.39
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		(1.91)	(1.13)
Share of other comprehensive income in joint venture		0.02	(0.04)
Income tax relating to items that will not be reclassified to profit or loss		0.18	0.08
Items that will be reclassified to profit or loss			
Cash flow hedge reserve	30	195.12	34.02
Income tax relating to items that will be reclassified to profit or loss		(61.78)	(17.04)
Total Other Comprehensive income for the period		131.63	15.89
Total comprehensive income for the period, net of tax		792.79	746.28
Profit attributable to			
Equity holders of the parent		661.16	724.00
Non controlling interest		-	6.39
to			
Equity holders of the parent		131.63	15.94
Non controlling interest		-	(0.05)
Total comprehensive income attributable to			
Equity holders of the parent		792.79	739.94
Non controlling interest		-	6.34
Earnings per equity share			
Basic and diluted	31	17.49	19.15

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration
number: 001076N/N500013

For K.S.Rao & Co.,
Chartered Accountants
ICAI Firm registration
number: 003109S

For and on behalf of the Board of Directors of
GMR Hyderabad International Airport Limited

Sd/-
Sanjay Kumar Jain
Partner
Membership No.: 207660

Sd/-
Hitesh Kumar P
Partner
Membership No.: 233734

Sd/-
GBS Raju
Managing Director
DIN: 00061686

Sd/-
H.J Dora
Director
DIN: 02385290

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: July 22, 2020

Place: Bengaluru
Date: July 22, 2020

Sd/-
Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: July 22, 2020

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Consolidated Cash Flow Statement for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	720.23	778.12
Adjustment to reconcile profit before tax to net cash flows:		
Share of profit in joint venture	(4.50)	(3.76)
Depreciation and amortization expenses	216.49	181.04
Bad debts written off	0.69	0.44
Impairment of goodwill	-	2.26
Inventories written off	0.26	0.33
Amortisation of deferred income	(0.85)	(14.52)
Provision for doubtful advances / debts	0.00	0.73
Unrealised foreign exchange loss	(2.66)	1.16
Loss / (gain) on sale / discard of property plant and equipment	1.45	1.67
Interest on financial assets at amortised cost	(82.70)	(51.54)
Interest receivable from PSF (Security Component) Fund written off	15.08	-
Gain on sale of financial assets (mutual funds)	(17.44)	(43.60)
Provision no longer required	(3.09)	(0.72)
Finance costs	286.63	248.75
Income from government grants	(5.28)	(5.26)
Gain on fair valuation of financial assets (mutual funds)	(1.13)	(0.10)
Operating profit before working capital changes	1,123.18	1,095.00
Working capital adjustments:		
Changes in trade payables	40.09	(1.08)
Changes in other liabilities	21.94	27.15
Changes in other financial liabilities	50.16	41.96
Changes in provisions	2.94	4.41
Changes in trade receivables	1.09	(53.76)
Changes in inventories	(25.93)	(0.78)
Changes in other assets	(186.45)	(10.44)
Changes in other financial assets	(90.29)	(18.78)
Changes in loans	(7.47)	(2.90)
Cash generated from operations	929.26	1,080.78
Direct taxes paid (net)	(127.80)	(161.95)
Net cash flow generated from operating activities (A)	801.46	918.83
Cash flows from investing activities		
Purchase of property plant and equipment, including capital work in progress, capital advances and intangible assets under development	(1,092.40)	(1,028.95)
Proceeds from sale of property, plant and equipment	0.47	0.18
Purchase of non-current investments	-	(59.75)
Cashoutflow on sale of investment in APFTAL	-	(0.45)
Loans to group companies	(199.68)	-
Repayment of loans by joint venture	-	2.33
Purchase of financial assets (mutual funds)	(11,609.42)	(7,889.48)
Sale of financial assets (mutual funds)	10,905.38	8,421.21
Interest received	110.61	30.94
Recovery/ (Investments) in inter corporate deposits	50.00	(50.00)
Movement in other bank balances	(565.88)	(42.76)
Net cash flow used in investing activities (B)	(2,400.92)	(616.73)

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Consolidated Cash Flow Statement for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from financing activities		
Proceeds from long-term borrowings	2,106.56	120.94
Repayment of long-term borrowings	(6.52)	(123.65)
Repayment of short term borrowings, net	(18.02)	-
Interest paid including borrowing cost	(433.23)	(318.31)
Interest expense on lease liabilities	(1.46)	-
Dividend paid	(94.50)	(153.06)
Dividend distribution tax paid	(19.09)	(31.45)
Net cash flow generated from / (used in) financing activities (C)	1,533.74	(505.52)
Net decrease in cash and cash equivalents (A + B + C)	(65.72)	(203.42)
Cash and cash equivalents at the beginning of the year	395.08	598.55
Effects of exchange differences on cash & cash equivalents held in foreign currency	0.06	(0.05)
Cash and cash equivalents at the end of the year	329.42	395.08
Components of cash and cash equivalents		
Cash on hand and in transit	0.57	1.87
Balances with banks		
- in current account	69.59	40.20
- in exchange earner foreign currency account	8.67	2.99
- in deposit account	192.15	350.02
Cash and cash equivalents classified under asset held for sale (Refer note: 61)	58.44	-
Total cash and cash equivalents	329.42	395.08

Changes in liabilities arising from financing activities

Particulars		
Opening Balance	3,221.50	3,079.77
Cash flows		
Repayments of borrowings	(24.54)	(123.65)
Proceeds from borrowings	2,106.56	120.94
Non Cash flows		
Adjustment against investments in subsidiary company on its liquidation	(12.50)	-
Foreign exchange movements	430.65	150.55
Movement in borrowing cost	(8.36)	(6.11)
Closing balance	5,713.32	3,221.50

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration
number: 001076N/N500013

For K.S.Rao & Co.,
Chartered Accountants
ICAI Firm registration
number: 003109S

For and on behalf of the Board of Directors of
GMR Hyderabad International Airport Limited

Sd/-
Sanjay Kumar Jain
Partner
Membership No.: 207660

Sd/-
Hitesh Kumar P
Partner
Membership No.: 233734

Sd/-
GBS Raju
Managing Director
DIN: 00061686

Sd/-
H.J Dora
Director
DIN: 02385290

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: July 22, 2020

Place: Bengaluru
Date: July 22, 2020

Sd/-
Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: July 22, 2020

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Consolidated Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

a. Equity share capital:					No.	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid					378,000,000	378.00
As at April 1, 2018					-	-
Issue of shares					378,000,000	378.00
As at March 31, 2019						
					No.	Amount
As at April 1, 2019					378,000,000	378.00
Issue of shares					-	-
As at March 31, 2020					378,000,000	378.00
b. Other equity						
	Attributable to the equity holders of the parent				Non-controlling interest	Total equity
	Reserves and surplus		Other reserves	Total		
	Capital reserve*	Retained earnings	Cash flow hedge reserve			
As at April 1, 2018	107.00	148.56	14.74	270.30	58.27	328.57
Profit for the year	-	724.00	-	724.00	6.39	730.39
Other comprehensive income	-	(1.04)	16.98	15.94	(0.05)	15.89
Total comprehensive income	-	722.96	16.98	739.94	6.34	746.28
Less: Interim dividend	-	(151.20)	-	(151.20)	(1.86)	(153.06)
Less: Dividend distribution tax	-	(31.15)	-	(31.15)	(0.30)	(31.45)
Add: Gain on acquisition of Non controlling interest	-	2.64	-	2.64	-	2.64
Less: Acquisition of Non controlling interest	-	-	-	-	(62.45)	(62.45)
Less: Depreciation charge to retained earnings	-	(21.11)	-	(21.11)	-	(21.11)
Less: Adjustment in retained earnings on account of adoption of Ind AS 115	-	(2.27)	-	(2.27)	-	(2.27)
As at March 31, 2019	107.00	668.43	31.72	807.15	-	807.15
Profit for the year	-	661.16	-	661.16	-	661.16
Other comprehensive income	-	(1.71)	133.34	131.63	-	131.63
Total comprehensive income	-	659.45	133.34	792.79	-	792.79
Less: Cash dividends	-	(94.50)	-	(94.50)	-	(94.50)
Less: Dividend distribution tax	-	(19.09)	-	(19.09)	-	(19.09)
As at March 31, 2020	107.00	1,214.29	165.06	1,486.35	-	1,486.35

*GMR Hyderabad International Airport Limited ("the Company") has received a contribution of Rs. 107.00 crore from its shareholder i.e. Government of Telangana as per the terms of State Support Agreement for construction of Airport. This contribution received from Government of Telangana has been recognised as capital contribution from a shareholder of the Company.

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration
number: 001076N/N500013

For K.S.Rao & Co.,
Chartered Accountants
ICAI Firm registration
number: 003109S

For and on behalf of the Board of Directors of
GMR Hyderabad International Airport Limited

Sd/-
Sanjay Kumar Jain
Partner
Membership No.: 207660

Sd/-
Hitesh Kumar P
Partner
Membership No.: 233734

Sd/-
GBS Raju
Managing Director
DIN: 00061686

Sd/-
H.J Dora
Director
DIN: 02385290

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: July 22, 2020

Place: Bengaluru
Date: July 22, 2020

Sd/-
Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: July 22, 2020

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

1. Corporate information

GMR Hyderabad International Airport Limited ('GHIAL', 'Company' or 'the Holding Company') is a Public Limited Company domiciled in India, its subsidiaries and joint venture herein are collectively referred as "the Group". GHIAL was incorporated in 2002 under the provisions of the Companies Act, 1956 having their registered office at GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad – 500 108. The Holding Company is engaged in the business of providing Airport Management Services on a Build, Owned, Operate and Transfer, and only operate model. Presently, the Company is managing the operations of Rajiv Gandhi International Airport ("RGIA" or "Airport") at Hyderabad, India and the airport in Bidar in Karnataka, India.

The Group is engaged in operation of airport infrastructure and other allied service such as cargo handling, development of airport city and SEZ area near airport, trading of goods in duty free area of airport, security services, hospitality services, development of logistics park and maintenance, repair and overhaul facility (MRO) of aircraft near and around the RGIA.

The Consolidated Financial Statements are authorized for issue in accordance with a resolution of the directors passed in the Board meeting held on July 22, 2020.

2. Significant accounting policies

2.1 Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirement of Division II of schedule III to the Companies Act 2013, (Ind AS compliant Schedule III), as applicable to the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

Accounting policies have been consistently applied, except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Consolidated Financial Statements are presented in Indian Rupees ("Rs.") and all the values are rounded to the nearest Crore, except per share data, per unit data and when otherwise indicated.

2.2 Basis of Consolidation

(i) Subsidiary

Subsidiary includes the entity over which the Group has control. The Group controls an entity when it is exposed or has right to variable return from its involvement with the entity, and has the ability to affect those returns through its power (that is, existing rights that give it the current ability to direct the relevant activities) over the entity. The Group re-assesses whether or not it controls the entity, in case the under-lying facts and circumstances indicate that there are changes to above mentioned parameters that determine the existence of control.

Subsidiary is fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date when control ceases.

(ii) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Joint ventures are accounted for from the date on which Group obtains joint control over the joint venture.

(iii) Method of consolidation

Accounting policies of the respective individual subsidiary, joint venture are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.

The Consolidated financial statements of subsidiary are fully consolidated on a line-by-line basis. Intragroup balances and transactions, and income and expenses arising from intra-group transactions, are eliminated while preparing the said financial statements. The un-realised gains resulting from intra-group transactions are also eliminated. Similarly, the un-realised losses are eliminated, unless the transaction provides evidence as to impairment of the asset transferred.

The Group's investments in its joint venture is accounted for using the equity method. Accordingly, the investments are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of investee. Any excess of the cost over the Group's share of net assets in its joint venture at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment. The un-realised gains / losses resulting from transactions (including sale of business) with joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. However, un-realised losses are eliminated only to the extent that there is no evidence of impairment.

At each reporting date, the Group determines whether there is objective evidence that the investment is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of investment and its carrying value.

Entities considered in the Consolidated Financial Statements as Subsidiaries are listed below:

Name	Principal activities	Place and Country of operation	% equity interest as March 31	
			2020	2019
GMR Hyderabad Airport Cargo and Logistics Private Limited (formerly known as Hyderabad Menzies Air Cargo Private Limited) (GHACLPL)#	Cargo handling operations at airport	Hyderabad, India	-	100%
Hyderabad Airport Security Services Limited (HASSL)*	Operation of airport allied services	Hyderabad, India	-	100%
GMR Hyderabad Aerotropolis Limited (GHAL)##	Development of commercial property	Hyderabad, India	100%	100%
GMR Hyderabad Aviation SEZ Limited (GHASL)	Development of SEZ	Hyderabad, India	100%	100%
GMR Hyderabad Airport Power Distribution Limited (GHAPDL)@	Development of power distribution facility	Hyderabad, India	-	100%
GMR Air Cargo and Aerospace Engineering Limited (GACAEL)(formerly GMR Aerospace Engineering Limited (GAEL)#	Cargo handling operations and operation of maintenance, repair and overhaul (MRO) of aircrafts at Airport	Hyderabad, India	100%	100%
GMR Hospitality and Retail Limited (GHRL)	Operation of business hotel and duty free	Hyderabad, India	100%	100%
GMR Aero Technic Limited (GATL)#	Operation of MRO	Hyderabad, India	100%	100%
GMR Logistics Park Private Limited (GLPPL)##	Development of logistics park	Hyderabad, India	100%	100%

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Asia Pacific Flight Training Academy Limited (APFTAL)\$	Flight Training	Hyderabad, India	-	-
---	-----------------	------------------	---	---

The Hon'ble National Company Law Tribunal, Hyderabad Bench vide its Order dated July 26, 2019 has approved the composite scheme of arrangement [amongst M/s GMR Hyderabad Air Cargo And Logistics Private Limited ("GHACLPL" or "Transferor Company"), GMR Aero Technic Limited ("GATL" or "Demerged Company"), GMR Aerospace Engineering Limited ("GAEL" or "Transferee / Resulting Company") and their respective Shareholders and Creditors] whereby GHACLPL has merged with GAEL and Maintenance, Repair and Overhauling ("MRO") business of GATL have been demerged and merged with GAEL from August 23, 2019 (being the "effective date" but with effect from April 01, 2018 as "Appointed Date"). Further, the name of GMR Aerospace Engineering Limited has been changed to GMR Air Cargo and Aerospace engineering Limited ("GACAEL") w.e.f. September 25, 2019.

* Hyderabad Airport Security Services Limited ("HASSL") got voluntary liquidated under section 59 and other applicable provisions of the Insolvency and Bankruptcy Code of India 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and the Companies Act, 2013, as per the order from National Company Law Tribunal (NCLT) vide its order dated September 13, 2019. Subsequently, Form No. INC 28 was filed with the ROC on September 17, 2019 which was approved by the ROC on September 20, 2019 and accordingly HASSL got dissolved from that date.

On December 20, 2018, GHAL has incorporated a wholly owned subsidiary GMR Logistics Park Private Limited. Subsequent to the year end, pursuant to the Subscription Agreement and Shareholders' Agreement dated January 08, 2020 executed by and amongst GMR Logistics Park Private Limited (GLPPL), GMR Hyderabad Aerotropolis Limited (GHAL) and ESR Hyderabad 1 Pte. Limited, Singapore (ESR), GLPPL allotted 4,13,35,182 equity shares of Rs. 10 each at par to ESR and 16,965,078 equity shares of Rs. 10 each at par to GHAL on private placement basis by passing a circular resolution dated April 16, 2020. Consequently, the percentage shareholding of ESR and GHAL in GLPPL stands at 70 and 30 respectively, as a result of which, GLPPL has ceased to be a wholly owned subsidiary of GHAL with effect from April 16, 2020.

@ The Board of Directors of the GHAPDL in their meeting held on January 18, 2020 have approved the proposal for voluntary liquidation of GHAPDL by making an application to the Registrar of Companies ("RoC") seeking removal of GHADPL from their Records, and filed an application Form STK-2 for Striking Off GMR Hyderabad Airport Power Distribution Limited with RoC/ Ministry of Corporate Affairs.

\$ The Holding Company has sold its 100% stake in Asia Pacific Flight Training Academy Limited pursuant to which it ceased to be a subsidiary with effect from March 01, 2019.

Information about joint venture

Name	Principal activities	Country of Incorporation	% equity interest as at March 31	
			2020	2019
Laqshya Hyderabad Airport Media Private Limited (LHAMPL)	Advertisement	India	49%	49%

2.3 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID 19):

With the recent and rapid development of the COVID-19 outbreak, many countries have implemented travel restrictions and quarantine measures to contain the spread of the virus. As a precautionary measure, Government of India has also imposed a countrywide lockdown with effect from March 25, 2020 which is extended until June 30, 2020. However, restrictions on operation of domestic flights were partially lifted from May 25, 2020 and are being ramped up in phased manner, in accordance with the Government directives. As a result, the airport's operations (including the duty free and hotel operations) were closed from March 25, 2020 to May 24, 2020 except for cargo and evacuation / rescue flights for passengers, which in turn has

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

materially impacted the business of the Group. The MRO and air cargo business remains relatively less affected from demand point of review as MRO demand increased due to downtime of aircrafts, and air cargo business was classified as essential services. The Group had to face some issues related to non-availability of manpower and supply chain disruptions to cater to such demand. Presently, the Group has resumed the operations and are adhering to strict safety measures and Government guidelines.

The Group has made detailed assessment of its liquidity position for the next one year and has met and expect to meet all its obligations pertaining to debt repayments, the ongoing capital expansion and any other financial obligations. Further, due care has been exercised to determine the recoverability of the carrying values of its assets and based on current estimates, including sensitivity analysis, the Group expects to fully recover the carrying amount of all of its assets.

For this assessment, Management believes that it has taken into account the possible impact of known events arising from the COVID-19 pandemic. The unprecedented nature of the pandemic makes the future business environment uncertain, however, the Group will continue to carry out the impact assessment on its assets and closely monitor any material changes to future economic conditions.

2.4 Changes in accounting policies

Ind AS 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind AS 116 - Leases. The amendment rules are effective from reporting periods beginning on or after April 01, 2019. This standard replaces current guidance under Ind AS 17.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Group as a Lessor:

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease. Lessor accounting under Ind AS 116 is substantially unchanged from requirement under Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor, except for recording the lease rent on systematic basis or straight line basis as against Ind AS 17 wherein, there was an exemption for not providing straight lining in case the escalations are in line with the inflation. For the year ended on March 31, 2020, the total income and consequently the profit before tax has increased by Rs. 2.09.

Group as a Lessee:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below Rs. 0.005). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Group has a policy of leasing motor vehicles for not more than five years and, hence, not exercising any renewal options.

Transition provision:

Using the modified retrospective method, the Group has adopted and applied Ind AS 116 'Leases' to all lease contracts existing as on April 1, 2019. The Group elected to use the transition practical expedient allowing the standard to be applied to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. On 1 April 2019, the Group has recognised lease liability measured at the present value of the remaining lease payments and right-of-use (ROU) asset at an amount equal to lease liability. Accordingly, comparatives financial information has not been retrospectively adjusted.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and right-of-use (ROU) asset at an amount equal to lease liability.

The Group also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 April 2019:

- Right-of-use assets of Rs. 77.37 were recognised and presented separately in the Balance Sheet.
- Lease liabilities of Rs. 76.54 were recognized and presented separately in the Balance Sheet
- Prepayments of Rs. 0.83 outstanding as at April 1, 2019 were derecognized.

The effect of adoption of Ind-AS 116 is not material to the profit for the year and earning per share.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

Particulars	Amount
Operating lease commitments as at March 31, 2019	762.28
Weighted average incremental borrowing rate as at April 1, 2019	10.73%
Discounted operating lease commitments at April 1, 2019	76.70
Less:	
Commitments relating to short-term leases	(0.16)
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to leases previously classified as finance leases	-
Payments in optional extension periods not recognized as at March 31, 2019	-
Lease liabilities as at 1 April 2019	76.54

2.5 Changes in estimates

Depreciation

Depreciation on the property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management (except in case of airport assets which are prescribed by AERA as mentioned below), which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") had issued a consultation paper viz.05/2014-15 in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports wherein it, inter-alia, mentioned that the Authority proposes to lay down, to the extent required, the depreciation rates for airport assets, taking into account the provisions of the useful life of assets given in Schedule II of the Companies Act, 2013, for such assets that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector.

Pursuant to the above, the Authority has issued order no. 35/2017-18 on January 12, 2018 followed by amendment no. 1 to the order no. 35 /2017-18 on April 9, 2018 in the matter of Determination of Useful Life of Airport Assets, which was effective from April 1, 2018 ("AERA Order"). Accordingly, the Group has revised the estimated useful lives of its airport assets to be in-line with the AERA Order effective April 1, 2018. Net block of the airport assets whose useful life was nil as at April 1, 2018 as per the AERA Order aggregating to Rs. 21.11, was adjusted to opening retained earnings as at April 1, 2018.

2.6 Statement of significant accounting policies

a. Use of estimates:

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

The Group based its assumptions and estimates on parameters available when these Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b. Business combinations and goodwill:

Business combinations other than common control business combinations are accounted for using the acquisition method. The cost of an acquisition other than in a common control business combination is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. Business combination involving entities under common control are accounted for using the pooling of interests method.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- i. Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- ii. Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

- iii. Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- iv. Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

c. Investment in joint ventures:

A jointly controlled entity is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the jointly controlled entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its jointly controlled entity are accounted for using the equity method. Under the equity method, the investment in a jointly controlled entity is initially recognized at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the jointly controlled entity since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the jointly controlled entity. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the jointly controlled entity, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the jointly controlled entity is eliminated to the extent of the interest in the jointly controlled entity.

If an entity's share of losses of a joint venture equals or exceeds its interest in the jointly controlled entity (which includes any long term interest that, in substance, form part of the Group's net investment in the jointly controlled entity), the entity discontinues recognising its share of further losses. If the jointly controlled entity subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The aggregate of the Group's share of profit or loss of a jointly controlled entity is shown on the face of the statement of profit and loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its jointly controlled entity. At each reporting date, the Group determines whether there is objective evidence that the investment in the jointly controlled entity is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the jointly controlled entity and its carrying value, and then recognises the loss as 'Share of profit of a jointly controlled entity' in the statement of profit or loss.

d. Current versus Non-current classification:

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

- i) It is expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

e. Property, plant and equipment:

Freehold land is carried at historical cost less impairment loss, if any. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress, and the related advances are shown as loans and advances.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Further, when each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Group identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

All spare parts, stand-by and servicing equipment qualify as plant, property and equipment (PPE) if they meet the definition of PPE i.e. if the Group intends to use these during more than a period of 12 months. The spare parts capitalized in this manner are depreciated as per useful life period, not exceeding a period of five years based on management estimate supported by technical evaluation.

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

f. Depreciation:

Depreciation on the property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management (except in case of airport assets which are prescribed by AERA as mentioned below), which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

The components identified by the Group are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The Group has started charging the depreciation on capitalized spares parts. These spare parts are depreciated over their useful lives as determined by the management (i.e 5 years).

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") had issued a consultation paper viz.05/2014-15 in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports wherein it, inter-alia, mentioned that the Authority proposes to lay down, to the extent required, the depreciation rates for airport assets, taking into account the provisions of the useful life of assets given in Schedule II of the Companies Act, 2013, for such assets that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector.

Pursuant to the above, the Authority has issued order no. 35/2017-18 on January 12, 2018 followed by amendment no. 1 to the order no. 35 /2017-18 on April 9, 2018 in the matter of Determination of Useful Life of Airport Assets, which will be effective from April 1, 2018.

The following useful lives for various categories of property, plant and equipment's are adopted by the Group:

Particulars	Useful life (in years)
Improvements to leasehold land	15-30
Buildings on lease hold land*	10-30
Building interim terminal#	7
Other Buildings	30-60
Runways and taxiways	30
Roads - Other than RCC**	10
Electrical installations**	10-15
Plant and machinery	15
Office Equipment	5
Computer equipment and IT systems	3-6
Furniture and fixtures (Trolleys)	3
Furniture and fixtures (other than Trolleys)	7
Vehicles	8-10

* The useful lives of modifications to buildings on leasehold land are estimated as 10 years.

**The useful lives of internal roads - other than RCC and certain electrical installations (transformers) are estimated as 10 years and 15 years respectively. These lives are longer than those indicated in schedule II.

Leasehold improvements and buildings on leasehold land are amortized over shorter of estimated useful lives or lease period.

During the previous year, the Group has created two Interim terminals namely Interim International Departure Terminal (IIDT) and Interim Domestic Arrival Terminal (IDAT) to accommodate the growing traffic, until the expanded terminal becomes operational. Further, the area where these interim terminals are created, will eventually be used for expansion and boarding gates, therefore these interim terminals will need to be demolished after seven years. Based on the same, the management has considered the life of seven years period for these terminal buildings and related assets i.e. electrical installations and certain plant and machineries viz. Fire systems, HVAC systems. Accordingly, IIDT, IDAT building, electrical installations, Fire systems, HVAC systems are depreciated over a period of seven years.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

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

g. Intangible assets:

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Goodwill arising on consolidation is not amortized but tested for impairment in accordance with Ind AS 103.

Service concession arrangements:

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

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

The concession arrangement is a service concession arrangement under appendix D to Ind AS 115. Through the Concession Agreement between GHIAL and the Government of Telangana, GHIAL has granted further concession to GACAEL along with sub-leasing of the part of cargo infrastructure facility to GACAEL and since it has a right to charge the users for the services and therefore, the same has been classified under Intangible assets model.

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

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

h. Amortization of intangible assets

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Cost relating to software licenses, which are acquired, are capitalized and amortized on a straight – line basis over their useful life not exceeding six years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Amortization of intangible assets under service concession arrangements:

The intangible asset created as per service concession arrangement are amortized over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the concession period, from the date they are available for use.

i. Impairment of non-financial assets:

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units' (CGUs) fair value less cost to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

j. Inventories

Inventories are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition. However, stores and spares items held for use in providing the service are not written down below cost if the services are expected to be provided at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

k. Borrowing cost:

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

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

1. Provisions, contingent liabilities and commitments:

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

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when it cannot be measured reliably.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

The Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

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

m. Retirement and other employee benefits:

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

Retirement benefit in the form of Superannuation Fund and Employee State Insurance are defined contribution schemes, and the Group recognizes contribution payable to these schemes as an expense, when an employee renders the related service. The Group has no obligation, other than the contribution payable to the funds.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using projected unit credit method.

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

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

- Net interest expense or income.

Short-term employee benefits

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

The group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

However, the Group presents the entire provision towards accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

n. Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

i. Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

ii. Subsequent measurement:

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

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

Debt instruments at amortized cost:

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

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

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

iii. Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

iv. Impairment of financial assets:

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

- a. Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 115
- d. Loan commitments which are not measured as at FVTPL

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

- e. Financial guarantee contracts which are not measured as at FVTPL

The Group follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables.

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

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

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

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

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

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

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

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

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

v. Equity Investments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments,

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

B. Financial liabilities

i. Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

ii. Subsequent measurement:

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

Financial liabilities at fair value through profit or loss:

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

Financial liabilities at fair value through profit or loss:

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

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

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

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

iii. Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

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

iv. Financial guarantee contracts:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

v. Derecognition:

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

C. Reclassification of financial assets:

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest."

D. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

E. Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non- financial liability.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment;
- Hedges of a net investment in a foreign operation. Hedges that meet the strict criteria for hedge accounting are accounted for, as escribed below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion relating to foreign currency portion is recognised immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in recognised liability and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast transaction occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

o. Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

p. Cash dividend to equity holders of the parent

The Group recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

q. Foreign currency Transactions

The Group's Consolidated Financial Statements are presented in INR, which is also the Group's functional currency and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income ("OCI"):

- certain debt instruments classified as measured at FVOCI; and
- qualifying cash flow hedges, to the extent that the hedges are effective.

r. Fair Value Measurement

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

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

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

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

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

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

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the group's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- a) Disclosures for valuation methods, significant estimates and assumptions
- b) Quantitative disclosures of fair value measurement hierarchy
- c) Financial instruments (including those carried at amortized cost)

s. Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government. The Group has concluded

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

1) Income from service:

- i. Revenue from Airport Operations i.e. Aeronautical and Non-Aeronautical Operations are recognized on an accrual basis, net of service tax and applicable discounts, when services are rendered and it is possible that an economic benefit will be received which can be quantified reliably. Revenue from Aeronautical operations includes landing and parking charges of aircraft, operation and maintenance of passenger boarding and other allied services. Revenue from Non-aeronautical operations include granting rights to use land and space primarily for catering to the needs of passengers, air traffic services and air transport services.
Further, Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in non-aeronautical revenue in the statement of profit or loss due to its operating nature.
- ii. In case of cargo handling revenue, revenue from outbound cargo is recognized for non-airline and airline customers at the time of departure of aircraft. Revenue from inbound cargo is recognized at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers.
- iii. Income from the concession arrangements earned under the intangible asset model consists of :
(a) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
(b) payments actually received from the users.
- iv. In case of MRO business, revenue is recognized upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances, taxes or duties collected on behalf of the Government. An entity shall recognize revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.
Revenue relating to fixed price contracts is recognized based on percentage of completion method (POC method).
- v. Revenue from hotel operations comprises of income by way of hotel room rent, sale of food, beverages and allied services relating to the hotel and is recognized net of taxes and discounts as and when the services are provided and products are sold.
- vi. Income from management / technical services is recognized as per the terms of the agreement on the basis of services rendered.
- vii. Revenue from commercial property development rights granted to concessionaires is recognized on accrual basis, as per the terms of the agreement entered into with the customers.
- viii. Revenue earned in excess of billings has been included under 'other assets' as unbilled revenue and billings in excess of revenue has been disclosed under 'other liabilities' as unearned revenue.

2) Sale of Goods:

Revenue from sale of goods is recognized at the time of delivery of goods to customers which coincides with transfer of risks and rewards to its customers. Sales are stated net of returns and discounts.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

3) Revenues and cost of improvements to concession assets:

In conformity with appendix A of Ind AS 11, GACAEL recognizes revenues and the associated costs of improvements to concession assets which it is obligated to perform at the airports as established by the concession agreement. Revenues represent the value of the exchange between GACAEL and the government with respect to the improvements, given that GACAEL constructs or provides improvements to the airports as obligated under the concession agreement and in exchange, the government grants GACAEL the right to obtain benefits for services provided using those assets.

GACAEL has determined that its obligations per the concession agreement should be considered to be a revenue earning activity as all expenditures incurred to fulfill the concession agreement are included in the maximum tariff it charges its customers and therefore it recognizes the revenue and expense in profit and loss when the expenditures are performed.

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

4) Interest income:

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

5) Dividend Income

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

6) Significant financing component:

Generally, the Group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Group also receives long-term advances from customers for providing the license to operate at the Airport. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

t. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Such grants related to income are deducted in reporting the related expense. When the grant is in the nature of capital subsidy it is treated as capital reserve.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

The Holding Company has deferred payment arrangement on the concession fee payable to Ministry of Civil Aviation ('MoCA') without interest. The effect of this assistance is treated as a government grant. The assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the assistance and the fair value. The grant is subsequently measured as per the accounting policy applicable to financial liabilities.

u. Taxes :

1) Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current and deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2) Deferred tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- i. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii. temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

GHIAL and GACAEI are entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2007-08, under Section 80-IA of the Income-tax Act, 1961, with regard to income from airport operations. Accordingly, deferred tax on items reversing within the tax holiday period is not considered.

GHASL and GAEL are entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2010-11, under Section 80IAB of the Income Tax Act, 1961, with regard to income from airport operations. Accordingly, deferred tax on items reversing within the tax holiday period is not considered.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

GATL is entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2011-12, under Section 10AA of the Income Tax Act, 1961, with regard to income from airport operations. Accordingly, deferred tax on items reversing within the tax holiday period is not considered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as "Deferred Tax Asset." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

v. Segment Reporting Policies

Identification of Segments:

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chief Operating Decision Maker ("CODM") has carried out evaluation of the Group's performance at an overall Group level as one reportable operating segment i.e. 'Airport and allied services'. Accordingly, the amounts appearing in the financial statements relate to the Group's single business segment.

Segment accounting policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

w. Earnings per share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

3 Property, plant and equipment

	Leasehold improvements	Free hold land	Buildings on leasehold land	Buildings on freehold land	Runways	Roads	Plant & machinery	Furniture & fixtures	Office equipment	Computers	Electrical installations	Vehicles	Total
Gross carrying amount													
As at April 1, 2018	131.63	16.13	1,248.58	62.31	343.14	105.58	526.19	50.46	6.27	29.55	173.28	4.52	2,697.64
Additions	8.91	-	241.73	-	155.80	27.81	148.31	16.83	5.47	27.04	37.95	1.62	671.47
Exchange differences	-	-	2.11	-	3.00	-	-	-	-	-	-	-	5.11
Assets transferred on sale of subsidiary	(1.31)	-	-	-	-	-	(1.35)	(0.21)	(0.08)	(0.13)	(0.34)	-	(3.42)
Disposals	(2.36)	-	-	-	-	-	(0.05)	(0.25)	-	(0.01)	(0.10)	(1.01)	(3.78)
As at March 31, 2019	136.87	16.13	1,492.42	62.31	501.94	133.39	673.10	66.83	11.66	56.45	210.79	5.13	3,367.02
Additions	2.24	-	34.45	-	371.04	0.20	34.95	5.17	4.85	26.21	45.48	3.45	528.04
Adjustments*	(1.37)	-	(36.16)	-	(26.18)	(3.03)	(3.04)	(0.45)	(0.12)	(0.65)	(1.48)	-	(72.48)
Disposals	-	-	(3.77)	-	-	-	(5.27)	(2.51)	(0.09)	(0.71)	(0.03)	(0.24)	(12.62)
As at March 31, 2020	137.74	16.13	1,486.94	62.31	846.80	130.56	699.74	69.04	16.30	81.30	254.76	8.34	3,809.96
Depreciation													
Upto April 1, 2018	17.91	-	164.74	3.91	44.90	96.52	189.83	35.79	3.37	13.21	139.28	1.22	710.68
Charge for the year	6.36	-	61.72	1.44	18.44	2.93	58.84	5.67	1.38	8.47	10.41	0.60	176.26
Adjustments**	-	-	16.01	1.29	-	-	2.43	1.38	-	-	-	-	21.11
Assets transferred on sale of subsidiary	(1.27)	-	-	-	-	-	(1.06)	(0.13)	(0.08)	(0.12)	(0.30)	-	(2.96)
Disposals	(0.91)	-	-	-	-	-	0.03	(0.21)	-	(0.01)	(0.06)	(1.01)	(2.17)
Upto March 31, 2019	22.09	-	242.47	6.64	63.34	99.45	250.07	42.50	4.67	21.55	149.33	0.81	902.92
Charge for the year	6.25	-	71.43	1.33	24.30	4.70	64.53	6.22	2.32	14.00	11.24	0.73	207.05
Disposals	-	-	(0.78)	-	-	-	(3.52)	(2.50)	(0.09)	(0.71)	(0.03)	(0.24)	(7.87)
Upto March 31, 2020	28.34	-	313.12	7.97	87.64	104.15	311.08	46.22	6.90	34.84	160.54	1.30	1,102.10
Net book value													
As at March 31, 2020	109.40	16.13	1,173.82	54.34	759.16	26.41	388.65	22.82	9.40	46.46	94.22	7.04	2,707.86
As at March 31, 2019	114.78	16.13	1,249.95	55.67	438.60	33.94	423.03	24.33	6.99	34.90	61.46	4.32	2,464.10

Notes:

*Includes reversal of input credit of GST amounting to Rs.70.83 (March 31, 2019: Rs.Nil) and reversal of project creditors liability amounting to Rs.1.65 (March 31, 2019: Rs.Nil) pertaining to construction works which were earlier capitalized.

** Represents the depreciation charged on account of change in useful life of assets as per Airport Economic Regulatory Authority's (AERA) order no:35/2017-18 dated January 12, 2018 and amended on April 09, 2018 in the matter of Determination of useful life of Airport Assets and is effective from April 1, 2018.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

4.1 Right of use asset

	Land and building	Total
Gross block (at cost)		
As at April 1, 2019	77.37	77.37
Additions	-	-
As at March 31, 2020	77.37	77.37
Accumulated depreciation		
Upto April 1, 2019	-	-
Charge for the year	2.90	2.90
Upto March 31, 2020	2.90	2.90
Net book value		
As at March 31, 2019	74.47	74.47

4.2 Intangible assets

	Goodwill*	Computer software	Technical knowhow	Right to operate - cargo facility	Total
Gross carrying amount					
As at April 1, 2018	40.41	6.39	8.98	21.03	76.81
Additions	-	2.85	-	5.66	8.51
Disposals	-	-	-	(0.35)	(0.35)
Impairment of goodwill on sale of subsidiary	(4.14)	-	-	-	(4.14)
As at March 31, 2019	36.27	9.24	8.98	26.34	80.83
Additions	-	8.38	-	3.72	12.10
Disposals	-	(0.20)	-	(0.05)	(0.25)
As at March 31, 2020	36.27	17.42	8.98	30.01	92.68
Amortization					
As at April 1, 2018	-	4.36	8.98	6.57	19.91
Charge for the year	-	0.84	-	3.94	4.78
Disposals	-	-	-	(0.28)	(0.28)
As at March 31, 2019	-	5.20	8.98	10.23	24.41
Charge for the year	-	1.66	-	4.88	6.54
Disposals	-	(0.14)	-	(0.05)	(0.19)
As at March 31, 2020	-	6.72	8.98	15.06	30.76
Net book value					
As at March 31, 2020	36.27	10.70	-	14.95	61.92
As at March 31, 2019	36.27	4.04	-	16.11	56.42

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

5.1 Investment in joint venture

	Non-current	
	March 31, 2020	March 31, 2019
<i>Investment measured at cost (accounted using equity method)</i>		
<i>Unquoted equity shares (Refer note 59)</i>		
Laqshya Hyderabad Airport Media Private Limited ("Laqshya")		
9,800,000 (March 31, 2019: 9,800,000) equity shares of Rs. 10 each fully paid-up	13.66	9.16
Investment in Laqshya arising on account of fair valuation of loan given below market rate	5.59	5.59
	19.25	14.75
Aggregate value of investment in joint ventures	19.25	14.75

5.2 Investments

	As at March 31, 2020		As at March 31, 2019	
	No. of units	Amount	No. of units	Amount
Current				
Investment in mutual funds (unquoted) at FVTPL:				
Birla Sunlife Cash Plus Institutional Premium - Growth	2,011,910.01	63.94	40,524.68	1.21
Birla Sun Life Short Term fund - Regular Growth	64,246.16	2.05	-	-
Aditya Birla Sunlife Liquid Fund - Growth Regular Plan	124,251.90	3.95	252,632.73	7.55
Sundaram Money Fund Regular Growth	1,156.15	0.00	1,662,511.76	6.52
Sundaram Money Fund Direct Growth	12,782,692.63	53.53	-	-
Axis Liquid Institutional - Growth Option	40,007.79	8.78	116,381.32	24.03
ICICI Prudential Liquid Regular Plan - Growth	2,059,658.70	60.25	981,662.94	27.03
SBI Premier Liquid Fund - Regular Plan - Growth	52,765.73	16.53	15,116.58	4.41
Axis mutual fund - Liquid Growth Plan	173,207.00	5.07	23,043.02	4.76
Tata Liquid fund Plan A - Growth	-	-	33,644.82	9.86
UTI Liquid Cash Plan Institutional - Growth Option	211,028.90	68.32	88,654.91	27.04
UTI Liquid Fund - Growth	83,076.10	27.02	-	-
Aditya Birla Sunlife Overnight Fund - Growth - Direct Plan	12,068.36	1.30	-	-
		310.74		112.41
Investment in commercial paper (unquoted) at amortised cost *				
SREI Infrastructure Finance Limited	2,500	114.83	4,500	215.25
SREI Equipment Finance Limited	5,600	268.04	-	-
Bharti Realty Limited	4,096	199.97	-	-
Edelweiss Financial Services Limited	500	24.46	-	-
Piramal Enterprises Limited	6,500	323.06	3,000	147.44
* Face value of all commercial paper investments is at Rs. 500,000 (31 March 2019: Rs. 500,000) per unit.				
		930.36		362.69
Aggregate value of investments in financial assets		1,241.10		475.10

6 Loans

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unsecured, considered good				
Security deposits	15.79	20.16	16.91	4.09
Less: Provision for doubtful deposit	(0.20)	(0.20)	-	-
	15.59	19.96	16.91	4.09
Loan to employees	1.78	1.60	0.22	1.38
Inter corporate deposits	-	-	-	50.00
Loans to related parties (refer details below)	-	-	200.00	0.32
	17.37	21.56	217.13	55.79
Break up of Loans to related parties				
Laqshya Hyderabad Airport Media Private Limited, joint venture	-	-	-	0.32
GMR Infrastructure Limited, Intermediate Holding Company	-	-	200.00	-
	-	-	200.00	0.32

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

7 Other financial assets

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Carried at amortised cost				
Non-trade receivables	-	-	21.26	8.17
Grant receivable from authorities	-	-	0.04	0.04
Interest accrued on fixed deposits	-	-	11.93	3.18
Interest accrued on investments	-	-	15.80	7.67
Interest accrued on others	-	-	8.59	1.04
Unbilled revenue	-	-	18.85	10.48
Margin money deposits *	-	0.62	-	-
Other receivables (Refer note 56)	-	-	71.16	1.70
Derivative instrument carried at fair value through OCI				
Derivative assets (Refer note 40)	865.00	239.23	-	-
	865.00	239.85	147.63	32.28

* Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Company.

8.1 Tax asset

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advance income tax (net of provision for current tax)	51.88	28.96	1.71	17.11
	51.88	28.96	1.71	17.11

8.2 Tax liability

	Current	
	March 31, 2020	March 31, 2019
Provision for tax (net of advance tax)	35.87	36.74
	35.87	36.74

9 Other assets

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Capital advances				
Unsecured, considered good	459.45	409.13	-	-
(A)	459.45	409.13	-	-
Advances other than capital advances				
Passenger service fee (Security component)	10.56	25.64	-	-
Others	7.79	7.34	6.38	7.89
Doubtful advances	0.04	0.04	-	-
	18.39	33.02	6.38	7.89
Less: Provision for doubtful advances	(0.04)	(0.04)	-	-
(B)	18.35	32.98	6.38	7.89
Other advances				
Prepaid expenses	2.88	3.30	9.04	5.54
Upfront fee on borrowings (Refer note 56)	-	94.50	-	-
Lease equilisation reserve	7.37	-	-	-
Balance with statutory / government authorities	251.25	14.67	39.91	5.55
(C)	261.50	112.47	48.95	11.09
Total (A+B+C)	739.30	554.58	55.33	18.98

10 Inventories (valued at lower of cost or not relizable value)

	March 31, 2020	March 31, 2019
Traded goods	31.82	16.13
Stores and spares	50.20	40.22
Less: Provision for non moving spares	(0.17)	(0.17)
	81.85	56.18

* includes material in transit of Rs. 0.04 (March 31, 2019: Rs. 0.19)

11 Trade receivables

	Current	
	March 31, 2020	March 31, 2019
Break up of trade receivables:		
Secured, considered good	53.57	58.35
Unsecured receivables, considered good	125.20	122.20
Unsecured receivables, with significant increase in credit risk	1.03	1.38
	179.80	181.93
Impairment allowance (allowance for credit loss)		
Less: Allowances for doubtful receivables	(1.03)	(1.38)
	178.77	180.55

*Trade receivables to the extent covered by security deposits or bank guarantees are considered as secured receivables.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

12 Cash and cash equivalents

	Current	
	March 31, 2020	March 31, 2019
Balances with Banks		
- in current accounts	69.59	40.20
- deposits with original maturity of less than three months	192.15	350.02
- in foreign currency account	8.67	2.99
Cash in transit	-	1.16
Cash on hand	0.57	0.71
	270.98	395.08

13 Bank balances other than cash and cash equivalents

	Current	
	March 31, 2020	March 31, 2019
Margin money deposits*	70.95	50.40
Deposits with original maturity of more than 3 months but less than 12 months	609.98	64.65
	680.93	115.05

*Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Group.

14 Equity

	March 31, 2020	March 31, 2019
Authorized share capital		
400,000,000 (March 31, 2019: 400,000,000) equity shares of Rs. 10 each fully paid up	400.00	400.00
Issued, subscribed and fully paid-up shares		
378,000,000 (March 31, 2019: 378,000,000) equity shares of Rs.10 each fully paid up	378.00	378.00
	378.00	378.00

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	March 31, 2020		March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	378,000,000	378.00	378,000,000	378.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	378,000,000	378.00	378,000,000	378.00

(b) Terms/ rights attached to equity shares

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

(c) Shares held by holding/intermediate holding company

	March 31, 2020		March 31, 2019	
	Number	Amount	Number	Amount
GMR Airports Limited ("GAL"), Holding Company	238,139,000	238.14	238,139,000	238.14
GMR Infrastructure Limited, GAL's Holding Company	1,000	0.00	1,000	0.00
	238,140,000	238.14	238,140,000	238.14

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

	March 31, 2020		March 31, 2019	
	Number	% holding	Number	% holding
Equity shares of Rs. 10 each, fully paid-up				
GMR Airports Limited, Holding Company	238,139,000	63.00%	238,139,000	63.00%
Airports Authority of India	49,140,000	13.00%	49,140,000	13.00%
Government of Telangana	49,140,000	13.00%	49,140,000	13.00%
MAHB (Mauritius) Private Limited	41,573,540	11.00%	41,573,540	11.00%

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

(e) No Shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date.

(f) Shares reserved for issue under options

There are no shares reserved for issue under options and contract/commitments for the sale of shares/disinvestment.

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

15 Other equity

	March 31, 2020	March 31, 2019
Capital reserve	107.00	107.00
Retained earnings		
Opening Balance	668.43	148.56
Adjustment on account of transition to Ind AS 115	-	(2.27)
Depreciation charge to retained earnings	-	(21.11)
Add: Profit for the year	661.16	724.00
Remeasurement of post-employment benefits obligations	(1.71)	(1.04)
Less: Appropriations		
Interim dividend of Rs. 2.50 per share (March 31, 2019: Rs. 4.00 per share)	(94.50)	(151.20)
Dividend distribution tax	(19.09)	(31.15)
Add: Gain on acquisition on non controlling interest	-	2.64
Closing balance	1,214.29	668.43
Cash flow hedge reserve		
Opening Balance	31.72	14.74
Gain arising during the year on derivative instruments	195.12	34.02
Deferred taxes on above	(61.78)	(17.04)
	165.06	31.72
	1,486.35	807.15

16.1 Long-term borrowings

	Non Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Senior Secured Notes / Debentures - Secured				
1,750 units 4.25% Senior Secured Notes of USD 200,000 each	2,609.03	2,376.93	-	-
1,500 units 5.375% Senior Secured Notes of USD 200,000 each	2,244.16	-	-	-
Redeemable Non Convertible Debentures of Rs. 1,000,000 each	274.29	274.13	-	-
Term loans - Secured				
- From banks	162.23	152.95	5.79	2.51
- From financial institutions	81.05	57.47	1.80	4.52
Loans from others				
Government of Telangana (unsecured)	315.05	315.05	-	-
	5,685.81	3,176.53	7.59	7.03
The above amount includes:				
Secured borrowings	5,370.76	2,861.48	7.59	7.03
Unsecured borrowings	315.05	315.05	-	-
	5,685.81	3,176.53	7.59	7.03
Amount disclosed under the head "other current financial liabilities" (Refer note 17)	-	-	(7.59)	(7.03)
	5,685.81	3,176.53	-	-
I) Senior Secured Notes				
i) 4.25% Senior Secured Notes				
GHIAL has issued 4.25% senior secured notes on October 27, 2017 to refinance secured Rupee Term Loans and Foreign Currency Loans and fund the airport expansion project works. The coupon rate is fixed through the tenor and payable semi-annually. The Notes are repayable after 10 years i.e. on October 27, 2027 (bullet repayment).				
ii) 5.375% Senior Secured Notes				
GHIAL has issued 5.375% senior secured notes were issued on April 10, 2019 for funding the airport expansion project works. The coupon rate is fixed through the tenor and payable semi-annually. The Notes are repayable after 5 years i.e. on April 10, 2024 (bullet repayment).				
Senior Secured Notes mentioned in notes (i) and (ii) above are secured by mortgage of leasehold right, title, interest and benefit in respect of leasehold land (to an extent of 2,136.45 acres), freehold land of 8.824 acres and first pari-passu charge on all movable and immovable assets, all insurance contracts, contractors' guarantees and liquidated damages payable by the contractors; all the rights, titles, permits, approvals and interests of GHIAL in, to and in respect of the Project Agreements (i.e. Concession Agreement, State Support Agreement, Land Lease Agreement and the CNS-ATS Agreement) as detailed in the Indenture dated October 27, 2017 and April 10, 2019 respectively to the maximum extent permitted under the Project Agreements; floating charge on all the operating revenues/receivables of GHIAL; and floating charge on all GHIAL's accounts and each of the other accounts required to be created by GHIAL pursuant to the Security Documents (excluding any Excluded Accounts) and, including in each case, all monies lying credited/deposited into such accounts.				

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

II) Redeemable Non Convertible Debentures

GACAEL had issued 2,750 Senior, Rated, Listed, Secured, Redeemable, Non-Convertible Debentures ("GACAEL NCDs") of face value of Rs. 1,000,000 each in two tranches of 1,000 and 1,750 GACAEL NCD at interest of 8.55% per annum payable semi-annually. Interest rate on GACAEL NCD's shall reset at the end of 4 years from the date of allotment. GACAEL NCDs are redeemable at the end of 7th year from the date of allotment. GACAEL NCDs are secured by:

(a) First ranking pari passu charge on all movable assets of the MRO division of GACAEL, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.

(b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future of MRO division of GACAEL.

(c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of MRO division of GACAEL in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by GACAEL.

(d) Unconditional and irrevocable corporate guarantee given by GHIAL as per Deed of guarantee dated October 04, 2017.

(e) Further, 1,000 GACAEL NCDs are secured by way of equitable mortgage of leasehold rights of the land to the extent of 16.46 acres on which MRO facilities are constructed along with the buildings, structures, etc. on the land.

III) Indian rupee term loan from banks (secured)

(i) GHAL has an outstanding term loan of Rs. 38.43 crore (March 31, 2019: Rs. 40.87 crore) availed from State Bank of India under LRDS (Lease Rental Discounting Scheme) at an interest rate of 1 year MCLR plus 1%. The loan is repayable over 144 structure monthly installments beginning from October 2017 and is secured by assignment of lease rental receivables from Amazon India Seller Services Private Limited accruing to GHAL arising from fulfillment center at GMR Hyderabad Airport City as a primary security and collateral security as exclusive first charge on all the fixed assets leased out to Amazon India Seller Services Private Limited and equitable mortgage of leasehold rights of land measuring 17 acres.

(ii) During the previous year, GHRL has refinanced its existing term loan from an NBFC amounting to Rs. 120.94 as on November 15, 2018 with a term loan from Axis Bank. The loan is repayable in 46 quarterly installments commencing from January 2019 to April 2030. The refinanced rupee term loan is secured by exclusive charge on immovable assets (including assignment of leasehold rights in the case of leasehold land), current assets, fixed assets, cash flows of the hotel division and pledge of 32,897,675 equity shares of GHRL held by GHIAL. Also the loan is secured by an irrevocable and unconditional corporate guarantee given by GHIAL. This loan carries an interest rate of 8.6% p.a to 9% p.a (March 31, 2019: 9% p.a).

During the current year, GHRL has availed the moratorium facility as announced by RBI for COVID-19 regulatory package (vide notification (No: RBI 2019-20/186: dated March 27, 2020), for deferment of March month interest payment amounting to Rs. 0.85. Subsequently, GHRL has paid the interest accrued on April 30, 2020.

IV) Indian rupee term loan from Financial Institution (secured)

(a) During the previous year, GHAL has taken a term loan of Rs. 25.00 from Aditya Birla Finance Limited at an interest rate of 9.65% p.a., repayable over 32 structured quarterly installments beginning from September 2021 and the same is repayable over 51 structured quarterly installments beginning from September 2017 and is secured by first ranking charge on Leasehold rights, title, interest and benefit in respect of Sub-lease Land of 1.5 acres together with all buildings, structures etc on the said land, movable assets and intangibles of whatsoever nature in both present and future, revenues, book debts, receivables, bank accounts including TRA, DSRA etc. of GHAL.

(b) GHASL has an outstanding term loan of Rs. 72.85 (March 31, 2019: Rs. 58.37) at an interest rate of 9.40% p.a., i.e., 1 year MCLR plus a spread of 1.2%. The same is repayable over 51 structured quarterly installments beginning from September 2017 and is secured by first ranking charge on Leasehold rights, title, interest and benefit in respect of Sub-lease Land together with all buildings, structures etc on the said land, movable assets and intangibles of whatsoever nature in both present and future, revenues, book debts, receivables, bank accounts including TRA, DSRA etc. of GHASL.

V) Loan from Government of Telangana (unsecured)

Interest free loan received by GHIAL from the Government of Telangana is repayable in five equal installments commencing from 16th anniversary of the commercial operations date (March 23, 2008).

16.2 Short-term borrowings

	March 31, 2020	March 31, 2019
Overdraft facility from banks (secured)	-	28.00
Working capital loans from banks (unsecured)	19.92	9.94
	19.92	37.94
i. Overdraft facility from banks		
Overdraft facility availed from Abu Dhabi bank was repayable on demand and carried an interest rate of fixed deposit plus minimum 1% p.a and is secured by fixed deposit placed by GACAEL with the Bank as per terms of the sanction letter. The facility was closed during the current year.		
ii. Working capital loans from banks		
Represents commercial credit card facility availed by GHIAL from Banks, carrying an interest rate of 15.05% p.a (31 March 2019: 15.05% p.a.) and are repayable in 25 days from the end of the month.		

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

17 Other financial liabilities

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
At Amortised cost				
Retention money	4.33	7.04	22.23	7.99
Deposit from concessionaires	53.63	46.50	27.73	36.83
Security deposits	-	-	0.89	0.73
Concession fee payable	171.96	192.55	92.11	84.06
Current maturities of long-term borrowings	-	-	7.59	7.03
Non trade payables	-	-	36.32	1.74
Capital creditors*	-	-	375.10	198.06
Interest accrued but not due on borrowings	-	-	169.63	86.11
	229.92	246.09	731.60	422.55
*includes amount payable to parties registered under the Micro, Small and Medium Enterprises Development Act, 2006 of Rs. 16.07 (March 31, 2019: Rs. Nil)				

18 Government grants

	March 31, 2020	March 31, 2019
Opening balance	46.14	51.40
Grant received during the year	-	-
Less: Recognised in the statement of profit and loss	(5.28)	(5.26)
	40.86	46.14
Non-current	35.59	40.87
Current	5.27	5.27

Concession fee is payable by GHIAL to Ministry of Civil Aviation in respect of first 10 years in 20 equal half yearly installments commencing from the 11th anniversary of the commercial operations date (March 23, 2008). Concession fee from the 11th year is payable on a half yearly basis. The difference between the fair value and carrying value of such fee payable has been treated as a government grant as per Ind AS 20.

19 Other liabilities

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Contract Liabilities	37.75	41.31	10.30	4.26
Deferred income	26.51	22.32	7.37	6.14
Advances from customers	4.17	-	7.61	2.98
Statutory dues	-	-	34.07	29.46
	68.43	63.63	59.35	42.84

20 Trade payables

	March 31, 2020	March 31, 2019
Trade payable		
- Related parties	2.48	9.23
- Total outstanding dues of micro enterprises and small enterprises*	11.58	0.70
- Others	154.69	124.04
	168.75	133.97

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") as at March 31, 2020 and March 31, 2019 (along with micro and small enterprises under capital creditors under the head other financial liabilities):

Particulars	March 31, 2020	March 31, 2019
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	27.65	0.70
the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Group.

21 Provisions

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Provision for compensated absences	0.14	-	18.65	15.83
Provision for superannuation fund	-	-	0.20	0.20
Provision for gratuity (Refer note 33)	1.33	1.36	4.14	2.22
	1.47	1.36	22.99	18.25

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

22 Revenue from operations

	For the year ended March 31, 2020	For the year ended March 31, 2019		
Income from services				
Aeronautical (A)				
Landing and parking charges	139.91	136.94		
User Development Fee (UDF) and Passenger Service Fee (PSF)	709.51	710.28		
Common Infrastructure Charges	61.90	63.40		
Fuel Farm (Refer note 47)	139.29	144.27		
Ground handling (Refer note 47)	34.43	12.10		
Cargo revenues (Refer note 47)	91.21	89.7		
Others (Refer note 47)	28.20	22.72		
Revenue from Aeronautical services (A)	1,204.45	1,179.47		
Non-aeronautical				
Duty Free	175.26	158.18		
Retail	52.26	40.18		
Advertisement	38.13	36.11		
Food and beverages	50.08	47.03		
Parking	81.13	66.93		
Land and space - Rentals	47.42	40.98		
MRO services and others	269.84	219.23		
Revenue from Non-aeronautical services (B)	714.12	608.64		
Revenue from commercial property development	27.72	16.50		
Revenue from hospitality services	66.18	71.44		
Revenue from non-airport services (C)	93.90	87.94		
Revenue from contracts with customers (D=A+B+C)	2,012.47	1,876.05		
Note:				
(i) The company earned entire income from operations from India.				
(ii) Timing of rendering of services				
For the year ended March 31, 2020:				
	Aeronautical	Non-Aeronautical	Non-Airport	Total
Services rendered at a point in time	1,050.61	-	-	1,050.61
Services rendered over time	153.84	714.12	93.90	961.86
Total revenue from contracts with customers	1,204.45	714.12	93.90	2,012.47
For the year ended March 31, 2019:				
	Aeronautical	Non-Aeronautical	Non-Airport	Total
Services rendered at a point in time	1,054.89	-	-	1,054.89
Services rendered over time	124.58	608.64	87.94	821.16
Total revenue from contracts with customers	1,179.47	608.64	87.94	1,876.05
(iii) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price				
	For the year ended March 31, 2020	For the year ended March 31, 2019		
Revenue as per contracted price	2,011.37	1,874.95		
<i>Adjustments:</i>				
Significant financing component	1.10	1.10		
Revenue from contract with customers	2,012.47	1,876.05		
(iv) Set out below is the revenue recognised from:				
	For the year ended March 31, 2020	For the year ended March 31, 2019		
Amounts included in contract liabilities at the beginning of the year	2.80	2.80		
Performanance obligations satisfied in previous years	-	-		
Total	2.80	2.80		

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

23 Other income

	For the year ended March 31, 2020	For the year ended March 31, 2019
<u>Interest on financial assets at amortised cost:</u>		
Bank deposits and commercial papers	26.75	27.69
Loan to joint venture	0.03	0.41
Others	55.92	23.44
Gain on sale of financial assets (mutual funds)	18.57	43.70
Gain on account of foreign exchange fluctuations (net)	2.83	0.45
Amortisation of deferred income	0.85	14.52
Income from government grant	5.28	5.26
Provisions no longer required, written back	3.09	0.72
Profit on sale of assets	0.42	0.12
Other non-operating income	8.81	9.74
	122.55	126.05

24 Changes in inventory of traded goods

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening stock of traded goods	15.74	17.56
Closing stock of traded goods	31.37	15.74
	(15.63)	1.82

25 Employee Benefits Expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	195.68	164.84
Contribution to provident and other funds [Refer note 33 (a)]	13.49	10.26
Gratuity expenses [Refer note 33 (b)]	1.78	1.86
Staff welfare expenses	14.55	14.95
	225.50	191.91

26 Finance costs

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on borrowings	145.62	125.71
Premium on derivative instruments	82.55	77.19
Interest on deposit from concessionaire	4.45	21.64
Interest on concession fee, lease liability and others	16.51	10.94
Other borrowing cost	37.50	13.27
	286.63	248.75

27 Depreciation and amortization expense

	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on property, plant and equipment (Refer note 3)	207.05	176.26
Amortisation of ROU assets (Refer note 4.1)	2.90	-
Amortisation of intangible assets (Refer note 4.2)	6.54	4.78
	216.49	181.04

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

28 Other expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Operator fee	5.04	5.37
Operations, maintenance and manpower outsourcing expenses	76.44	65.19
Electricity, Fuel and water charges	32.78	32.52
House keeping charges	18.09	14.42
Consumption of stores and spares	67.70	52.03
Foods and beverages consumed	6.66	6.76
Cargo handling charges	4.77	3.80
Repairs and maintenance		
Plant and machinery	27.21	25.27
Buildings	9.09	9.32
IT Systems	18.08	13.45
Others	16.56	12.18
Insurance	6.70	5.06
Security expenses	25.71	21.38
Health and safety charges	0.57	0.22
Rent	3.83	8.30
Rates and taxes	21.49	20.18
Training cost	3.18	-
Advertising and business promotion	14.37	10.35
Collection charges	6.65	7.24
Travelling and conveyance	33.92	24.98
Bank Charges	0.05	-
Communication costs	5.80	3.95
Office maintenance	0.53	4.32
Legal and professional expenses	54.30	24.78
Technical fees	5.81	4.69
Management fee	35.78	32.30
Printing and stationery	1.41	1.56
Contribution to political parties	-	50.00
Donation	14.80	1.74
CSR expenditure (refer details below)	10.59	7.76
Directors' sitting fees	0.23	0.28
Payments to Auditors (refer details below)	0.60	0.47
Loss on sale of fixed assets (net)	-	1.61
Impairment of goodwill	-	2.26
Inventories written off	0.26	0.33
Bad debts written off	0.69	0.44
Provision for bad debts	0.58	0.73
Fixed assets written off	1.87	0.06
Interest receivable from PSF (Security Component) Fund written off	15.08	-
Miscellaneous expenses	7.66	7.74
	554.88	483.04

Payment to Auditors (Included in other expenses above)	For the year ended March 31, 2020	For the year ended March 31, 2019
As Auditor		
Audit fee	0.42	0.33
Other services*	0.11	0.08
Reimbursement of expenses	0.07	0.06
	0.60	0.47

* Excludes Rs. 0.99 (March 31, 2019: Rs. Nil) towards assurance related services for issuance of senior secured notes which are adjusted against borrowings.

Details of CSR expenditure:	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Gross amount required to be spent by the Company during the year	10.59	7.17
(b) Amount spent in cash		
i) Construction/acquisition of any asset	3.64	4.55
ii) On purposes other than (i) above	6.95	2.62
(c) Total amount spent during the year		
i) Construction/acquisition of any asset	3.64	4.55
ii) On purposes other than (i) above	6.95	2.62

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

29 Income Tax

A. Income tax expense recognized in statement of profit and loss comprise of:		
	For the year ended March 31, 2020	For the year ended March 31, 2019
Current taxes:		
Current income tax net of MAT credit recognized	67.58	36.43
Deferred tax:		
Relating to origination and reversal of temporary differences	(7.43)	15.34
Income tax expense for the year	60.15	51.77
Less: Adjustments relating to previous year	(1.08)	(4.04)
Income tax expense reported in the statement of profit or loss	59.07	47.73
B Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:		
	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit	720.23	778.12
Tax at the applicable tax rate of 34.94% (March 31, 2019: 34.94%)	251.65	271.88
<u>Tax effect of income that are not taxable in determining taxable profit / allowable expenditure that are not part of book profit:</u>		
Dividend income exempt from tax	(0.58)	(0.13)
Ind-AS adjustments not considered under tax	(7.29)	(10.74)
Others	(0.25)	(0.85)
<u>Tax effect of expenses that are not deductible in determining taxable profit/ taxable income that are not part of book profit:</u>		
Donations & CSR expenditure non-deductible under tax	3.70	3.19
Interest on delayed payment of income tax	-	0.53
Other non-deductible expenses under tax	0.50	2.09
Ind-AS adjustments not considered under tax	10.84	11.51
<u>Tax effect of other adjustments:</u>		
Deduction u/s 80IA	(200.52)	(240.98)
Reversal of deferred tax during tax holiday period	8.79	10.19
Unabsorbed accumulated losses on which deferred tax is not created*	(2.10)	5.86
On account of consolidation adjustments, including share of results of joint venture	(2.88)	-
Effect of change in tax rate	(1.72)	(0.78)
Income tax expense reported in the statement of profit and loss	60.15	51.77
*Deferred tax assets are not recognised to the extent it is not probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised by the respective subsidiary companies.		

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

C. Deferred tax:				
	Statement of profit or loss		Balance sheet	
	For the year ended March 31, 2020	For the year ended March 31, 2019	March 31, 2020	March 31, 2019
Deferred tax liability				
Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	18.50	14.37	176.27	157.78
Fair value of financial assets/liabilities	0.25	0.00	0.26	0.01
Cash flow hedge	61.86	16.96	78.82	16.96
Gross deferred tax liability	80.60	31.33	255.35	174.75
Deferred tax asset				
Unabsorbed depreciation	3.46	0.83	7.70	11.16
On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis.	(0.99)	(0.25)	1.55	0.56
On account of income reduced from capital work in progress	(27.31)	(0.13)	31.23	3.92
On account of provision for doubtful trade, advances and diminution in value of investment	(1.70)	-	1.70	-
Tax Holiday Reversals	(1.17)	0.22	2.05	0.88
Gross deferred tax asset	(27.71)	0.68	44.23	16.52
MAT credit entitlement	(51.70)	(136.01)	457.41	405.71
Deferred tax asset (unutilised tax credit)	(51.70)	(136.01)	457.41	405.71
Net deferred tax asset/(liability)			246.29	247.48
Reconciliations of deferred tax liabilities/assets(net)				
			March 31, 2020	March 31, 2019
Opening balance			247.48	143.47
Tax income/(expense) during the year recognised in profit or loss			60.67	120.97
Tax income/(expense) during the year recognised in OCI			(61.86)	(16.96)
Closing balance			246.29	247.48
D. Other disclosures:				
i) Deferred tax on adjustments recognised on account of adoption of Ind AS are not considered as these adjustments get reversed in the subsequent periods and have no impact on the accounting or tax profit.				
ii) During the year ended March 31, 2020 , the parent company has paid dividend to its share holders. This has resulted in payment of DDT to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence DDT paid is charged to equity.				

GMR Hyderabad International Airport Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

30 Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2020

	Cash Flow Hedge Reserve	Retained Earnings	Total
Cash flow hedge reserve (net)	625.77	-	625.77
Less: restatement of borrowings	(430.65)	-	(430.65)
Less: Deferred tax	(61.78)	-	(61.78)
Remeasurement gain on defined benefit plans	-	(1.71)	(1.71)
Closing Balance	133.34	(1.71)	131.63

For the year ended March 31, 2019

	Cash Flow Hedge Reserve	Retained Earnings	Total
Cash flow hedge reserve (net)	167.55	-	167.55
Less: restatement of borrowings	(133.53)	-	(133.53)
Less: Deferred tax	(17.04)	-	(17.04)
Remeasurement gain on defined benefit plans	-	(1.04)	(1.04)
Closing Balance	16.98	(1.04)	15.94

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

31. Earnings per share (EPS)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit attributable to equity holders of parent for basic and diluted earnings	661.16	724.00
Weighted average number of equity shares used for computing earnings per share (Basic and diluted)	37.80	37.80
Earnings per share (Basic and diluted) (Rs.)	17.49	19.15
Face value per share (Rs.)	10.00	10.00

32. Capital work in progress

The breakup of Capital work in progress is as below:

	March 31 2020	March 31 2019
Capital expenditure incurred on property, plant and equipment	1,063.76	314.55
Legal and professional expense	145.78	100.52
Employee benefit expense	0.75	0.35
Finance costs	216.60	31.20
Other expenses	5.94	2.54
Total (i)	1,432.83	449.16
Less:- Other income:		
Interest income from bank deposit	(95.76)	(1.93)
Net gain on sale of current investments	(1.24)	(10.54)
Temporary lease rentals earned net of taxes	(0.57)	(0.57)
Total (ii)	(97.57)	(13.04)
Net Capital work in progress (i-ii)	1,335.26	436.12

During the year ended March 31, 2020 the Group has capitalized the following expenses of revenue nature to the capital work-in-progress (CWIP). Consequently, expenses disclosed under other expenses are net of amounts capitalized by the Group.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance (A)	121.57	97.07
Revenue expense:		
Legal and professional expense	91.18	55.74
Employee benefit expense	0.40	-
Finance cost	231.53	39.34
Other expenses	4.52	1.51
Total (B)	327.63	96.59
Less: Other income		
Interest income from bank deposit	(95.76)	(3.71)
Net gain on sale of current investment	(1.24)	(10.62)
Total (C)	(97.00)	(14.33)
Net (D=B-C)	230.63	82.26
Less: Capitalized during the year (E)	(80.70)	(57.76)
Closing balance (F=A+D-E)	271.50	121.57

33. Retirement and other employee benefits:**a) Defined contribution plan**

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to provident fund	9.84	6.81
Contribution to ESI and labour welfare fund	0.84	1.00
Contribution to superannuation fund	2.81	2.45
Total	13.49	10.26

b) Defined benefit plans

Gratuity liability is a defined benefit obligation which is funded through policy taken from Life Insurance Corporation of India and Liability (net of fair value of investment in LIC) is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (based on last drawn basic salary) for each completed year of service subject to a maximum limit of Rs.0.20 (31 March 2019: Rs.0.20).

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss/OCI and amounts recognised in the balance sheet for defined benefit plans/obligations:

Net employee benefit expense (recognized in statement of profit and loss)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	1.60	1.79
Net interest cost	0.18	0.07
Cost recognized in statement of profit and loss	1.78	1.86

Amount recognized in other comprehensive income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain)/loss due to DBO experience	(0.56)	0.59
Actuarial gain due to DBO assumption changes	0.82	0.46
Return on plan assets greater than discount rate	1.65	0.08
Actuarial gains recognized in OCI	1.91	1.13

Balance sheet

	March 31, 2020	March 31, 2019
Defined benefit obligation	(17.99)	(15.17)
Fair value of plan assets	12.52	11.59
Plan asset / (liability)	(5.47)	(3.58)

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

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

	March 31, 2020	March 31, 2019
Opening defined benefit obligation	15.17	11.53
Interest cost	1.09	0.59
Current service cost	1.58	1.79
Acquisition cost	0.81	1.59
Past service cost-plan amendments	-	-
Benefits paid (including transfer)	(1.46)	(1.40)
Actuarial losses/ (gain) on obligation-experience	0.80	1.05
Closing defined benefit obligation	17.99	15.17

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

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	11.59	8.93
Expected return on plan assets	0.70	0.73
Contributions by employer	1.76	2.31
Acquisition adjustment	0.81	1.06
Benefits paid (including transfer)	(1.42)	(1.40)
Return on plan assets greater/ (lesser) than discount rate	(1.14)	(0.08)
Interest income on plan assets	0.20	-
Actuarial (gains) / losses	0.01	0.04
Closing fair value of plan assets	12.52	11.59

Major category of plan assets as a percentage of the fair value of total plan assets is as follows:

	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

Principal assumptions used in determining gratuity obligation for the Group's plans are shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate (in %)	5.90% to 6.80%	6.90%
Salary Escalation (in %)	6% to 8%	6% to 8%
Attrition rate (in %)	5% to 20%	5% to 20%

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 is as shown below:

	March 31, 2020	March 31, 2019
Discount rate		
Effect due to 1% increase in discount rate	(1.38)	(1.18)
Effect due to 1% decrease in discount rate	0.75	1.25
Attrition rate		
Effect due to 1% increase in attrition rate	0.07	0.09
Effect due to 1% decrease in attrition rate	(0.08)	(0.10)
Salary escalation rate		
Effect due to 1% increase in salary increase rate	1.23	1.11
Effect due to 1% decrease in salary increase rate	0.28	(1.02)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Following payments are expected contributions to the defined benefit plan in the future years:

	March 31, 2020
March 31, 2021	2.16
March 31, 2022	1.91
March 31, 2023	2.08
March 31, 2024	1.82
March 31, 2025	3.02
March 31, 2026 to March 31, 2030	15.37

	March 31, 2019
March 31, 2020	1.40
March 31, 2021	1.78
March 31, 2022	1.87
March 31, 2023	2.10
March 31, 2024	1.94
March 31, 2025 to March 31, 2029	14.23

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2019: 10 years).

34. Details of transactions with related parties:

A. Names of related parties and description of relationship:

S. No.	Relationship	Related party Name
(i)	Holding company	GMR Airports Limited (GAL)
(ii)	GAL's holding company	GMR Infrastructure Limited (GIL)
(iii)	Ultimate holding company	GMR Enterprises Private Limited (GEPL)
(iv)	Fellow Subsidiary Companies	GMR Aviation Private Limited
		Delhi International Airport Limited
		GMR Energy Trading Limited
		GMR Highways Limited
		GMR Corporate Affairs Private Limited
		GMR Hyderabad Vijayawada Expressways Private Limited
		GMR Airport Developers Limited
		Kakinada SEZ Limited
		Raxa Security Services Limited
		GMR Warora Energy Limited
		GMR Infra Developers Limited
		GMR Goa International Airport Limited
		GMR Business Process Services Private Limited
(v)	Shareholders having significant influence	Government of Telangana
		Airports Authority of India
		Malaysia Airports Holdings Berhad
		MAHB (Mauritius) Private Limited
(vi)	Key management personnel	Mr. Srinivas Bommidala - Managing Director till May 31, 2018 and Director w.e.f June 1, 2018.
		Mr. G B S Raju - Managing Director w.e.f June 1, 2018
		Mr. SGK Kishore - Chief Executive Officer
		Mr. Rajesh Arora- Chief Financial Officer till May 31, 2019
		Mr. Anand Kumar- Chief Financial Officer w.e.f June 1, 2019
		Mr. Grandhi Kiran Kumar - Director
		Mr. Anup Kumar Samal - Company Secretary

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

S. No.	Relationship	Related party Name
		Mr. G M Rao – Chairman till May 31, 2018 and Executive Chairman from June 1, 2018)
		Mr. HJ Dora – Director
		Mr. C Prasanna – Director
		Mr. Venkataramana Hegde – Director
		Mr. Ramakrishna Rao IAS – Director
		Mr. Datuk Badlisham Bin Ghazali * - Director till June 23, 2018
		Mr. Raj Azmi bin Raja Nazuddin - Director w.e.f September 10, 2018
		Mr. RSSLN Bhaskarudu- Independent Director
		Mr. NC Sarabeswaran- Independent Director
		Mrs. Vissa Siva Kameswari -Independent Director
		Mr. Jayesh Ranjan IAS – Director
		Mr. I.N. Murthy – Director
		Mr. Madhu Ramachandra Rao - Independent Director w.e.f July 02, 2018
		Mr. P. Vijay Bhaskar- Independent Director, ceased to be director w.e.f May 04, 2018.
(vii)	Joint Venture	Laqshya Hyderabad Airport Media Private Limited (“Laqshya”)
(viii)	Enterprises where key Directors and their relatives exercise significant influence	GMR Varalakshmi Foundation
(ix)	Other entities in which Directors are interested	GMR Family Fund Trust Sri Varalakshmi Jute Twine Mills Private Limited Geokno India Private Limited
(x)	Associate of GIL	GMR Rajahmundry Energy Limited
(xi)	Relative of KMP	Ramadevi Bommidala

B. Remuneration paid to Key Managerial Remuneration:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short term employee benefits	14.20	12.32
Sitting fee	0.23	0.23

C. Summary of Transactions with related parties during the year is as follows:

Related Party Transactions	For the year ended March 31, 2020	For the year ended March 31, 2019
<i>Services received:</i>		
GMR Infrastructure Limited	10.35	7.04
GMR Airports Limited	32.18	26.30
Raxa Security Services Limited	27.23	20.25
GMR Aviation Private Limited	5.84	9.07
GMR Airport Developers Limited	30.94	26.86
GMR Corporate Affairs Private Limited	0.39	-
GMR Family Fund Trust	-	2.80
Delhi International Airport Limited	0.72	0.57
Laqshya Hyderabad Airport Media Private Limited	0.74	1.17
Government of Telangana	-	3.59

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Airports Authority of India	0.03	0.03
Sri Vara Lakshmi Jute Twine Mills Private Limited	-	0.22
<i>Security Deposit (paid) /received):</i>		
Laqshya Hyderabad Airport Media Private Limited	-	0.16
GMR Airport Developers Limited	-	(15.00)
Delhi International Airport Limited	-	(0.23)
<i>Income from operations:</i>		
GMR Infrastructure Limited	0.02	0.02
GMR Airports Limited	0.34	0.32
GMR Aviation Private Limited	0.08	0.05
Kakinada SEZ Limited	0.25	0.32
GMR Airport Developers Limited	0.17	0.17
Raxa Security Services Limited	0.01	0.01
GEOKNO India Private Limited	0.10	0.15
GMR Energy Trading Limited	0.00	0.00
GMR Highways Limited	0.25	0.25
GMR Business Process Services Private Limited	3.16	2.75
Delhi International Airport Limited	0.02	0.05
GMR Warora Energy Limited	-	0.00
Laqshya Hyderabad Airport Media Private Limited	34.02	32.19
Airports Authority of India	0.43	3.24
GMR Varalakshmi Foundation	0.40	0.39
GMR Tuni-Anakapalli Expressways Limited	-	0.00
GMR Infra Developers Limited	0.06	-
<i>Unsecured loan received back:</i>		
Laqshya Hyderabad Airport Media Private Limited	0.32	2.55
<i>Interest on amortisation of interest free unsecured loan given</i>		
Laqshya Hyderabad Airport Media Private Limited	-	0.22
<i>Interest on delayed payments from customers</i>		
GMR Energy Trading Limited	0.01	-
Laqshya Hyderabad Airport Media Private Limited	0.15	0.00
GMR Aviation Private Limited	0.00	0.00
<i>Purchase of Asset:</i>		
GMR Airport Developers Limited	52.54	48.44
Geokno India Private Limited	-	0.28
Airport Authority of India	0.02	-
<i>CSR Expenditure</i>		
GMR Varalakshmi Foundation	10.59	7.66
<i>Reimbursement of expenses claimed by the Group during the year from its related parties:</i>		
GMR Infrastructure Limited	0.01	0.01
GMR Airports Limited	0.21	1.58
Kakinada SEZ Limited	0.06	0.06
Delhi International Airport Limited	1.63	0.40
GMR Airport Developers Limited	1.30	0.93

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

GMR Highways Limited	0.05	0.05
Geokno India Private Limited	0.00	0.06
Laqshya Hyderabad Airport Media Private Limited	1.11	0.95
Airports Authority of India	3.43	2.92
GMR Varalakshmi Foundation	0.07	0.08
Raxa Security Services Limited	0.00	0.00
GMR Energy Trading Limited	-	0.00
GMR Business Process & Services Private limited	0.59	0.48
GMR Goa International Airport Limited	0.02	-
<i>Reimbursement of expenses claimed from the Group during the year by its related parties:</i>		
GMR Airports Limited	0.37	0.49
Delhi International Airport Limited	0.11	-
Laqshya Hyderabad Airport Media Private Limited	0.19	-
GMR Airport Developers Limited	0.31	0.11
<i>Income on amortisation of deposit received:</i>		
Laqshya Hyderabad Airport Media Private Limited	0.05	0.03
GMR Varalakshmi Foundation	0.02	0.01
GMR Infrastructure Limited	0.00	0.00
<i>Interest expense on amortisation of deposit received:</i>		
Laqshya Hyderabad Airport Media Private Limited	0.04	0.04
GMR Varalakshmi Foundation	0.01	0.01
<i>Straight lining of Lease rental as per Ind AS 116</i>		
Laqshya Hyderabad Airport Media Private Limited	0.02	-
GMR Business Process Services Private Limited	0.04	-
GMR Highways Limited	0.00	-
GMR Airport Developers Limited	0.01	-
GMR Varalakshmi Foundation	0.04	-
Raxa Security Services Limited	0.00	-
<i>Unsecured loan given:</i>		
GMR Infrastructure Limited	200.00	-
GMR Infra Developers Limited	20.00	-
<i>Interest on unsecured loan:</i>		
GMR Infrastructure Limited	7.90	-
GMR Infra Developers Limited	0.04	-
<i>Depreciation and Interest cost as per Ind AS 116</i>		
GMR Family Fund Trust	0.35	-
Government of Telangana	8.52	-
Sri VaraLakshmi Jute Twine Mills Private Limited	0.24	-
<i>Amortization of expense on deposit paid:</i>		
GMR Airport Developers Limited	-	0.01
Raxa Security Services Limited	0.14	0.23
Sri VaraLakshmi Jute Twine Mills Private Limited	-	0.01
GMR Varalakshmi Foundation	-	0.05
<i>Interest income on amortization of deposit paid:</i>		

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

GMR Airport Developers Limited	-	0.02
Raxa Security Services Limited	0.15	0.22
Sri VaraLakshmi Jute Twine Mills Private Limited	0.01	0.01
GMR Family Fund Trust	0.03	-
GMR Varalakshmi Foundation	-	0.04
<i>Rent:</i>		
Ramadevi Bommidala	0.23	0.20
<i>Equity Dividend Paid:</i>		
GMR Airports Limited	59.53	95.26
GMR Infrastructure Limited	0.00	0.00
MAHB (Mauritius) Private Limited	10.39	16.62
Malaysia Airports Holdings Berhad	0.00	0.00
Airports Authority of India	12.29	19.66
Government of Telangana	12.29	19.66

D. Outstanding balances at the end of the year:

Particulars	March 31, 2020		March 31, 2019	
	Non-Current	Current	Non-Current	Current
<i>Balance Recoverable / (Payable):</i>				
GMR Enterprises Private Limited	-	0.01	-	0.01
GMR Infrastructure Limited	-	(2.31)	-	0.28
GMR Airports Limited	-	(7.93)	-	(4.28)
Raxa Security Services Limited	-	(5.31)	-	(0.34)
Delhi International Airport Limited	-	1.56	-	0.08
GMR Rajahmundry Energy Limited	-	0.04	-	0.04
GMR Hyderabad Vijayawada Expressways Private Limited	-	0.01	-	0.01
GMR Aviation Private Limited	-	0.03	-	(0.98)
GMR Airport Developers Limited	-	(12.33)	-	(15.84)
Kakinada SEZ Private Limited	-	0.69	-	0.42
GMR Energy Trading Limited	-	0.00	-	0.02
GMR Corporate Affairs Private Limited	-	-	-	(0.10)
GMR Highways Limited	-	0.26	-	0.30
Geokno India Private Limited	-	0.81	-	0.71
GMR Aerostructure Services Limited	-	0.03	-	0.03
GMR Goa International Airport Limited	-	0.02	-	-
GMR Vemagiri Power Generation Ltd.	-	0.00	-	0.00
GMR Business Process Services Private Limited	-	1.66	-	-
Laqshya	-	0.77	-	0.97
Government of Telangana	-	(3.87)	-	(3.69)
Airports Authority of India	-	5.02	-	2.97
GMR Family Fund Trust	-	-	-	2.32
GMR Varalakshmi Foundation	-	(0.03)	-	(0.99)
<i>Security deposit received from / (paid) to related parties recognised at amortised cost:</i>				
GMR Infrastructure Limited	-	0.04	-	0.03

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(All amounts in Rupees Crores, except otherwise stated)

Particulars	March 31, 2020		March 31, 2019	
Raxa Security Services Limited	-	(1.70)	(1.55)	-
Laqshya	0.34	0.02	0.15	0.29
GMR Varalakshmi Foundation	0.10	-	0.09	-
Sri Varalakshmi Jute Twine Mills Private Limited	(0.09)	-	-	(0.08)
GMR Family Fund trust	(0.33)		(0.30)	
Ramadevi Bommidala	0.00	-	-	-
GMR Airport Developers Limited	(4.64)	(8.92)	(8.72)	(3.81)
<i>Deferred income on deposits received recognized at amortised cost</i>				
Laqshya	0.12	0.04	0.06	0.03
GMR Varalakshmi Foundation	0.03	0.01	0.05	0.01
<i>Prepaid expenses on deposits paid recognized at amortized cost:</i>				
Raxa Security Services Limited	-	0.05	0.05	0.14
Sri Varalakshmi Jute Twine Mills Private Limited	-	-	0.01	0.01
GMR Family Fund trust	-	-	0.05	0.03
GMR Airport Developers Limited	0.90	0.89	1.65	0.83
<i>Loans given (including accrued interest):</i>				
Laqshya	-	-	-	0.32
GMR Infrastructure Limited	-	207.90	-	-
Borrowings:				
Government of Telangana	(315.05)	-	(315.05)	-

35. Operating segments are reported in such a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The Group only has a single geographical segment operating in Hyderabad, India. As per the evaluation carried out by CODM the Group has only one reportable business segment i.e. of airport and allied services. Accordingly, the amounts appearing in the financial statements relate to the Group's single business segment. The information relating to different products and services regarding products and services regarding Revenue from contracts with customers along with other income are given in Note 22 and 23.

Major Customers: Revenue from one customer of the Group is approximately Rs. 387.23 out of total revenue of the Company for the year ended March 31, 2020 (March 31, 2019: Rs. Rs. 359.24).

36. **Leases**

Group as lessee:

GHIAL has taken land, office and other spaces on operating lease having a term ranging from 5 years to 60 years. The land lease has an escalation of 5% per annum from the 8th anniversary of the Commercial Operations Date and is co-terminus with the concession period. The office and other space leases have an escalation of 5% per annum and are renewable at the end of the lease period with mutual consent.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	Category of ROU asset		Total
	Land	Building	
Balance as at April 1, 2019	-	-	-
Reclassification on account of adoption of Ind AS 116	67.43	9.94	77.37
Additions	-	-	-
Depreciation	1.38	1.52	2.90
Balance as at March 31, 2020	66.05	8.42	74.47

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities as at March 31, 2020:

Particulars	As at March 31, 2020
Current lease liabilities	-
Non-Current lease liabilities	83.05
Total	83.05

The following is the movement in lease liabilities during the year ended March 31, 2020

Particulars	As at March 31, 2020
Lease liability recorded on adoption of Ind-AS 116	76.94
Additions	
Finance cost accrued during the year	7.79
Deletions	-
Payment of lease liabilities	(1.68)
Balance at the end	83.05

Following amount has been recognized in statement of profit and loss:

Particulars	For the year ended March 31, 2020
Depreciation/amortisation on right to use asset	2.90
Interest on lease liability	7.79
Expenses related to short term lease (included under other expenses)	3.83
Total amount recognized in the statement of profit and loss	14.52

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

	March 31, 2020
Within one year	9.41
After one year but not more than five years	23.55
More than five years	727.57

Group as lessor:

The Company has sub-leased land to various parties under operating leases having a term of 9 to 30 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiable.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	March 31, 2020
Within one year	49.55
After one year but not more than five years	184.72
More than five years	450.88

37. Contingent liabilities and commitment:

I. Litigation and Contingent Liabilities

A. Direct taxes

- a) During the previous years, the Revenue have filed Appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by Income Tax Appellate Authority (ITAT), Bengaluru dated October 13, 2017 knocking down the assessment orders passed under section 143(3) read with section

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

153A thereby deleting certain disallowances amounting to Rs. 34.87 & Rs. 16.65 confirmed by Commissioner of Income tax (Appeals) [CIT (A)], Bengaluru in relation to assessment years (AY's) 2008-09 & 2009-10 respectively, resulting in a reduction in tax losses.

- b) During the current year, the ITAT, Bengaluru, in an appeal filed by the GHIAL against the order passed by the CIT (A), Bengaluru dated October 31, 2016 confirming certain disallowances amounting to Rs. 6.85 in relation to AY 2009-10 has passed an order dated July 10, 2019 setting aside the order passed by the CIT (A) and restoring the matters back to the assessing officer for fresh verification.
- c) During the previous years, the Revenue have filed Appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by ITAT, Bengaluru dated October 13, 2017 deleting certain disallowances amounting to Rs. 7.34, Rs. 11.25, Rs. 18.27 & Rs. 20.04 confirmed by CIT (A), Bengaluru in relation to AY's 2010-11, 2011-12, 2012-13 and 2013-14 respectively.
- d) During the previous years, GHIAL had filed appeals before ITAT, Bengaluru against the orders passed by the CIT (A), Bengaluru dated December 29, 2016 confirming certain disallowances amounting to Rs. 13.00, Rs. 9.14, Rs. 0.86 and Rs. 4.29 in relation to AY's 2010-11, 2011-12, 2012-13 and 2013-14 respectively.
- e) During the previous years, GHIAL had filed appeal before ITAT, Bengaluru against the orders passed by the CIT (A), Bengaluru dated July 10, 2018 confirming certain disallowances amounting to Rs. 3.38 in relation to AY 2014-15.
- f) During the previous years, the Revenue have filed appeals before the ITAT, Bengaluru against GHIAL on the orders passed by CIT(A), Bengaluru dated July 10, 2018 deleting certain disallowances amounting to Rs. 22.03 & Rs. 22.23 in relation to AY's 2014-15 & 2015-16 respectively.
- g) During the previous years, the Revenue have filed appeals before ITAT, Bengaluru against GHIAL on the order passed by CIT(A), Bengaluru dated July 13, 2018 deleting certain disallowances amounting to Rs. 24.46 in relation to AY 2016-17.
- h) During the previous years, the Revenue have filed appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by the ITAT, Bengaluru deleting certain disallowances in the computation of income as per Section 115 JB of the Income-tax Act, 1961 amounting to Rs. 16.89 in relation to AY 2013-14 which could result in an additional Minimum Alternate Tax of Rs. 3.38.
- i) During the previous years, the Revenue have filed appeals before the ITAT, Bengaluru against GHIAL on the orders passed by the CIT (A), Bengaluru in Company's favour in relation to certain disallowances in the computation of income as per Section 115 JB of the Income-tax Act, 1961 amounting to Rs. 17.93, Rs. 17.10 and Rs. 20.37 in relation to AY 2014-15, AY 2015-16 and AY 2016-17, respectively. In connection to this, tax deducted at source amounting to Rs. 3.76, Rs. Nil and Rs. 6.46 for AY 2014-15, AY 2015-16 and AY 2016-17, respectively was withheld by the Authorities.

Note: Aforementioned amounts do not include additions across AY 2009-10 to AY 2016-17 amounting to Rs. 31.87 pertaining to PSF (SC) accounts

- j) GACAEL in respect of Cargo business had received assessment order during previous years for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively, denying the deduction u/s 80-1A of the Income Tax Act, 1961 and demanding tax of Rs. 1.54 (March 2019: Rs. 1.54) (including interest of Rs 0.22) (March 2019: Rs. 0.22), Rs. 2.73 (March 2019: Rs. 2.73) (including interest of Rs 0.69 (March 2019: Rs. 0.69) and Rs. 3.03 (March 2019: Rs 3.03) (including interest of Rs. 0.74 (March 2019: Rs. 0.74) and Rs. 2.54 (March 2019: Rs. 2.54) (including interest of Rs 0.66 (March 2019: Rs. 0.66) for the respective assessment years. GACAEL had filed an appeal with Commissioner of Income Tax (Appeals), Hyderabad and had paid Rs. 1.54 (March 2019 Rs. 1.54) Rs. 2.73 (March 2019: Rs. 2.73), Rs. 3.03 crore (March 2019: Rs. 3.03) and Rs. 2.54 (March 2019: Rs. 2.54) for the assessment years 2009 – 2010, 2010-2011, 2011-2012 and 2012-13 respectively under protest. During the assessment year 2017-18, the said appeals were dismissed by the Commissioner of Income Tax (Appeals), Hyderabad against which GACAEL had

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

filed an appeal with Income Tax Appellate Tribunal, Hyderabad. During the FY 2016-17, GACAEL has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

- k) GACAEL in respect of Cargo business had received an order during previous years for the assessment year 2013-14 and 2014-15 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to the Company has reduced by Rs. 4.18 for A.Y. 2013-14 and Rs. 3.11 for A.Y. 2014-15. Aggrieved by the reduction in refund and the demand, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. During the assessment year 2018-19, GACAEL has received a favorable order from Commissioner of Income-Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the previous year GACAEL has received a favorable order from Income-Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending.
- l) GACAEL in respect of Cargo business has received an order during current period for the assessment years 2015-16 & 2016-17 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, GACAEL filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 4.17 & Rs.0.16 for AY 2015-16 & AY 2016-17 respectively. During Assessment Year 2019-20 the department has issued a refund order advice stating that the refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of 3.77. Aggrieved by the demand GACAEL has filed an appeal with the Commissioner of Income-Tax (Appeals), Hyderabad.
- m) GACAEL in respect of Cargo business has received an order from Deputy Commissioner of Income tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 0.85 (March 2019: Rs. 0.85). GACAEL has filed an appeal with Commissioner of Income – Tax (Appeals), Hyderabad on May 5, 2015 and on December 13, 2019 received an order partially allowing the expense. Based on an internal assessment, Management is of the opinion that the said order is time barred and will not be sustainable under law.
- n) GHRL during the previous year has received an order from Income Tax Officer for the AY 2016-17 demanding income tax of Rs. 0.05 on account of disallowance. GHRL has filed an appeal with CIT (Appeals).

B. Matters under dispute are as follows:

- i. GHIAL had received an order dated March 14, 2019 from the Central Excise & Service tax Appellate Tribunal (CESTAT), Hyderabad against the order from the Office of Commissioner of Customs, Central Excise and Service Tax dated January 29, 2010 on irregular avilment of the Cenvat amounting to Rs. 24.54 excluding penalty of Rs. 31.11. The said Order has allowed the Cenvat credit of Rs. 12.12, disallowed and remanded credit totaling to Rs. 12.42 (includes remanded cenvat credit of Rs. 4.01) and accordingly, penalty amount got reduced to Rs. 12.42. In addition, the order also allowed cenvat credit of Rs. 6.56 which was capitalized earlier. However, the same has not been given effect to in the financial statements pending final outcome since during the year the department has filed an appeal against the above order from the CESTAT. Apart from this, GHIAL has also filed an appeal against the disallowance of Rs. 8.41, with the Hon'ble High Court of Telangana on September 09, 2019.
- ii. GHIAL had received final order passed by the CESTAT, Hyderabad on September 16, 2019 allowing the appeal filed against levy of penalty of Rs. 7.43 (March 31, 2019: Rs. 7.43) on delay in payment of service

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

tax on the UDF. Further, GHIAL had received the refund towards service tax of Rs. 12.17 (including interest of Rs. 4.74) pertaining to the period from April, 2008 to December, 2008. However, GHIAL has not recognized the above refund amount of Rs. 12.17 as an income since the department had filed an appeal with the Hon'ble Supreme Court against the order of CESTAT and the same has been shown as a liability. Subsequent to the year end, GHIAL has received the refund of service tax paid amounting to Rs. 10.02 for the balance subsequent period from January, 2009 to October, 2009.

- iii. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated November 25, 2013 on non-payment of service tax on recovery of electricity and water charges from its concessionaires and irregular availment of Cenvat amounting to Rs. 1.53 (March 31, 2019: Rs. 1.53), including penalty of Rs. 1.67 (March 31, 2019: Rs. 1.67). GHIAL had received stay order from CESTAT subject to pre-deposit of Rs. 0.15 and accordingly, GHIAL had deposited same with the service tax department within the stipulated time.
- iv. GHIAL received an Order dated December 27, 2017 from the Office of Assistant Commissioner of Central Tax on non- payment of service tax on import of services amounting to Rs. 0.25 (March 31, 2019: Rs. 0.25). The Order also includes the interest payable thereon and penalty of Rs. 0.26 (March 31, 2019: Rs.0.26). GHIAL had filed an appeal with CESTAT on January 16, 2019 against the order passed by Commissioner (Appeals) confirming the demand of Rs. 0.26. During the year GHIAL has filed an application under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and paid Rs. 0.05 and received the discharge certificate in Form SVLDRS 4.
- v. GHIAL has received an order dated March 23, 2018 from the Office of Commissioner of Central Tax on irregular availment of exemption on sale of space for advertisement undervaluation of security services received from CISF, irregular availment of Cenvat credit on capital goods & inputs and non-payment of service tax on notice pay from the Office of Commissioner of Central Tax amounting to Rs. 2.39 (March 31, 2019: Rs. 2.39). The order also includes a penalty of Rs. 1.80 (March 31, 2019: Rs. 1.80) and interest as applicable. GHIAL has filed an appeal before the CESTAT and deposited an amount of Rs. 0.18 as required to file the appeal. During the year, GHIAL has has filed an application under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and paid Rs. 1.02 and also received the discharge certificate in Form SVLDRS 4.
- vi. GHIAL had received an order (Show Cause Notice dated April 23, 2014) from the Office of Commissioner of Customs, Central Excise and Service tax dated June 11, 2015 on Irregular availment of Cenvat credit amounting to Rs. 0.62 (March 31, 2019: 0.62). The order also includes penalty of Rs. 0.62 (March 31, 2019: Rs. 0.62). The Company has filed the appeal before the Customs, Excise and Service Tax Appellate Tribunal and deposited an amount of Rs. 0.05 with the service tax department as required to file the appeal. During the year, GHIAL has filed an application under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and paid Rs. 0.04. Subsequent to the year end the Company has received the discharge certificate in Form SVLDRS4.
- vii. GHIAL had received a notice from the office of the Joint Commissioner of Labour for payment of Building and other construction workers' Welfare Cess @ 1% of the cost of construction of Airport Metropolitan amounting to Rs. 25.20 (March 31, 2019: Rs. 25.20). The GHIAL had received the stay order from Hon'ble Hight Court of Telangana against the said order in the earlier years.
- viii. GHIAL had received notice dated January 19, 2013, from Hyderabad Metropolitan Water Supply & Sewerage Board for disconnection of water connection for non-payment of sewerage cess arrears. GHIAL had received the stay order against the said order in the earlier years. The sewerage cess outstanding including interest as at March 31, 2020 amounts to Rs. 4.96 (March 31, 2019: Rs. 4.62).
- ix. GHRL has filed appeal with Appellate Tribunal against the orders of Deputy Commissioner and Appellate Deputy Commissioner against the order confirming the demand of Rs. 0.42 (March 31, 2019: Rs. 0.23) towards, levying Value Added Tax on leasing of Audio Visual equipment by the hotel customers for the period from October 2010 to November 2012 and December 2012 to March 2014 respectively.

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

During the previous year GHRL had received an order from appellate Joint Commissioner setting aside the disputed tax amount of Rs. 0.11. During the period, GHRL has received SCN for Rs. 0.19 for the period from April 2014 to June 2017 seeking levy of VAT on usage of Audio Video Equipment's by the Hotel customers. GHRL has replied to the department against the aforesaid SCN on May 16, 2019.

- x. GHRL during the previous year, has received an order from Deputy Commissioner of Customs, RGI Airport in respect of alleged stock variance. GHRL has filed an appeal with the Commissioner of Customs & Central Tax (Appeals-1) against the order passed by the Deputy Commissioner Customs, RGIA. The Commissioner Customs & Central Tax (Appeals-1) upheld the order passed by the Deputy Commissioner of Customs, RGI Airport and reduced the penalty to Rs. 0.01. GHRL is in the process of filling an appeal with CESTAT. Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.
- xi. The Assistant Commissioner of Central tax and Customs, Hyderabad has filed appeals on May 31, 2019 before the Commissioner (appeals) against the service tax refund orders in respect of service tax charged by GHIAL on renting of immovable property for Duty free shop located beyond custom frontier of India for an amount of Rs. 3.77 (March 2019: Nil) issued to GHRL pertaining to the period from October 2016 to June 2017. GHRL has filed cross-objections on October 14, 2019 against the appeals.
- xii. GACAEL has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT) against the order of Commissioner of Service Tax for the rejection of service tax refund claim amounting to Rs. 1.03.
- xiii. GACAEL accrued customs officers' salaries stationed at Air Cargo Terminal based on debit notes raised by the customs department on GHIAL as the ultimate cost has to be borne by the custodian i.e. GACAEL. GHIAL filed a writ petition under article, 226 of the Constitution of India in the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised in previous years, GHIAL had received an order from the Honorable High court of Andhra Pradesh (Single Judge), stating that the grounds on which the levy was made by customs department were wholly unsustainable and accordingly GACAEL had reversed the accrued customs cost amounting to Rs. 14.02 (March 2019: Rs.14.02) for the period from March 23, 2008 to March 31, 2012 as provision no longer required written back and included the same in other income.

Subsequent to the above order, the Customs Department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Honorable High Court of Andhra Pradesh passed an order for interim suspension of the said order passed by the Honorable Single Judge and the matter is pending.
- xiv. GACAEL has rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which GACAEL had not paid service tax in view of the exemption available under cargo handling services. GACAEL had received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring GACAEL to show cause as to why the services rendered during March 2008 to June 2010 should not be classified under "Airport Services" and "Storage and Warehousing Services" ("Taxable Service").

On May 3, 2013, GACAEL had received an order from Commissioner of Customs, Central Excise and Service tax. As per the said order, the commissioner had concurred with the departments view and classified the services of cargo handling for export cargo as Taxable Service. As a result of which, there was a demand levied of Rs. 1.89 (March 2019 : Rs.1.89) crore as service tax for the period March 2008 to June 2010 under Airport Services and Rs.1.07 (March 2019 : Rs. 1.07) as service tax for the period March 2008 to June 2010 on Storage and Warehousing Services along with applicable interest and penalty.

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

xv. GACAEL has received a show cause notice from the Office of Commissioner (Audit) Central tax requiring GACAEL to show cause as to why CENVAT credit of Rs. 0.65 along with applicable interest and penalty should not be reversed/demanded on certain exempted services. GACAEL has filed a reply to the Show Cause notice with the Office of Commissioner (Audit) Central tax on October 10, 2017. Personal hearing completed on March 27, 2018, AC has passed an order dated March 28, 2018 by disallowing Company demand, order received on April 9, 2018. As a result of which, there is a demand levied of Rs. 0.65 as service tax along with penalty of Rs. 0.63. Further, GACAEL has filed an appeal against the order with Commissioner (Appeals), Central tax during the previous year. GACAEL has received an unfavorable order from Commissioner of Customs and Central Tax (Appeals), Hyderabad on November 12, 2018, directing the Additional Commissioner to recalculate the demand. Subsequently, the company has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019.

xvi. GACAEL has received a SCN No.04/2019-20/AC dated July 19, 2019 from Office of the Commissioner of Central Tax requiring the Company to show cause as to why service tax payable of Rs. 0.19 on recovery from the Employee on serving the Short Notice Period which is subject to Service Tax under declared service 'To tolerate an Act' u/s 66E (e.) of the Finance Act, 1994 should not be demanded under the provisions of Section 73 of Finance Act, 1994 along with interest under Section 75 and penalty under Section 78 of Finance Act, 1994.

GACAEL has filed a written response on August 19, 2019. Personal hearing held on January 23, 2020 and waiting for the final order. On similar issue, GHIAL has gone for appeal and got the favorable order. Hence Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

xvii. During the current year, GACAEL has received an order from Regional PF Commissioner – I, Regional Office II, Hyderabad, regarding the payment of contributions to International Worker under Employees Provident Funds and Miscellaneous Provisions Act, 1952 demanding an amount of Rs. 0.14. GACAEL has filed writ petition before the High Court of Telangana. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements."

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

- i. Non reversal of CENVAT Credit against sale of goods for Rs. 0.02.
- ii. Proposing disallowance of Export of Services on the ground that 'Place of supply' for MRO Services of Aircraft going out of India after being put to use India can't be said to be outside India. Hence it does not qualify 'Export of Service' and hence subject to Service Tax for Rs. 2.08 along with applicable interest and penalty.

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

xix. GHAL has preferred an appeal with CESTAT against the order passed by Commissioner of Customs, Central Excise & Service Tax vide Order No. Hyd Excus-002-COM-006-15-16 dated July 23, 2015 confirming the demand of Rs. 0.29 (March 31, 2019 Rs. 0.29) towards irregular availment of cenvat credit including a penalty of Rs. 1.14 (March 31, 2019: Rs. 1.14). Further, based on the internal assessment the management is confident that no provision is required to be made as at March 31, 2020. During the period the Company has filed an application under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 towards settlement / closure of the litigation and obtained discharge certificate in Form no. SVLDRS 4.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

- xx. The GHAL has preferred an appeal with CESTAT against Order-in-Appeal 17/2017-18 dated February 28, 2018 passed by The Commissioner of Central Tax (Appeals) confirming the demand of Rs. 1.47 (March 31, 2019: Rs. 1.47) in the matter of short payment of service tax under RCM on purchase of designs and drawings under Architecture service. The company has filed an appeal with CESTAT against the order. Further, based on the internal assessment the management is confident that no further provision is required to be made as at March 31, 2020.
- xxi. GHASL had received Show Cause Notice dated July 17, 2015 from the Office of the Assistant Commissioner of Customs, Central Excise and Service Tax wherein service tax refund of Rs. 0.0078 has been denied..
- xxii. Recovery from PSF (SC) Escrow account:**
- a) The Ministry of Civil Aviation (MoCA) had issued orders dated February 18, 2014 requiring the Airport Operators to reverse the expenditure incurred from PSF (SC) escrow account opened and maintained by the Airport Operator in a fiduciary capacity, towards procurement and maintenance of security systems/equipment and on creation of fixed assets, together with interest, since inception. GHIAL had incurred Rs.142.00 towards capital expenditure (including the cost of land, construction cost and related finance cost as mentioned in note b below), excluding related maintenance expense, other costs and interest thereon till March 31, 2018 which is unascertainable, out of PSF (SC) escrow account as per SOPs, guidelines and clarification issued by the MoCA from time to time on the subject of utilization of PSF (SC) funds.
- As the above order, in management's opinion, is contrary to and inconsistent with SOPs, guidelines and clarification issued by the MoCA from time to time in this regard, the Company had challenged the said order before the Hon'ble High court of Andhra Pradesh. The Hon'ble High Court, vide its order dated March 3, 2014 followed by further clarifications dated April 28, 2014 and December 24, 2014, stayed the MoCA order with an undertaking that, in the event the decision of the writ petition goes against the Company, it shall restore the PSF (SC) Fund to this extent.
- b) As per the advice from the Ministry of Home Affairs and the SOP's issued by the MoCA on March 06, 2002, GHIAL, through its erstwhile wholly owned subsidiary, Hyderabad Airport Security Services Limited (HASSL) constructed the residential quarters for Central Industrial Security Force (CISF) deployed at the airport. After completion of such construction, the total construction cost including the cost of land and related finance cost amounting to Rs. 113.73 was debited to the Passenger Service Fee (Security Component) Fund [PSF (SC) Fund] with intimation to the MoCA. The Comptroller & Auditor General, during their audits of PSF (SC) Fund, observed that, the Company had not obtained prior approval from the MoCA for incurring such cost from the PSF (SC) Fund as required by the guidelines dated January 8, 2010 and April 16, 2010 issued by the MoCA. However, Management of the Company is of the opinion that these guidelines were issued subsequent to the construction of the said residential quarters and approached the MoCA for approval of such debit notes to the PSF (SC) Fund account. Further, GHIAL had requested the MoCA to advice the Airport Economic Regulatory Authority (AERA) for considering the cost of construction, land and other related costs with regard to the aforesaid residential quarters in determination of Aeronautical Tariff for the Airport. Pending final instructions from the MoCA, residential quarters continue to be accounted under the PSF (SC) Fund and no adjustments have been made to these standalone financial statements.
- xxiii. Fuel surcharge adjustment (FSA) of GHIAL for the period from April 2008 to March 2010 amounting to Rs. 2.05 (March 31, 2018: Rs. 2.05).
- xxiv. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution the Group has amended the pay structure and made the consequent payment of provident fund on a prospective basis from the date of the SC order.

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Based on the internal assessment and / or legal opinion, the Management is confident that, for the aforesaid mentioned contingent liabilities under paragraph (A) and (B) above, no further provision is required to be made as at March 31, 2020.

II. Guarantees excluding financial guarantee:

In case of GHIAL, Bank guarantees outstanding in respect of customs and others Rs. 48.95 (March 31, 2019: Rs. 48.95).

Note: The above guarantees also include performance guarantees given by the Group on its own behalf.

III. Commitments

a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 2,642.68 (March 31, 2019: Rs. 3,334.25).

b) Other commitments

As per the terms of the Concession Agreement, GHIAL is required to pay concession fees to the Ministry of Civil Aviation (MoCA) @ 4% on all its gross revenue (as defined in Concession Agreement) for a term of 60 years commencing from March 23, 2008.

38. Significant accounting judgments, estimates and assumptions:

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

a. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which has the effect on the amounts recognised in the Consolidated Financial Statements:

Non applicability of Service Concession Agreement (SCA) to GHIAL

GHIAL had entered into Concession agreement with the MoCA, which gives GHIAL an exclusive right of development, design, financing, construction, commissioning, maintenance, operation and management of the Hyderabad Airport on a revenue sharing model for an initial term of 30 years, which can be extended by another 30 years at the option of GHIAL and GHIAL has exercised the same. Under the agreement, the MoCA has granted exclusive right and authority to perform some of the functions of the AAI being the functions of operation, maintenance, development, design, construction, upgradation, modernization, finance and management of the Airport and to perform services and activities at the airport constituting 'Airport activities' (regulated services) and 'Non-Airport Activities' (non-regulated services). Airport Activities are regulated while there is no control over determination of prices for Non-Airport activities. Charges for Non-Airport activities are determined at the sole discretion of GHIAL.

Appendix D to Ind AS 115 contains provisions to cover arrangements between public and private enterprises- referred to as service concession arrangement ("SCA"). An entity is required to evaluate applicability of SCA for its arrangement under public to private partnership based on SCA guidance. The applicability of service concession depends whether the grantors control or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and also control the residual interest in the infrastructure.

GHIAL's management conducted detailed analysis to determine applicability of Appendix D of Ind AS 115. The concession arrangement has significant non-regulated revenues, which are apparently not ancillary in nature, as these are important from GHIAL, MoCA and users/passengers perspective. Further, the regulated and non-regulated services are substantially interdependent and cannot be offered

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

in isolation. Airport premises is being used both for providing regulated services and for providing non-regulated services. Based on GHIAL's proportion of regulated and non-regulated activities, the directors have determined that over the concession period, the unregulated business activities drives the economics of the arrangement and contributes substantially to the profits of GHIAL and hence concluded that SCA does not apply in its entirety to GHIAL.

Applicability of Service Concession Agreement (SCA) to GACAEL

GACAEL's management has assessed applicability of Appendix D of Ind AS 115 – "Service Concession Arrangements" to operations and maintenance agreements entered into by GACAEL for provisioning of cargo services at RGIA. In assessing the applicability, management has exercised significant judgement in relation to the underlying ownership of the assets, in terms of the arrangement entered with the grantor, ability to determine prices, fair value of construction service, assessment of right guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meets the criteria for recognition as service concession arrangement.

Concession Fee:

As per the Concession Agreement (CA) entered into by GHIAL with the Ministry of Civil Aviation (MoCA) in December, 2004, the Company is required to pay concession fee to MoCA @ 4% on its gross revenue. As per Article 3.3.2 of CA, "Gross Revenue" is defined to include all pre-tax revenue of GHIAL with certain specified exclusions.

Management is of the view that certain income / credits arising on adoption of Ind AS and also mark to market gain on valuation of derivative contracts and gain on reinstatement of 4.25% & 5.375% Senior Secured Notes (SSNs) was not in contemplation of parties in December 2004 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent receipts from business operations, from any external sources and therefore, are not treated as "Gross Revenue" for calculation of Concession fee payable to MoCA. Also, incomes generated on investment of part proceeds of SSNs earmarked for airport expansion project and adjusted from the value of capital work-in-progress amounting to Rs. 95.75 (March 31, 2019: Rs. 14.33) do not represent receipts from business operations and the same is also not considered for computation of concession fee to MoCA. Accordingly, GHIAL, based on Legal Opinion, has provided the concession fee to MoCA based on Gross Revenue as per their Standalone Financial Statements after adjusting such incomes/credits (Refer note 49).

b. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the group. Such changes are reflected in the assumptions when they occur.

Discounting rate

The Group has considered incremental borrowing rate of Airport sector i.e. 11.44% as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost. However, for the transactions undertaken from April 1, 2019 incremental borrowing rate of Airport sector i.e. 10.73% has been considered.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. See Note 33 for further disclosures.

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events. See clause I of Note 37 for further disclosures.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Tax

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

Impairment of Cash Generating Unit (CGU):

The Group reviews its carrying value of CGU, annually, or more frequently when there is an indication for impairment. For the purpose of impairment testing, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets for assessing the value in use. The recoverable amount of an asset is greater of its value-in-use and its fair value less costs to sell (also refer note 53).

Impairment of financial asset

The impairment provisions for financial assets are based on the assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

39. Fair values:

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

	Carrying value as at March 31,		Fair value as at March 31,	
	2020	2019	2020	2019
Financial assets				
At Fair Value through profit or loss				
Investments in mutual funds	310.74	112.41	310.74	112.41
At Fair Value through Other Comprehensive Income				
Cross currency swap*	702.08	239.23	702.08	239.23
Coupon only swap*	31.92	-	31.92	-
Call spread option*	131.00	-	131.00	-
At amortized cost				
Investments in commercial paper	930.36	362.69	930.36	362.69
Loans	234.50	77.35	234.50	77.35
Bank balances other than cash and cash equivalents	680.93	115.05	680.93	115.05
Other financial assets	147.63	32.90	147.63	32.90
Trade receivables	178.77	180.55	178.77	180.55
Cash and cash equivalents	270.98	395.08	270.98	395.08
Total	3,618.91	1,515.26	3,618.91	1,515.26

*includes interest accrued of Rs. 36.27 (March 31, 2019: Rs. 39.81), Rs. 2.83 (March 31, 2019: Rs. Nil) and Rs. 18.13 (March 31, 2019: Rs. Nil) for cross currency swap, coupon only swap and call spread option, respectively.

	Carrying value as at March 31,		Fair value as at March 31,	
	2020	2019	2020	2019
Financial liabilities				
At amortized cost				
Borrowings	5,705.73	3,214.47	4,636.61	3,046.18
Other financial liabilities	961.36	668.64	961.06	668.84
Lease liabilities	83.05	-	83.05	-
Trade payables	168.75	133.97	168.75	133.97
Total	6,918.89	4,017.08	5,849.47	3,848.99

The management assessed the cash and cash equivalent, trade receivables trade payables, other bank balances and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, the fair value is considered to be the same as its carrying value.

Assumptions used in estimating the fair values:

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cross currency swap, coupon only swap and call option spread ("Derivatives"): The fair value of Derivatives is calculated as the present value of the estimated future cash flows based on observables yield curve.
- The fair values of quoted mutual funds are based on price quotations at the reporting date.
- The fair value of borrowings is based on the traded price of the bond and the prevailing exchange rate.

40. Fair Value Hierarchy:

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at:

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level-1	Level-2	Level-3
Assets measured at fair value					
At FVTPL					
Investment in mutual fund	March 31, 2020	310.74	310.74	-	-
	March 31, 2019	112.41	112.41	-	-
At FVTOCI					
Derivatives	March 31, 2020	865.00	-	865.00	-
	March 31, 2019	239.23	-	239.23	-

There have been no transfers between Level 1, Level 2 and Level 3 during the year.

***Valuation Techniques used to determine the Fair Value:**

Specific valuation techniques used to value financial instruments include:

- The use of quoted market price of Mutual funds.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions and banks. Derivatives are valued using valuation techniques which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The model incorporates various inputs including the foreign exchange spot and forward rates, yield curve of the respective currencies, interest rate curves and forward rate curves of the underlying instrument.

41. Financial risk management objectives and policies:

The Group's activities expose it to variety of finance risk, market risk, credit risk and liquidity risk. The Group's focus is to foresee such risks and seek to minimize potential adverse impact on its financial performance.

Financial risk

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

The Group's management oversees the mitigation of the risks. The Group's management is supported by its strategic planning, treasury and Finance department that advises on market risk, financial risk and the appropriate financial risk governance framework for the Group. The Finance department provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The same is further reviewed and reassured to the management by the internal assurance team. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The management / board reviews and agrees policies for managing these risks.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and Demand risk. Financial instruments affected by market risk include loans and borrowings, Investments carried at FVTPL and deposits.

However, in case of GHIAL it may be noted that as part of one of principle source of revenue i.e. aeronautical charges which are regulated, the risks are mitigated to a larger extent in case of any movement as the same are allowed as true up through determination of aeronautical tariff for the next control period.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019. The sensitivity analysis have been prepared on the basis that the amount of debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions. The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at March 31, 2020 and March 31, 2019 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relate primarily to the Group's long-term debt obligations with floating interest rates.

In GHIAL, long-term debt obligations are in the forms of Senior secured notes with interest rate of 4.25% p.a. and 5.375% p.a. on total amount of USD 350 million and USD 300 million, respectively. The 4.25% Senior Secured Note has been swapped for 8.65% p.a. (weighted average of all Cross Currency Swap (CCS) contracts) on INR notional of Rs. 2,229.95 (March 31, 2019 Rs. 2,229.95) (total of all CCS contracts) and the interest obligation on 5.375% Senior Secured Note has been swapped for 6.0542% p.a. (weighted average of all Coupon Only Swap (COS) contracts) on INR notional of Rs. 2,094.48 (March 31, 2019: Rs. Nil) (total of all COS contracts).

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to convert variable rate loan to fixed rate loan if the perceived uncertainty of such variable market rates is for a long term. As at March 31, 2020, approximately 97% (March 31, 2019: 97%) of the Group's borrowings are at fixed rate of interest after taking into account the effect of interest rate swaps.

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

Particulars	March 31, 2020	March 31, 2019
<u>Floating Interest rate</u>		
INR	112.02	100.19
<u>Fixed Interest Rate</u>		
Bonds/Debentures	5,193.23	2,695.43
INR	475.60	472.37

*The borrowings exposures are disclosed on the basis of actual transaction value.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

Interest rate sensitivity

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

	Movement in basis	Impact on profit before tax
March 31, 2020		
INR	50	0.56
March 31, 2019		
INR	50	0.50

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's borrowings and operating activities. To manage the risk, the Group has entered into cross currency swaps, call spread option and coupon only swap and designed same as cash flow hedge.

Cash flow hedges

- i. Cross Currency Swaps (CCS) measured at fair value and designated as hedging instruments in cash flow hedges of the stream of USD cash out flows on interest coupon and principal repayment in relation to issue of 4.25% Senior Secure Notes (SSN) amounting to USD 350 million (i.e. INR 2,229.85) currently carried at INR 2,648.27 (March 31, 2019: 2,420.42). CCS involve interest rate payments on the two legs in different currencies and exchange of principal at maturity. It can be seen as exchange of payments of two currencies. GHIAL pays fixed interest on the INR notional as determined in the swap contract and receives fixed coupon on USD notional. GHIAL pays INR notional of the swap and receives the USD Notional of the CCS. Critical terms of the swap contract (tenor and USD/INR notional) match with the Hedged Item i.e. the stream of USD cash out flows, to effectively cover the GHIAL from risk of movement in the foreign currency.

The SSN have a fixed coupon rate of 4.25% p.a. on total amount of USD 350 million which has been swapped for 8.27%.p.a (weighted average of all cross currency swap and coupon rate) on INR notional of Rs. 2,229.85 (total of all cross currency swap and coupon rate).

- ii. During the current year, GHIAL has issued 5.375% senior secured notes (2024 SSN) through overseas market equivalent to USD 300 million (i.e. Rs. 2,067.15), currently carried at Rs. 2,269.95. The 2024 SSN were listed on Singapore Stock Exchange on April 10, 2019. The 2024 SSN are repayable after 5 years on April 10, 2024. The proceeds from 2024 SSN is proposed to be utilized for capital expenditure with respect to Airport Activities (as defined in the Concession Agreement) as part of expansion.

GHIAL has entered into Call Spread (CS) arrangement in order to hedge principal portion and Coupon Only Swap (COS) in order to protect interest component of 2024 SSN. CS and COS is measured at fair value and are designated as hedging instruments in cash flow hedges of the stream of USD cash out flows on interest coupon and principal repayment in relation to issue of 2024 SSN amounting to USD 300 million. COS involve interest rate payments on the two legs in different currencies and exchange of principal at maturity. GHIAL pays fixed interest on the INR notional as determined in the COS contract and receives fixed coupon on USD notional. Critical terms of the COS and CS contracts (tenor and USD/INR notional) match with the Hedged Item i.e. the stream of USD cash out flows, to effectively cover GHIAL from risk of movement in the foreign currency.

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

The SSN have a fixed coupon rate of 5.375% p.a. on total amount of USD 300 million which has been swapped for 10.27% p.a. (weighted average of all Call Spread and COS contracts) on INR notional of Rs. 2,094.48 (total of all Call Spread and COS contracts).

The Group's exposure to foreign currency risk at the end of the reporting period expressed in foreign currency is as follows:

	March 31, 2020		March 31, 2019	
Foreign Currency	Amount in foreign currency in absolute terms	Amount in Rs. crores	Amount in foreign currency in absolute terms	Amount in Rs. crores
Payable				
EURO	446,445	3.70	206,204	1.60
GBP	55,724	0.44	79,843	0.72
USD	2,943,844	22.22	1,496,973	10.32
CHF	22,130	0.14	11,160	0.08
CAD	10,475	0.10	-	-
SGD	19,146	0.10	-	-
Receivable				
USD	7,233,615	54.56	6,129,205	42.40
CHF	27,799	0.22	10,695	0.07
EURO	7,840	0.06	1,745	0.01
Bank balances (including credit card collection)				
USD	1,149,082	8.67	432,032	2.99
Other advances				
USD	834,854	6.29	727,944	5.03
CHF	-	-	6,864	0.05
GBP	-	-	299	0.00
Payable for purchase of fixed assets				
USD	51,030	0.42	90,374	0.63
Cash in transit				
USD	-	-	26,295	0.18
Foreign currency on hand				
AED	19,526	0.04	10,246	0.02
AUD	3,206	0.01	451	0.00
CAD	280	0.00	350	0.00
CHF	107	0.00	7	0.00
EURO	1,943	0.02	588	0.00
GBP	685	0.01	565	0.01
HKD	28	0.00	1,848	0.00
JPY	42	0.00	42	0.00
KWD	84	0.02	776	0.02
MYR	165	0.00	630	0.00
NZD	608	0.00	28	0.00
OMR	135	0.00	188	0.00
QAR	2,700	0.01	5,455	0.01
SAR	17,493	0.04	11,431	0.02
OMR	135	0.00	-	-
SGD	135	0.00	1,010	0.01
THB	33,387	0.01	86,977	0.02
BAH	67	0.00	-	-

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Notes to the Consolidated Financial Statements for the year ended March 31, 2020**(All amounts in Rupees Crores, except otherwise stated)**

LKR	4,650	0.00	-	-
USD	40,858	0.31	41,493	0.29
CNY	-	-	1,575	0.00

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is as under.

Foreign Currency	Nature of transaction	Change in Rate	March 31, 2020 Rs.	March 31, 2019 Rs.
USD	Change in fair valuation of financial liabilities and assets	5%	2.36	1.60

The Group's exposure to foreign currency changes for all other currencies is not material.

Credit risk

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

Trade receivables

Customer credit risk is managed by Group subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any services to major customers are generally covered by bank guarantee or other forms of credit assurance.

An impairment analysis is performed at each reporting date. The Group does not hold collateral as security. GHIAL evaluates the concentration of risk with respect to trade receivables as moderate, as its customers are broad-based, however, they operate largely in dependent market.

Financial instruments (security deposits) and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within prudent limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 and March 31, 2019 is the carrying amounts of trade receivables and bank guarantees provided to subsidiary companies.

Liquidity risk

The Group monitors its risk of a shortage of funds using a rolling cash flow forecasts.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital facilities and bank loans. The Group's policy is to ensure that the repayments of borrowings are in sync with the cash flows generated from the operations. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders, if required.

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

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

	Up to 1 year	1 to 5 years	> 5 years	Total
Year ended March 31, 2020				
Borrowings	61.62	3,170.85	2,781.12	6,013.59
Lease liabilities	9.41	23.55	727.57	760.53
Trade payables	168.74	-	-	168.74
Other financial liabilities	757.67	182.27	94.53	1034.47
Total	997.44	3,376.67	3,603.22	7,977.33
Year ended March 31, 2019				
Borrowings	91.31	238.29	3,185.59	3,515.19
Trade payables	133.96	-	-	133.96
Other financial liabilities	466.80	165.79	131.38	763.97
Total	692.07	404.08	3,316.97	4413.12

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

42. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is debt (excluding lease liabilities) divided by total capital plus debt. The Group's policy is to keep the gearing ratio at an optimal level to ensure that the debt related covenants are complied with.

Gearing Ratio:

	March 31, 2020	March 31, 2019
Borrowings	5,713.32	3,221.50
Borrowings (A)	5,713.32	3221.50
Equity	378.00	378.00
Other equity	1,486.35	807.15
Total capital (B)	1,864.35	1,185.15
Capital and borrowings (C=A+B)	7,577.67	4,406.65
Gearing ratio (A/C)	75.40%	73.11%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowing in the current period.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

43. The Holding Company has recognized, Minimum Alternate Tax (MAT) credit entitlement (i.e. deferred tax asset) of Rs. 457.11 (March 31, 2019: Rs. 405.41) as at March 31, 2020. The Holding Company based on the future taxable income expects to adjust this amount after expiry of the tax holiday period. The ultimate realisation of MAT assets is dependent upon the generation of future taxable income projected by considering the anticipated tariff orders for the control period commencing from April 1, 2021, estimated revenues and expenses of the business, scheduled reversals of deferred tax liabilities and tax planning strategy. As the recoverability of deferred tax assets is based on estimates of future taxable income, any changes in such future taxable income could impact its recoverability. However, management, based on sensitivities performed, believes that any reasonable possible change in the key assumptions would not effect the Company's ability to recover the MAT Credit asset within the specified period as per the provisions of Income Tax Act, 1961.
44. GHASL continues to recognize, Minimum alternate tax (MAT) credit entitlement of Rs. 0.30 (March 31, 2019 Rs. 0.30), Management is confident that GHASL's normal tax liability will be more than the MAT payable as per the Income Tax, Act, 1961.
45. Minimum Alternative Tax (MAT) Credit Entitlement claimed by GACAEL in the income tax returns aggregating Rs. 37.01 has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.
46. GHIAL had filed an appeal, challenging the disallowance of pre-control period losses, foreign exchange loss on external commercial borrowings and other issues for determination of aeronautical tariff for the First Control Period commencing from April 1, 2011 to March 31, 2016 by Airport Economic Regulatory Authority ('AERA'). During the current year, Telecom Disputes Settlement Appellate Tribunal (TDSAT) in its disposal order dated March 06, 2020 has directed AERA to reconsider the issues afresh while determining the aeronautical tariff for the Third Control Period commencing from April 01, 2021.

In relation to determination of tariff for the Second Control Period, commencing from April 1, 2016 to March 31, 2021, AERA had issued a consultation paper on December 19, 2017. However, as the aforesaid consultation paper does not address the issues arising out of the first control period, including true up for shortfall of receipt vis-a-vis entitlement for the First Control Period, GHIAL had filed a writ petition with the Hon'ble High Court at Hyderabad on February 6, 2018 and obtained a stay order from the High Court vide order dated February 7, 2018 in respect of further proceedings in determination of tariff order for the second control period. Pending determination of Aeronautical Tariff, AERA vide its order no. 48 dated March 25, 2019 has allowed GHIAL to continue to charge the aeronautical tariff as prevailed on March 31, 2016 till September 30, 2019 or till determination of tariff for the aforesaid period whichever is later. In view of the above, the Company has applied aeronautical tariff as prevailed on March 31, 2016 during the year ended March 31, 2020.

During the year, GHIAL has withdrawn the aforesaid writ petition vide Order dated February 25, 2020 from the Hon'ble High Court. Accordingly, AERA has determined the Aeronautical tariff in respect of second control period vide its Order no: 34/2019-20/HIAL dated March 27, 2020 and the same is valid for the balance unexpired control period of one year effective from April 01, 2020 onwards.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

47. During the year, in order to align the classification of major revenue streams as per the Aeronautical Tariff Order dated March 27, 2020, the Group has reclassified the following revenue streams as aeronautical revenue which hitherto were classified as non-aeronautical revenue:

Revenue stream	For the year ended March 31, 2020	For the year ended March 31, 2019
Fuel farm	139.29	144.27
Ground Handling	34.43	12.10
Cargo	91.21	89.76
Rentals (including CAM) from Cargo and Ground Handling	26.48	21.56
Ground Power Unit	1.72	1.16

48. The Consolidated Financial Statements of GHIAL do not include Accounts for Passenger Service Fee-Security Component [PSF- (SC)] as the same are maintained separately in the fiduciary capacity by GHIAL on behalf of the Government of India and are governed by Standard Operating Procedure vide letter number AV/13024/047/2003-SS/AD dated January 19, 2009 issued by the Ministry of Civil Aviation, Government of India.
49. As detailed in note 38, to the Consolidated Financial Statements, certain incomes/credits are not considered by GHIAL for computation of concession fee payable to MoCA basis a legal opinion obtained. Accordingly, the following sources of income have not been considered for accrual of the concession fee:

Description	Incomes forming part of	For the year ended March 31, 2020	For the year ended March 31, 2019
Discounting on fair valuation of deposit received from concessionaries	Income from operations	6.48	4.53
Income recognised on advance from customers under Ind AS 115	Income from operations	1.10	1.10
Income recognised under Ind AS 116	Income from Services	2.09	-
Discounting of Interest free loan given to subsidiaries*	Finance income	-	3.22
Income arising from fair valuation of financial guarantee	Finance income	0.82	2.55
Discounting on fair valuation of deposit paid to vendors	Finance Income	0.23	0.31
Income from government grant	Other income	5.28	5.26
Amortisation of deferred income	Other income	0.52	14.08

*These transactions got eliminated in the Consolidated Financial Statements of the Group.

50. Pursuant to notification G.S.R.574(E) dated August 16, 2019 issued by the Ministry of Corporate Affairs, GACAEL being a listed entity is not required to create Debenture Redemption Reserve.
51. In case of GACAEL, the Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the Airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Investigative Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 0.36 crore (March 31, 2019: Rs. 1.49 crore). With effect from July 1, 2019 vide AIC No. 15/2019 dated June 19, 2019, the collection of Passenger Service Fee (Security Component) is replaced with Aviation Security Fee (ASF). ASF will be collected and remitted by airlines to the National Aviation Security Fee Trust (NASFT). All expenses relating to CISF will be met through NASFT directly. Accordingly, the Group has discontinued recognition of salary provision of CISF

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

personnel deputed at cargo terminal from July 1, 2019. The Management is confident that there would be no additional liability other than the amount accrued in the books of account.

52. The Group has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the international and domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the Consolidated Financial Statements.

53. GMR Air Cargo and Aerospace Engineering Limited

- a) The Hon'ble National Company Law Tribunal, Hyderabad Bench vide its order dated July 26, 2019, has approved the Composite Scheme of Arrangement (the "Scheme") with Appointed Date of April 1, 2018, for merger of the Company's wholly-owned subsidiary GMR Hyderabad Air Cargo And Logistics Private Limited ("GHACL") into another wholly owned subsidiary GMR Aerospace Engineering Limited ("GAEL") and demerger of the MRO (Maintenance, Repair and Overhauling) division of GMR Aero Technic Limited ("GATL"), subsidiary of GAEL into GAEL with effective date of August 23, 2019. The name of the Combined Entity has been subsequently changed to GMR Air Cargo and Aerospace Engineering Limited ("GACAEL"), which will provide MRO and Cargo Handling services at the Rajiv Gandhi International Airport at Hyderabad. In consideration of merger order, GACAEL has allotted its equity shares to the Holding Company on October 4, 2019, in accordance with the share exchange ratio mentioned in the Scheme.
- b) The Management has assessed impairment of the carrying value of the MRO division at Cash Generating Unit ("MRO CGU") level, which has past accumulated losses as at March 31, 2020. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations, which resulted in operating profits during the last 2 years.

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

The MRO CGU is part of the Airports business. To assess whether the MRO CGU is impaired, the Management of the Group has reckoned the values attributed to MRO CGU which are higher than its carrying value, on the basis of an independent valuation of the Airport business carried out as part of entering the aforesaid agreement.

The Management has also assessed impairment of the carrying value of the MRO CGU consequent to the outbreak of the COVID19 pandemic. The Management has reviewed its business plans and the projections considering the COVID19 impact, and such future business plan, projections were approved by the Board of Directors of GACAEL. In view of the recent deal with ADP, key assumptions used by the management in impairment testing is cost of equity @ 16.5%.

The Management has also performed sensitivity analysis considering different scenarios to build in the uncertainties attached. Based on such valuation assessment done by the Management and approved by the Board of Directors, and other management initiatives as mentioned above, the Management is of the view that there is no impairment required in the carrying value of MRO CGU, including Goodwill of Rs.36.27 allocated to the MRO division as at March 31, 2020 in these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

54. Reimbursement of expenses claimed by GHIAL have been reduced from the respective expense head as mentioned in the table below:

Expense head	For the year ended March 31, 2020	For the year ended March 31, 2019
Electricity and water charges	27.68	23.41
Salaries, wages and bonus	2.64	0.34
Staff welfare expenses	3.10	0.65
Insurance	0.03	-
Rates and taxes	0.04	-
Rent	0.48	-
Miscellaneous expenses	0.38	0.92
Travelling and conveyance	1.30	0.26
Repairs and maintenance	3.45	0.66
Office Maintenance	0.19	0.74

55. The disclosure on nature of revenue from contracts as required under Ind AS 115 is part of note 22. Further, the additional disclosure on trade receivable and contract assets, contract liabilities are as below:

Contract balances

Particulars	March 31, 2020		March 31, 2019	
	Non-Current	Current	Non-Current	Current
Trade receivables	-	178.77	-	180.55
Contract assets**	-	18.85	-	10.48
Contract liabilities***	41.92	17.91	41.31	7.24

** Contract asset includes unbilled revenue.

*** Contract liabilities includes unearned revenue received from customers (Current and Non-current)

Details of provision movement for trade receivable are as below:

Particulars	March 31, 2020	March 31, 2019
Opening balance	1.38	0.77
Add: Provision made during the year	1.27	1.05
Less: Bad Debts written off	(1.62)	(0.44)
Closing balance	1.03	1.38

56. Based on the ongoing discussions with Yes Bank Limited ("YBL") regarding the sanctioned undrawn facility of Rs. 4,200, GHIAL and YBL has mutually agreed to terminate the undrawn facility subject to refund of upfront fee of Rs. 63.00 paid to YBL. In the accompanying consolidated financial statements, the upfront fee of Rs. 63.00, is considered as recoverable pursuant to the in-principle approval for refund received from YBL vide letter dated June 09, 2020 and the legal opinion obtained from an independent lawyer regarding the Company's right to receive the amount. Further, the syndication fee of Rs. 31.50 paid in relation the aforementioned facility is fully charged-off to the statement of profit and loss.
57. During the year ended March 31, 2020, the Group relying on the judgement passed by the Hon'ble Orissa High Court in the case of Safari Retreats Private Limited vs Chief Commissioner of Central Goods and Service tax, has recognized input tax credit on civil and related work aggregating to Rs. 256.68 (including Rs.92.80 pertaining to earlier year).

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

58. Disclosure as per the Schedule III of the Companies Act, 2013:

A) Net Assets, i.e. total assets minus total liabilities as at:

	Name of the Entity	March 31, 2020		March 31, 2019	
		As % of consolidated net assets	Amount	As % of consolidated net assets	As % of consolidated net assets
1	GHIAL	91.04%	2,321.14	83.68%	1,665.83
2	GACAEI	(0.14%)	(3.56)	5.30%	105.54
3	HASSL	-	-	0.66%	13.22
4	GHAL	3.04%	77.45	2.36%	46.94
5	GHASL	1.86%	47.33	2.60%	51.69
6	APFTAL	-	-	-	-
7	GAEL including GATL	0.02%	0.43	4.66%	88.84
8	GHAPDL	-	-	0.00%	0.02
9	GLPPL	2.29%	58.44	0.00%	(0.05)
10	GHRL	1.14%	29.08	1.06 %	21.10
Jointly controlled entities (as per Equity method)					
1	Laqshya	0.76%	19.25	(0.03)%	(0.64)
		100%	2,549.56	100%	1,992.49
	Less: Consolidated adjustments/elimination*		(685.21)		(807.34)
	Grand Total		1864.35		1,185.15

*Consolidated adjustments/eliminations include intercompany eliminations and consolidated adjustments.

B) Share of profit and loss for the financial year:

	Name of the entity	For the year ended March 31, 2020		For the year ended March 31, 2019	
		As % of consolidated profit or loss	As % of consolidated profit or loss	As % of consolidated profit or loss	Amount
1	GHIAL	97.32%	768.88	98.53%	749.05
2	GACAEI	2.03%	16.00	1.13%	8.58
3	HASSL	-	-	0.00%	0.01
4	APFTAL	-	-	0.28%	2.12
5	GHAL	(0.31)%	(2.48)	(0.51)%	(3.89)
6	GHASL	(0.55)%	(4.36)	(0.49)%	(3.74)
7	GACAEI (Formerly GAEL) including GATL	0.01%	0.06	(0.78)%	(5.94)
8	GHAPDL	-	-	0.00%	0.00
9	GLPPL	(0.07)%	(0.55)	(0.01)%	(0.06)
10	GHRL	1.01%	7.98	0.52%	4.83
Jointly controlled entities (as per Equity method)					
1	Laqshya	0.57%	4.52	0.49%	3.72
Non-controlling interest in subsidiary					
1	GACAEI	-	-	0.84%	6.39
	Sub total		790.05		760.20
	Less: Consolidated adjustments/elimination*		2.74		(20.26)
	Grand Total		792.79		739.94

Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

59. Interest in Joint Venture

The Group has a 49% interest in Laqshya Hyderabad Airport Media Private Limited (LHAMPL), a joint venture engaged in offering Out of Home (OOH) / Outdoor Media Services for display of advertisement at the airport. The Group's interest in LHAMPL is accounted for using the equity method in the Consolidated Financial Statements. Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in Consolidated Financial Statements are set out below:

Summarised Balance Sheet:

	March 31, 2020	March 31, 2019
Current assets, including cash and cash equivalents Rs. 0.15 crore (March 2019: Rs.0.05 crore)	32.18	27.47
Non-current assets	19.17	21.40
Current liabilities	(3.20)	(4.86)
Non-current liabilities including borrowing Rs. 0.01 crore (March 2019: Rs.4.17 crore)	(1.77)	(6.85)
Equity	46.36	37.16
Less: Equity component of borrowings availed at below market rate	(18.48)	(18.45)
Adjusted equity	27.88	18.71
Proportion of the Group's ownership	49%	49%
Group's share in adjusted equity	13.66	9.16
Add: GHIAL's share of equity components of borrowings	5.59	5.59
Carrying amount of the investment	19.25	14.75

Summarized Statement of Profit and Loss account:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations	62.39	58.14
Other income	0.27	0.14
Total Income	62.66	58.28
Employee benefit expenses	4.29	3.40
Depreciation	1.88	1.84
Finance cost	1.32	2.41
Other expenses	39.09	40.13
Total expenses	50.42	47.78
Profit before tax	12.24	10.50
Tax expenses	3.05	2.84
Profit after tax	9.19	7.66
Other comprehensive income	0.03	(0.05)
Total comprehensive income	9.22	7.61
Group's share of profit for the year	4.52	3.73

Group's share of contingent liabilities of the jointly controlled entity is Rs. 0.09 (March 2019: Rs. 0.40).

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

60. Utilisation of money raised through issue of Senior Secured Notes (SSN):

During current year, Company raised USD 300 million (INR 2,067.15) through issue of 5.375% Senior Secured Notes (SSN) from overseas market for capital expenditures with respect to Airport activities as part of the expansion.

The coupon rate is fixed through the tenor and payable semi-annually. The Notes are repayable after 5 years i.e. April 10, 2024.

	For the year ended March 31, 2020	For the year ended March 31, 2019*
Unutilised amount at the beginning of the year	-	407.33
Amount raised during the year	2,067.15	-
Less: Utilized for capital project works	(1,413.67)	(422.37)
Add: Income on temporary cash investment	95.75	15.04
Unutilised amount at the end of the year	749.23	-

* Represents the unutilized amount out of USD 350 million raised through 4.25% of Senior Secured Notes (SSN) raised during FY 2017-18 and utilized in FY 2018-19 for capital expenditure of Airport activities.

Details of temporary cash investment made from unutilized portion of Senior Secured Notes raised during the year ended as at March 31, 2020:

	March 31, 2020	March 31, 2019
Funds parked in:		
- Current accounts	43.02	-
- Fixed deposits*	706.21	-
Total	749.23	-

* including accrued interest of Rs. 11.21 (March 31, 2019: Nil)

61. Events after reporting date:

GHAL has entered into a joint venture arrangement with ESR Hyderabad 1 Pte. Limited (ESR), a subsidiary of the Hong Kong headquartered ESR Cayman Limited, to develop 66-acre logistics and industrial park at the Hyderabad Airport in the SPV viz., GMR Logistics Park Private Limited ('GLPPL'). ESR and GHAL for the said transaction have entered into definitive agreements with an equity interest of 70% and 30% respectively in GLPPL.

However, legal compliance for the above mentioned transaction, and share transfer to ESR has taken place in April 2020. The same has been classified as held for sale.

Details of assets and liabilities are as under:

Particulars	Amount
Cash and cash equivalent*	58.44
Other current assets	0.01
Assets classified as held for sale	58.45
Other financial liabilities*	41.33
Trade payables	0.01
Other current liabilities	0.01
Liabilities directly associated with assets classified as held for sale	41.35

*Other financial liabilities represent share application money pending allotment of Rs. 41.33 (after elimination) received from ESR and cash and cash equivalent of Rs. 58.44 represent the total share application money received.

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Consolidated Financial Statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

62. Corresponding previous year figures have been reclassified / regrouped wherever necessary.

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration
Number: 001076N/N500013

For K S Rao & Co.,
Chartered Accountants
ICAI Firm Registration
Number: 003109S

For and on behalf of the Board of Directors of
GMR Hyderabad International Airport Limited

Sd/-
Sanjay Kumar Jain
Partner
Membership No.: 207660

Sd/-
Hitesh Kumar P
Partner
Membership No.: 233734

Sd/-
GBS Raju
Managing Director
DIN.: 00061686

Sd/-
H.J Dora
Director
DIN.: 02385290

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Sd/-
Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: July 22, 2020

Place: Bengaluru
Date: July 22, 2020

Place: Hyderabad
Date: July 22, 2020