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**Chartered Accountants**  
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HITEC City, Hyderabad – 500 081

**K.S.Rao and Co.,**  
**Chartered Accountants**  
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Kasturba Road,  
Bengaluru – 560 001

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of GMR Hyderabad International Airport Limited

### **Report on the Audit of the Consolidated Ind AS Financial Statements**

#### **Qualified Opinion**

1. We have audited the accompanying consolidated Ind AS financial statements of GMR Hyderabad International Airport Limited (hereinafter referred to as “the Holding Company” or “GHIAL”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) and its joint venture comprising of the Consolidated Balance sheet as at March 31, 2019, 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 notes to the Consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Consolidated Ind AS Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and a joint venture, except for the possible effects of the matter described in the ‘Basis for Qualified Opinion’ section of our report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its joint venture as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### **Basis for Qualified Opinion**

2. As more fully explained in Note 58 to the accompanying Consolidated Ind AS Financial Statements, as at March 31, 2019, the Group has goodwill amounting to Rs. 36.27 crore arising on additional investment by the Holding Company in a subsidiary company GMR Aerospace Engineering Limited (GAEL). GAEL has a wholly owned subsidiary GMR Aero Technic Limited (‘GATL’), whose accumulated losses have fully eroded its net worth as at March 31, 2019. Based on the reasons fully explained in the aforesaid note, the management is of the view that there is no provision for impairment in the carrying value of goodwill at this juncture. However, in view of the current financial position of the step down subsidiary company and in the absence of sufficient appropriate audit evidence to support the key assumptions made by the management in their business plan, we are unable to comment on the carrying value of the goodwill, including adjustments, if any, that may be required to be made to carrying amount of such goodwill. This matter was also qualified during the year ended March 31, 2018.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS Financial Statements' section of our report. We are independent of the Group and its joint venture in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

### **Emphasis of Matter**

3. We draw attention to Note 37(II)(C)(xvii) to these Consolidated Ind AS Financial statements regarding the costs related to residential quarters for Central Industrial Security Force deployed at the Rajiv Gandhi International Airport, Hyderabad and other costs which have been adjusted against PSF (SC) fund pending the final decision from the Honorable High Court at Hyderabad for the State of Telangana and for the State of Andhra Pradesh and consequential instructions from the Ministry of Civil Aviation. Our opinion is not qualified in respect of this matter.

### **Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

| Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <b><u>Revenue from Airport Charges</u></b> (as described in note 46, 47 and 48 of the Consolidated Ind AS financial statements)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>In case of GHIAL, the Aeronautical revenue is regulated by Airport Economic Regulatory Authority ("AERA"). AERA passed an Aeronautical tariff order in February 2014 in respect of control period from April 1, 2011 to March 31, 2016. As more fully explained in the aforesaid notes, the Company had filed an appeal, challenging various aspects of the aforesaid order for determination of its tariff which is pending with the Honourable High Court at Hyderabad for the State of Telangana and State of Andhra Pradesh.</p> <p>On December 19, 2017, AERA issued a Consultation Paper for determination of tariff of for the Second Control Period i.e. April 1, 2016 to March 31, 2021 which was challenged by the Company and the Honourable High Court issued a stay order in respect of further proceedings in this regard.</p> <p>Pending determination of tariff, AERA has passed an interim order dated March 25, 2019 enabling the Company to charge UDF/PSF at rates existing as at March 31, 2016 upto September 30, 2019 or the date of new order, whichever is earlier.</p> <p>We have identified this as a key audit matter as tariff determination is a matter of litigation involving complex judgements and the regulatory considerations relating to the disallowances made by AERA which may impact the profitability and cash flows of the Company thereby having a consequential impact on the projected revenues and other items in the financial statements.</p> | <ul style="list-style-type: none"> <li>• We read and assessed the Company's revenue recognition accounting policies and its compliance with the tariff order and the policies in terms of Ind AS 115;</li> <li>• We read the revenue process and tested the internal controls over the liquidity assessment, and preparation of the cash flow forecast based on reasonable and supportable assumptions and inputs to the model used to estimate the future cash flows based on tariff considered as per the Consultation paper issued by AERA for the second control period and other relevant regulatory correspondences;</li> <li>• We tested the inputs and assumptions used in the cash flow forecast against historical performance, economic and industry indicators, publicly available information and the Company's strategic plans;</li> <li>• We performed a sensitivity analysis of the cash flow forecast based on the consultation paper issued by the AERA;</li> <li>• We recomputed the key financial ratios relating to debt, current assets and current liabilities.</li> <li>• We assessed the disclosures in the standalone Ind AS financial statements relating to the tariff order.</li> </ul> |
| <b><u>Utilisation of Minimum Alternate Tax ('MAT') Credit</u></b> (as described in note 43 of the Consolidated Ind AS financial statements)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>GHIAL is currently under tax holiday period upto financial year 2021-22 and has accumulated MAT credit entitlement of Rs. 405.41 crores as at March 31, 2019. The utilization of MAT credit depends on the ability of a company to earn adequate profits. The profitability of the Company is primarily dependent on the determination of the aeronautical tariff for the second control period for which the proceedings are in progress.</p> <p>In order to assess the utilization of MAT credit, the Company has prepared revenue and profit projections which involves judgements and estimations. The projections are based on management's input of key variables and market conditions, including the tariff as per the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>• We assessed the eligibility of MAT credit recognized and the judgements applied to determination of forecasted taxable income to support the recognition of MAT credit entitlement;</li> <li>• We tested the inputs and assumptions used in the preparation of forecasted taxable income against historical levels of taxable profits.</li> <li>• We performed a sensitivity analysis of the assumptions and judgements made by the Management in those forecasts, including inputs to the model used to estimate the future cash flows based on tariff considered as per the consultation paper issued by AERA for the second control period and other relevant regulatory correspondences;</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

| Key audit matters                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| <p>consultation paper issued by AERA for the second control period. The forecasted profit has been determined using estimations of projected income and expenses of the business.</p> <p>We have identified this as a key audit matter, due to the judgement and estimation involved in the preparation of the forecasted profits for the utilization of MAT credit.</p>                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>• We involved our tax specialists to obtain and provide taxation requirements relevant to management's judgements and conclusions for significant estimates;</li> <li>• We read correspondences/returns submitted to the relevant tax authorities and compared these with the basis for accounting entries and disclosures;</li> </ul> <p>We assessed the related disclosures in the standalone Ind AS financial statements.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Impairment loss on Trade Receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p>The auditors of GATL, a step-down subsidiary of the Holding Company have reported as follows:</p> <p>We identified the impairment loss on trade receivables as a key audit matter due to the significance of Trade receivables to the financial statements and the significant degree of management judgement involved in assessing if any trade receivable is impaired.</p> <p>The Carrying amount of trade receivable amount of Rs. 41 crores, net of impairment loss as at March 31, 2019. Refer to the note 12 in the financial statements with regard to management estimates involved in respect of the same.</p> | <p>The auditors of GATL, have reported as follows:</p> <p>Our procedures in relation to assessing the sufficiency of the impairment loss on trade receivables estimated by the management as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>• Reviewing the ageing of trade receivables for identifying overdue receivables including testing the ageing and the underlying balances. Comparing the overdue receivables with the customer payment terms by reading the related agreements.</li> <li>• We have circulated balances for direct confirmations and have performed alternate procedures on non-receipt of confirmation. Also evaluating the subsequent realisations of dues.</li> <li>• Identifying receivables where there was a significant increase in credit risk, and making relevant disclosures in the financial statements.</li> <li>• Making enquiries of the Management, including the Chief Financial Officer (CFO) and the Board of Directors, in respect of recoverability of such overdues and the steps taken by the Management to recover such dues.</li> <li>• We have read the relevant correspondence with the customers for follow-up. Evaluating the Management's action plan, and enquired about Management's action plan. Comparing this with Management's past experience on overdue receivables.</li> <li>• The Company evaluates receivables for more than six months and those specific debts where the credit risk is being impaired, which takes into account historical credit loss experience and adjusted for current estimates.</li> </ul> |

## **Other Information**

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

Our opinion on the consolidated Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such 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 Ind AS Financial Statements**

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including and its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its 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 Group and of its joint ventures 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 the 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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 management either intends to liquidate the Group, its joint venture or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of the companies included in the Group and of its joint venture are also responsible for overseeing the financial reporting process of the Group and of its joint venture.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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 system 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 consolidated Ind AS 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.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS 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 or business activities within the Group and its joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 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**

- (a) K.S Rao & Co. in their individual capacity have audited 3 subsidiaries whose financial statements reflect total assets of Rs. 303.96 crore, net assets of Rs. 98.65 crore as at March 31, 2019, total revenues (including other income and finance income) and net cash inflows of Rs. 24.76 crore and Rs. 1.25 crore respectively, for the year ended on that date. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of such subsidiaries and our report in terms of sub-sections (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 K.S. Rao & Co. in their individual capacity.
- (b) We did not audit the financial statements and other financial information, in respect of 4 subsidiaries, whose Ind AS financial statements include total assets of Rs 933.08 crores and net assets of Rs. 215.48 crores as at March 31, 2019, and total revenues of Rs 523.87 crores and net cash outflows of Rs 13.98 crores for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

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

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, and its joint venture, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon, have sought and except for the matter described in Basis for Qualified Opinion paragraph 2 above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) Except for the possible effects of the matters described in the Basis for Qualified Opinion, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group and its joint venture.

- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, and its joint venture, none of the directors of the Group's companies and its joint venture incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies and joint venture incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (i) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries and joint venture, the managerial remuneration for the year ended March 31, 2019 has been provided by the Holding Company, its subsidiaries and joint venture incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (j) 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 ventures, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and joint venture in its consolidated Ind AS financial statements – Refer Note 37(II)(1), 46 and 48 to the consolidated Ind AS financial statements;
  - ii. The Group has made provision in the Consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 41 to the Consolidated Ind AS Financial Statements in respect of such items as it relates to the Group and a joint venture; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group and joint venture incorporated in India during the year ended March 31, 2019.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
**ICAI Firm registration number:** 101049W/E300004  
 Chartered Accountants

Sd/-  
**per Shankar Srinivasan**  
 Partner  
 Membership No.: 213271  
 UDIN: 19213271AAAAA11345

Place: Hyderabad  
 Date: July 23, 2019

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

Sd/-  
**per Hitesh Kumar P**  
 Partner  
 Membership No.: 233734  
 UDIN: 19233734AAAAAZ9996

Place: Hyderabad  
 Date: July 23, 2019

**ANNEXURE-I To the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of GMR Hyderabad International Airport Limited**

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

In conjunction with our audit of the Consolidated Ind AS Financial Statements of GMR Hyderabad International Airport Limited as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of GMR Hyderabad International Airport Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, and a joint venture, which are companies incorporated in India, as of that date.

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

The respective Board of Directors of the Holding company, its subsidiary companies and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Holding Company's internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these Consolidated Ind AS 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 control over financial reporting with reference to these Consolidated Ind AS Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 Consolidated financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Ind AS Financial Statements**

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

#### **Qualified Opinion**

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements in case of its subsidiary companies and joint venture, which are companies incorporated in India, the following material weakness have been identified as at March 31, 2019 :

The Holding Company's internal financial controls over use of assumptions for analysis of goodwill impairment were not operating effectively which could potentially result in the Company not providing for adjustments, if any, that may be required to be made to such carrying amounts of goodwill. This matter was also qualified during the year ended March 31, 2018.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect of the Holding Company, its subsidiary companies, and a joint venture, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

#### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Ind AS Financial Statements insofar as it relates to nine subsidiaries and a joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the Consolidated Ind AS Financial Statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss including other comprehensive income, Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated July 23, 2019 expressed a qualified opinion.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration number: 101049W/E300004

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

Sd/-  
**per Shankar Srinivasan**  
Partner  
Membership No.: 213271  
UDIN: 19213271AAAAAI1345

Sd/-  
**per Hitesh Kumar P**  
Partner  
Membership No.: 233734  
UDIN: 19233734AAAAAZ9996

Place: Hyderabad  
Date: July 23, 2019

Place: Hyderabad  
Date: July 23, 2019

**GMR Hyderabad International Airport Limited**  
**CIN:U62100TG2002PLC040118**  
**Consolidated Balance Sheet as at March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

|                                                                             | Notes | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>I. ASSETS</b>                                                            |       |                         |                         |
| <b>Non-current assets</b>                                                   |       |                         |                         |
| Property, plant and equipment                                               | 3     | 2,464.10                | 1,986.96                |
| Capital work-in-progress                                                    | 3.1   | 436.12                  | 347.86                  |
| Intangible assets                                                           | 4     | 56.42                   | 56.90                   |
| Intangible assets under development                                         |       | 1.25                    | 1.21                    |
| Investment in joint venture                                                 | 5.1   | 14.75                   | 11.02                   |
| Financial assets                                                            |       |                         |                         |
| - Loans                                                                     | 6     | 1.60                    | -                       |
| - Bank balances other than cash and cash equivalents                        | 7     | 0.62                    | 1.53                    |
| - Other non current financial assets                                        | 8     | 259.19                  | 83.04                   |
| Non current tax assets                                                      | 9.1   | 28.96                   | 24.06                   |
| Deferred tax asset (net)                                                    | 29    | 405.71                  | 269.40                  |
| Other non-current assets                                                    | 10    | 554.58                  | 94.99                   |
|                                                                             |       | <b>4,223.30</b>         | <b>2,876.97</b>         |
| <b>Current assets</b>                                                       |       |                         |                         |
| Inventories                                                                 | 11    | 56.18                   | 56.86                   |
| Contract assets                                                             |       | 10.48                   | 3.84                    |
| Financial assets                                                            |       |                         |                         |
| - Investments                                                               | 5.2   | 482.76                  | 941.08                  |
| - Trade receivables                                                         | 12    | 180.55                  | 129.47                  |
| - Cash and cash equivalents                                                 | 13    | 395.08                  | 598.55                  |
| - Bank balances other than cash and cash equivalents                        | 7     | 115.05                  | 71.38                   |
| - Loans                                                                     | 6     | 51.70                   | 2.73                    |
| - Other current financial assets                                            | 8     | 18.22                   | 15.09                   |
| Current tax assets                                                          | 9.1   | 17.11                   | 15.45                   |
| Other current assets                                                        | 10    | 18.98                   | 11.45                   |
|                                                                             |       | <b>1,346.11</b>         | <b>1,845.90</b>         |
| <b>Total Assets</b>                                                         |       | <b>5,569.41</b>         | <b>4,722.87</b>         |
| <b>II. EQUITY AND LIABILITIES</b>                                           |       |                         |                         |
| <b>EQUITY</b>                                                               |       |                         |                         |
| Equity share capital                                                        | 14    | 378.00                  | 378.00                  |
| Other equity                                                                | 14.1  |                         |                         |
| - Capital reserve                                                           |       | 107.00                  | 107.00                  |
| - Retained earnings                                                         |       | 668.43                  | 148.56                  |
| - Cash flow hedge reserve                                                   |       | 31.72                   | 14.74                   |
| <b>Equity attributable to equity holders of the parent</b>                  |       | <b>1,185.15</b>         | <b>648.30</b>           |
| <b>Non-controlling interest</b>                                             |       | <b>-</b>                | <b>58.27</b>            |
| <b>Total Equity</b>                                                         |       | <b>1,185.15</b>         | <b>706.57</b>           |
| <b>LIABILITIES</b>                                                          |       |                         |                         |
| <b>Non-current liabilities</b>                                              |       |                         |                         |
| Contract liabilities                                                        |       | 41.31                   | 39.91                   |
| Financial liabilities                                                       |       |                         |                         |
| - Borrowings                                                                | 15    | 3,176.53                | 3,045.84                |
| - Other financial liabilities                                               | 16    | 246.09                  | 241.67                  |
| Government grants                                                           | 17    | 40.87                   | 46.13                   |
| Long term provisions                                                        | 20    | 1.36                    | 1.65                    |
| Deferred tax liability (net)                                                | 29    | 158.23                  | 125.93                  |
| Other non-current liabilities                                               | 18    | 22.32                   | 27.15                   |
|                                                                             |       | <b>3,686.71</b>         | <b>3,528.28</b>         |
| <b>Current liabilities</b>                                                  |       |                         |                         |
| Contract liabilities                                                        |       | 4.26                    | 9.88                    |
| Financial liabilities                                                       |       |                         |                         |
| - Borrowings                                                                | 15.1  | 28.00                   | 28.00                   |
| - Trade payables                                                            | 19    |                         |                         |
| -Total outstanding dues of micro and small enterprises                      |       | 0.70                    | -                       |
| -Total outstanding dues of creditors other than micro and small enterprises |       | 133.26                  | 136.51                  |
| - Other financial liabilities                                               | 16    | 422.55                  | 239.90                  |
| Government grants                                                           | 17    | 5.27                    | 5.27                    |
| Other current liabilities                                                   | 18    | 48.52                   | 32.39                   |
| Short term provisions                                                       | 20    | 18.25                   | 12.66                   |
| Current tax liability (net)                                                 | 9.2   | 36.74                   | 23.41                   |
|                                                                             |       | <b>697.55</b>           | <b>488.02</b>           |
| <b>Total Equity and Liabilities</b>                                         |       | <b>5,569.41</b>         | <b>4,722.87</b>         |
| <b>Summary of significant accounting policies</b>                           | 2.1   |                         |                         |

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

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration  
number: 101049W/E300004

Sd/-  
**per Shankar Srinivasan**  
Partner  
Membership No.: 213271  
UDIN:19213271AAAAAH1345

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

Sd/-  
**per Hitesh Kumar P**  
Partner  
Membership No.: 233734  
UDIN:19233734AAAAAZ9996

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

Sd/-  
**G B S Raju**  
Managing Director  
DIN: 00061686

Sd/-  
**SGK Kishore**  
Chief Executive Officer

Sd/-  
**Anup Kumar Samal**  
Company Secretary  
Place: Hyderabad  
Date: July 23, 2019

Sd/-  
**RSSLN Bhaskarudu**  
Director  
DIN: 00058527

Sd/-  
**Anand Kumar**  
Chief Financial Officer

Place: Hyderabad  
Date: July 23, 2019

Place: Hyderabad  
Date: July 23, 2019

**GMR Hyderabad International Airport Limited**  
**CIN:U62100TG2002PLC040118**  
**Consolidated Statement of Profit and Loss for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

|                                                                                | Notes      | For the year ended<br>March 31, 2019 | For the year ended March<br>31, 2018 |
|--------------------------------------------------------------------------------|------------|--------------------------------------|--------------------------------------|
| <b>REVENUE</b>                                                                 |            |                                      |                                      |
| Revenue from contracts with customers                                          | 21         | 1,876.05                             | 1,593.48                             |
| Other income                                                                   | 22         | 30.81                                | 53.40                                |
| Finance income                                                                 | 23         | 95.24                                | 105.79                               |
| <b>Total revenue</b>                                                           |            | <b>2,002.10</b>                      | <b>1,752.67</b>                      |
| <b>EXPENSES</b>                                                                |            |                                      |                                      |
| Concession fee                                                                 | 50         | 61.53                                | 52.95                                |
| Purchase of traded goods                                                       |            | 59.65                                | 47.84                                |
| Increase/(Decrease) in inventory of traded goods                               | 24         | 1.82                                 | (0.71)                               |
| Employee benefits expense                                                      | 25         | 191.91                               | 147.12                               |
| Finance costs                                                                  | 27         | 248.75                               | 258.12                               |
| Depreciation and amortization expenses                                         |            | 181.04                               | 235.93                               |
| Other expenses                                                                 | 26         | 483.04                               | 393.17                               |
| <b>Total expenses</b>                                                          |            | <b>1,227.74</b>                      | <b>1,134.42</b>                      |
| <b>Profit before share of profit in joint venture and tax</b>                  |            | <b>774.36</b>                        | <b>618.25</b>                        |
| Share of profit in joint venture                                               |            | 3.76                                 | 4.03                                 |
| <b>Profit before tax</b>                                                       |            | <b>778.12</b>                        | <b>622.28</b>                        |
| Tax expense                                                                    | 29         |                                      |                                      |
| Current tax - Minimum alternate tax                                            |            | 168.70                               | 137.39                               |
| Deferred tax                                                                   |            |                                      |                                      |
| Deferred tax expense                                                           |            | 15.34                                | 5.61                                 |
| Minimum alternate tax credit entitlement                                       | 43         | (136.31)                             | (101.14)                             |
| <b>Total tax expense</b>                                                       |            | <b>47.73</b>                         | <b>41.86</b>                         |
| <b>Profit for the period</b>                                                   |            | <b>730.39</b>                        | <b>580.42</b>                        |
| <b>Other comprehensive income</b>                                              |            |                                      |                                      |
| <b>Items that will not be reclassified to profit or loss</b>                   |            |                                      |                                      |
| Re-measurement losses on defined benefit plans                                 |            | (1.13)                               | (0.18)                               |
| Income tax relating to items that will not be reclassified to profit or loss   |            | 0.08                                 | -                                    |
| Share of other comprehensive income in joint venture                           |            | (0.04)                               |                                      |
| <b>Items that will be reclassified to profit or loss</b>                       |            |                                      |                                      |
| Cash flow hedge reserve                                                        | 30         | 34.02                                | 14.74                                |
| Less: Income tax relating to items that will be reclassified to profit or loss |            | (17.04)                              | -                                    |
| <b>Total comprehensive income for the period, net of tax</b>                   |            | <b>746.28</b>                        | <b>594.98</b>                        |
| <b>Profit attributable to</b>                                                  |            |                                      |                                      |
| Equity holders of the parent                                                   |            | 724.00                               | 565.63                               |
| Non controlling interest                                                       | 31         | 6.39                                 | 14.79                                |
| <b>Other comprehensive income attributable to</b>                              |            |                                      |                                      |
| Equity holders of the parent                                                   |            | 15.94                                | 14.58                                |
| Non controlling interest                                                       |            | (0.05)                               | (0.02)                               |
| <b>Total comprehensive income attributable to</b>                              |            |                                      |                                      |
| Equity holders of the parent                                                   |            | 739.94                               | 580.21                               |
| Non controlling interest                                                       |            | 6.34                                 | 14.77                                |
| <b>Earnings per equity share</b>                                               |            |                                      |                                      |
| Basic and diluted                                                              | 32         | 19.15                                | 14.96                                |
| <b>Summary of significant accounting policies</b>                              | <b>2.1</b> |                                      |                                      |

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

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration  
number: 101049W/E300004

**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/-  
**per Shankar Srinivasan**  
Partner  
Membership No.: 213271  
UDIN:19213271AAAAAH1345

Sd/-  
**per Hitesh Kumar P**  
Partner  
Membership No.: 233734  
UDIN:19233734AAAAAZ9996

Sd/-  
**G B S Raju**  
Managing Director  
DIN: 00061686

Sd/-  
**RSSLN Bhaskarudu**  
Director  
DIN: 00058527

Sd/-  
**SGK Kishore**  
Chief Executive Officer

Sd/-  
**Anand Kumar**  
Chief Financial Officer

Sd/-  
**Anup Kumar Samal**  
Company Secretary  
Place: Hyderabad  
Date: July 23, 2019

Place: Hyderabad  
Date: July 23, 2019

Place: Hyderabad  
Date: July 23, 2019

# GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

## Consolidated Statement of Changes in equity for the year ended March 31, 2019

(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       |                                                  |                   |                         |                          |                          |               |
| As at April 1, 2017                                                  |                                                  |                   |                         |                          | 378,000,000              | 378.00        |
| Issue of shares                                                      |                                                  |                   |                         |                          | -                        | -             |
| As at March 31, 2018                                                 |                                                  |                   |                         |                          | 378,000,000              | 378.00        |
| Issue of shares                                                      |                                                  |                   |                         |                          | -                        | -             |
| As at March 31, 2019                                                 |                                                  |                   |                         |                          | 378,000,000              | 378.00        |
| b. (i) Other equity                                                  |                                                  |                   |                         |                          |                          |               |
|                                                                      | Attributable to the equity holders of the parent |                   |                         | Non-controlling interest | Total equity             |               |
|                                                                      | Reserves and surplus                             |                   | Other reserves          |                          |                          |               |
|                                                                      | 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        |
| Adjustment on account of AERA order on depreciation (refer note:2.4) | -                                                | (21.11)           | -                       | (21.11)                  | -                        | (21.11)       |
| Adjustment on account of Ind AS 115                                  | -                                                | (2.27)            | -                       | (2.27)                   | -                        | (2.27)        |
| Profit for the period                                                | 107.00                                           | 125.18            | 14.74                   | 246.92                   | 58.27                    | 305.19        |
| Other comprehensive income                                           | -                                                | 724.00            | -                       | 724.00                   | 6.39                     | 730.39        |
|                                                                      | -                                                | (1.04)            | 16.98                   | 15.94                    | (0.05)                   | 15.89         |
| <b>Total comprehensive income</b>                                    | -                                                | <b>722.96</b>     | <b>16.98</b>            | <b>739.94</b>            | <b>6.34</b>              | <b>746.28</b> |
| Less: Cash dividends                                                 | -                                                | (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)       |
| <b>As at March 31, 2019</b>                                          | <b>107.00</b>                                    | <b>668.43</b>     | <b>31.72</b>            | <b>807.15</b>            | <b>-</b>                 | <b>807.15</b> |
| Explanatory notes annexed                                            |                                                  |                   |                         |                          |                          |               |
| b.(ii) Other equity                                                  |                                                  |                   |                         |                          |                          |               |
|                                                                      | Reserves and surplus                             |                   | Other reserves          | Total                    | Non-controlling interest | Total equity  |
|                                                                      | Capital reserve*                                 | Retained earnings | Cash flow hedge reserve |                          |                          |               |
| As at April 1, 2017                                                  | 107.00                                           | (234.93)          | -                       | (127.93)                 | 52.55                    | (75.38)       |
| Profit for the year                                                  | -                                                | 565.63            | -                       | 565.63                   | 14.79                    | 580.42        |
| Other comprehensive income                                           | -                                                | (0.16)            | 14.74                   | 14.58                    | (0.02)                   | 14.56         |
| <b>Total comprehensive income</b>                                    | -                                                | <b>565.47</b>     | <b>14.74</b>            | <b>580.21</b>            | <b>14.77</b>             | <b>594.98</b> |
| Less: Cash dividends                                                 | -                                                | (151.20)          | -                       | (151.20)                 | (7.52)                   | (158.72)      |
| Less: Dividend distribution tax                                      | -                                                | (30.78)           | -                       | (30.78)                  | (1.53)                   | (32.31)       |
| <b>As at March 31, 2018</b>                                          | <b>107.00</b>                                    | <b>148.56</b>     | <b>14.74</b>            | <b>270.30</b>            | <b>58.27</b>             | <b>328.57</b> |
| Explanatory notes annexed                                            |                                                  |                   |                         |                          |                          |               |

\*GHIAL 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 share holder of the Company.

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

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration

number: 101049W/E300004

**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/-

**per Shankar Srinivasan**

Partner

Membership No.: 213271

UDIN:19213271AAAAA11345

Sd/-

**per Hitesh Kumar P**

Partner

Membership No.: 233734

UDIN:19233734AAAAAZ9996

Sd/-

**G B S Raju**

Managing Director

DIN: 00061686

Sd/-

**RSSLN Bhaskarudu**

Director

DIN: 00058527

Sd/-

**SGK Kishore**

Chief Executive Officer

Sd/-

**Anand Kumar**

Chief Financial Officer

Sd/-

**Anup Kumar Samal**

Company Secretary

Place: Hyderabad

Date: July 23, 2019

Place: Hyderabad

Date: July 23, 2019

Place: Hyderabad

Date: July 23, 2019

**GMR Hyderabad International Airport Limited**

CIN:U62100TG2002PLC040118

**Consolidated Cash Flow Statement for the year ended March 31, 2019**

(All amounts in Rupees Crores, except otherwise stated)

|                                                                                                                                        | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities</b>                                                                                             |                                      |                                      |
| Profit before tax                                                                                                                      | 778.12                               | 622.28                               |
| Adjustment to reconcile profit before tax to net cash flows:                                                                           |                                      |                                      |
| Share of profit in joint venture                                                                                                       | (3.76)                               | (4.03)                               |
| Depreciation and amortization expenses                                                                                                 | 181.04                               | 235.93                               |
| Bad debts written off                                                                                                                  | 0.44                                 | -                                    |
| Impairment of goodwill                                                                                                                 | 2.26                                 | -                                    |
| Fair value loss on financial instruments at fair value through profit or loss                                                          | -                                    | 8.64                                 |
| Exchange difference on restatement of senior secured notes                                                                             | -                                    | (43.72)                              |
| Inventories written off                                                                                                                | 0.33                                 | 0.53                                 |
| Amortisation of deferred income                                                                                                        | (14.52)                              | (0.95)                               |
| Provision for doubtful advances / debts                                                                                                | 0.73                                 | 0.44                                 |
| Unrealised foreign exchange loss                                                                                                       | 1.16                                 | 0.10                                 |
| Loss on sale / discard of property plant and equipment                                                                                 | 1.61                                 | 1.21                                 |
| Property, plant and equipment written off                                                                                              | 0.06                                 | 0.03                                 |
| Interest on financial assets at amortised cost                                                                                         | (51.54)                              | (62.36)                              |
| Gain on fair valuation of interest rate swap                                                                                           | -                                    | (11.92)                              |
| Gain on sale of financial assets (mutual funds)                                                                                        | (43.60)                              | (20.82)                              |
| Provision no longer required                                                                                                           | (0.72)                               | (1.03)                               |
| Interest on financial liabilities held at amortized cost                                                                               | 246.06                               | 255.77                               |
| Income from government grants                                                                                                          | (5.26)                               | (4.11)                               |
| Gain on fair valuation of financial assets (mutual funds)                                                                              | (0.10)                               | (10.69)                              |
| <b>Operating profit before working capital changes</b>                                                                                 | <b>1,092.31</b>                      | <b>965.30</b>                        |
| Working capital adjustments:                                                                                                           |                                      |                                      |
| (Decrease)/increase in trade payables                                                                                                  | (1.08)                               | 23.00                                |
| Increase in other liabilities                                                                                                          | 27.15                                | 51.30                                |
| Increase in other financial liabilities                                                                                                | 41.96                                | 29.43                                |
| Increase in provisions                                                                                                                 | 4.41                                 | 0.72                                 |
| Increase in government grants                                                                                                          | -                                    | 22.27                                |
| Decrease in trade receivables                                                                                                          | (53.76)                              | (24.81)                              |
| Increase/(Decrease) in inventories                                                                                                     | (0.78)                               | (4.97)                               |
| Increase in other assets                                                                                                               | (10.44)                              | 91.04                                |
| Increase in other financial assets                                                                                                     | (18.78)                              | (76.16)                              |
| Increase in loans                                                                                                                      | (2.90)                               | (0.08)                               |
| <b>Cash generated from operations</b>                                                                                                  | <b>1,078.09</b>                      | <b>1,077.04</b>                      |
| Direct taxes paid (net)                                                                                                                | (161.95)                             | (94.32)                              |
| <b>Net cash flow from operating activities (A)</b>                                                                                     | <b>916.14</b>                        | <b>982.72</b>                        |
| <b>Cash flows from investing activities</b>                                                                                            |                                      |                                      |
| Purchase of property plant and equipment, including capital work in progress, capital advances and intangible assets under development | (1,028.95)                           | (339.72)                             |
| Proceeds from sale of property, plant and equipment                                                                                    | 0.18                                 | 0.17                                 |
| Purchase of non-current investments                                                                                                    | (59.75)                              | -                                    |
| Share application money in subsidiary (Investment)                                                                                     | -                                    | -                                    |
| Loan to subsidiaries companies                                                                                                         | -                                    | -                                    |
| Cashoutflow on sale of investment in APFTAL                                                                                            | (0.45)                               | -                                    |
| Repayment of loans by joint venture                                                                                                    | 2.33                                 | 4.56                                 |
| Purchase of financial assets (mutual funds)                                                                                            | (7,889.48)                           | (6,395.97)                           |
| Sale of financial assets (mutual funds)                                                                                                | 8,421.21                             | 5,899.83                             |
| Interest received                                                                                                                      | 30.94                                | 48.41                                |
| Acquisition of a Joint venture, net of cash acquired                                                                                   | -                                    | 0.08                                 |
| Investments in inter corporate deposits                                                                                                | (50.00)                              | -                                    |
| Investments in bank deposits                                                                                                           | (211.12)                             | (73.63)                              |
| Proceeds from bank deposits                                                                                                            | 164.42                               | 34.54                                |
| Proceeds from margin money deposits                                                                                                    | 116.52                               | 58.07                                |
| Investment in margin money deposits                                                                                                    | (112.58)                             | (30.50)                              |
| <b>Net cash flow used in investing activities (B)</b>                                                                                  | <b>(616.73)</b>                      | <b>(794.16)</b>                      |
| <b>Cash flows from financing activities</b>                                                                                            |                                      |                                      |
| Proceeds from long-term borrowings                                                                                                     | 120.94                               | 2,653.74                             |
| Repayment of long-term borrowings                                                                                                      | (123.65)                             | (2,097.61)                           |
| Proceeds from Short term borrowings                                                                                                    | -                                    | 6.95                                 |
| Interest paid                                                                                                                          | (252.62)                             | (182.96)                             |
| Senior Secured Notes Issuance cost paid                                                                                                | -                                    | (49.15)                              |
| Termination of interest rate swap                                                                                                      | -                                    | (55.32)                              |
| Upfront fee paid/NCD issue cost                                                                                                        | (63.00)                              | (2.33)                               |
| Dividend paid                                                                                                                          | (153.06)                             | (158.72)                             |
| Dividend distribution tax paid                                                                                                         | (31.45)                              | (32.31)                              |
| <b>Net cash flow used in financing activities (C)</b>                                                                                  | <b>(502.83)</b>                      | <b>82.29</b>                         |

**GMR Hyderabad International Airport Limited**  
**CIN:U62100TG2002PLC040118**  
**Consolidated Cash Flow Statement for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

|                                                                                     | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Net decrease in cash and cash equivalents (A + B + C)</b>                        | (203.42)                             | 270.85                               |
| Cash and cash equivalents at the beginning of the period                            | 598.55                               | 327.73                               |
| Effects of exchange differences on cash & cash equivalents held in foreign currency | (0.05)                               | (0.03)                               |
| <b>Cash and cash equivalents at the end of the period</b>                           | <b>395.08</b>                        | <b>598.55</b>                        |
| <b>Components of cash and cash equivalents</b>                                      |                                      |                                      |
| Cash on hand                                                                        | 0.71                                 | 0.50                                 |
|                                                                                     |                                      | 0.02                                 |
| Balances with banks                                                                 |                                      |                                      |
| - on current account                                                                | 40.15                                | 268.38                               |
| - in exchange earner foreign currency account                                       | 2.99                                 | 6.34                                 |
| - cash credit / overdraft                                                           | 0.03                                 | 0.89                                 |
| - in escrow accounts                                                                | 0.02                                 | 0.04                                 |
| - in deposit account                                                                | 350.02                               | 322.12                               |
| Cash in transit                                                                     | 1.16                                 | 0.26                                 |
| <b>Total cash and cash equivalents</b>                                              | <b>395.08</b>                        | <b>598.55</b>                        |
| <b>Explanatory notes annexed</b>                                                    |                                      |                                      |

**Changes in liabilities arising from financing activities**

| Particulars                |                 |                 |
|----------------------------|-----------------|-----------------|
| <b>Opening Balance</b>     | 3,051.77        | 2,532.19        |
| Cash flows                 |                 |                 |
| Repayments of borrowings   | (123.65)        | (2,097.61)      |
| Proceeds from borrowings   | 120.94          | 2,653.74        |
| Non Cash flows             |                 |                 |
| Foreign exchange movements | 150.55          | 8.43            |
| Finance cost               | (16.06)         | (44.98)         |
| <b>Closing balance</b>     | <b>3,183.56</b> | <b>3,051.77</b> |

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
ICAI Firm registration  
number: 101049W/E300004

**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/-  
**per Shankar Srinivasan**  
Partner  
Membership No.: 213271  
UDIN:19213271AAAAAI1345

Sd/-  
**per Hitesh Kumar P**  
Partner  
Membership No.: 233734  
UDIN:19233734AAAAAZ9996

Sd/-  
**G B S Raju**  
Managing Director  
DIN: 00061686

Sd/-  
**RSSLN Bhaskarudu**  
Director  
DIN: 00058527

Sd/-  
**SGK Kishore**  
Chief Executive Officer

Sd/-  
**Anand Kumar**  
Chief Financial Officer

Sd/-  
**Anup Kumar Samal**  
Company Secretary  
Place: Hyderabad  
Date: July 23, 2019

Place: Hyderabad  
Date: July 23, 2019

Place: Hyderabad  
Date: July 23, 2019

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

**1. Corporate information**

The Consolidated Ind AS Financial Statements comprise financial statement of GMR Hyderabad International Airport Limited ('GHIAL' or 'the Holding Company'), its subsidiaries (together referred to as "the Group") and jointly controlled entity for the year ended March 31, 2019. GHIAL, was incorporated on December 17, 2002, for managing the operations of Rajiv Gandhi International Airport at Hyderabad. The Group is principally engaged in construction and maintenance of airport and various related activities.

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 and hospitality services, maintenance, repair and overhaul facility (MRO) of aircraft at near and around the airport etc.

The Consolidated Ind AS Financial Statements are authorized for issue in accordance with a resolution of the directors passed in the Board meeting held on July 23, 2019.

**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 Ind AS Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities:

- Derivative financial instruments measured at fair value.
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- Employee defined benefit assets/(liability) are remeasured at the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- Investments in joint ventures are accounted for using the equity method.

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The Consolidated Ind AS Financial Statements are presented in INR and all values are rounded to the nearest crore, except when otherwise indicated.

**2.2 Basis of Consolidation**

The consolidated Ind AS financial statements comprise the financial statements of the Group and its subsidiaries as at March 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Ind AS Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Ind AS Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Ind AS Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the Consolidated Ind AS Financial Statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of GHIAL to enable GHIAL to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

- a. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the Consolidated Ind AS Financial Statements at the acquisition date.
- b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and Property, plant and equipment, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

**Group Information:**

**Information about subsidiaries**

| Name                                                                                                                               | Principal activities                                                              | Place and Country of operation | % equity interest |                |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------|-------------------|----------------|
|                                                                                                                                    |                                                                                   |                                | March 31, 2019    | March 31, 2018 |
| 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%              | 51%            |
| Hyderabad Airport Security Services Limited (HASSL)**                                                                              | Operation of airport allied services                                              | Hyderabad, India               | 100%              | 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%              | 100%           |
| GMR Hospitality and Retail Limited (GHRL)                                                                                          | Operation of business hotel & duty free                                           | Hyderabad, India               | 100%              | 100%           |
| GMR Aerospace Engineering Limited (GAEL)                                                                                           | Development of facilities for maintenance, repair and overhaul (MRO) of aircrafts | 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%              | -              |
| Asia Pacific Flight Training Academy Limited (APFTAL)##                                                                            | Flight Training                                                                   | Hyderabad, India               | -                 | 100%           |

\* On October 30, 2018, GHIAL has entered into an share purchase agreement to buy out the balance 49% stake in HMA CPL held by the, Menzies Aviation Cargo (Hyderabad) Limited at a value of Rs. 59.75 crore. Accordingly post transfer of shares in favour of GHIAL on November 2, 2018 HMA CPL has become a wholly owned subsidiary of GHIAL.

\*\*On 27<sup>th</sup> September 2018, HASSL in its EGM got the approval to file liquidation petition with MCA, Accordingly, HASSL has appointed Liquidator for the voluntary liquidation on September 27<sup>th</sup>, 2018 and is under the Voluntary Liquidation Process as required under Insolvency and Bankruptcy Code 2016 read with the Insolvency and Bankruptcy Board of India(Voluntary Liquidation Process) Regulations 2017. As on date "HASSL" has the positive net worth hence does not have any adverse effect to the above financial results of GHIAL.

#On December 20, 2018, GHAL has incorporated a new wholly owned subsidiary GMR Logistics Park Private Limited, towards which, the initial capital infused subsequent to period ended December 31, 2018.

##APFTAL ceased to be a subsidiary of GHIAL with effect from Mar 01, 2019 as GHIAL had sold its 100% stake in APFTAL for a nominal sale consideration of Rs. 100

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

**Information about jointly controlled entities**

| Name                                                     | Principal activities | Country of Incorporation | % equity interest |                |
|----------------------------------------------------------|----------------------|--------------------------|-------------------|----------------|
|                                                          |                      |                          | March 31, 2019    | March 31, 2018 |
| Laqshya Hyderabad Airport Media Private Limited (LHAMPL) | Advertisement        | India                    | 49%               | 49%            |

## 2.3 Changes in accounting policies

### New and Amended Standards

The Group applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

### Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 was notified by the Ministry of Corporate Affairs on March 28, 2018 and supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 is effective from reporting periods beginning on or after April 1, 2018.

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It also requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

Group applied Ind AS 115 for the first time with effect from April 1, 2018. Further, the Group has elected to use the modified retrospective method and accordingly, Ind AS 115 is applied retrospectively to only the current period by recognising the cumulative effect of initially applying Ind AS 115 as an adjustment to the opening balance of retained earnings (or other components of equity) at the date of initial application. Under the modified retrospective method, Ind AS 115 is applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. Under the modified retrospective method, Group has elected to apply it to all contract modifications contracts that are not completed at this date.

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

The Group receives advance revenue 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 advance revenue for long-term agreements from customers for providing 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.

The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

**Impact on statement of profit and loss:**

Upon the adoption of Ind AS 115, the unearned finance revenue of Rs. 2.27 crores on advance revenue from long term contracts that are not completed as at April 1, 2018 was transferred to retained earnings as at April 01, 2018. Had the Group adopted the policy as per erstwhile Ind AS 18, finance income would be lower by Rs. 1.10 crores and finance expense would be lower by Rs. 1.01 crores.

**Amendments to Ind AS 12 Recognition of deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), Without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments do not have any impact on the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

**Amendment to Ind AS 38 Intangible asset acquired free of charge**

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Group's financial statements.

## **2.4 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

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

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.

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has 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 provisions of Part B of Schedule II of the Companies Act, 2013, the Authority has issued order no. 35/2017-18 on January 12, 2018 which is further amended on April 09, 2018, in the matter of Determination of Useful life of Airport Assets, which is effective from April 01, 2018 ("AERA Order").

Accordingly, the management has adopted useful life in respect of airport assets as prescribed in the aforesaid order with effect from April 1, 2018.

In order to align the useful life of Furniture and Fixtures, Trolleys, boundary wall and cost of resurfacing the Runway to the useful life specified in the AERA Order, the Group has revised the useful life and charged the depreciation of Rs. 21.11 crore related to the assets whose life were expired on March 31, 2018 to opening reserves as at April 1, 2018 as per the AERA Order.

## **2.5 Statement of significant accounting policies**

### **a. Use of estimates:**

The preparation of Consolidated Ind AS 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 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 in Note 38. The Group based its assumptions and estimates on parameters available when the Consolidated Ind AS Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### **b. 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.

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

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.
- 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.

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

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 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 jointly controlled entities:**

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.

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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

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.

On Transition to Ind AS, GHIAL has availed the optional exemption on "Long term Foreign currency Monetary items" and has accordingly continued with the policy to adjust the exchange differences arising

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on translation/settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset recognized in the financial statements for the year ended 31 March 2016 (as per previous GAAP), to the cost of the property, plant and equipment and depreciates the same over the remaining life. In accordance with the Ministry of Corporate Affairs ('MCA') circular dated August 09, 2012, exchange differences adjusted to the cost of property, plant and equipment are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the year. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange differences.

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.

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.

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

| <b>Particulars</b>                           | <b>(Useful Life Taken) (years)</b> |
|----------------------------------------------|------------------------------------|
| 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                               |

Depreciation on adjustments to the historical cost of the assets on account of foreign exchange fluctuations is provided prospectively over the residual useful life of the asset.

\* 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 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.

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.

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**Service concession arrangements:**

HMACPL 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 HMACPL receives a right (i.e. a concessionaire) to charge users of the public service. The financial model is used when HMACPL 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 HMACPL 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, GHIAL has granted further concession to HMACPL along with sub-leasing of the part of cargo infrastructure facility to HMACPL 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.

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.

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**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**

Stores and spares and traded goods 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.

**l. Leases:**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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For arrangements entered into prior to April 1, 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**(a) Group as a lessee :**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the group is classified as a finance lease.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- i) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- ii) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**(b) Group as a lessor :**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

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

**m. 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.

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- 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 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.

**n. 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:

- i) The date of the plan amendment or curtailment, and
- ii) 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:

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

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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.

**o. 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:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

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- 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. Lease receivables under Ind AS 17

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

The Group follows 'simplified approach' for recognition of impairment loss allowance on;

- a. Trade receivables or contract revenue receivables; and
- b. All lease receivables resulting from transactions within the scope of Ind AS 17

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.

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

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

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

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

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

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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, 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 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.

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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.

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."

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**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.

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 unrecognised firm commitment;
- Hedges of a net investment in a foreign operation. Hedges that meet the strict criteria for hedge accounting are accounted for, as described 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 unrecognised 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.

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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.

**p. Cash and cash equivalents:**

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

For the purpose of the 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.

**q. 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.

**r. Foreign currency Transactions**

The Group's Consolidated Ind AS Financial Statements are presented in INR, which is also the functional currency of GHIAL. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

**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.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

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GHIAL treats foreign currency monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference. Exchange difference arising on long term foreign currency monetary items related to acquisition of a Property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**s. 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.

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

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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 (note 38)
- b) Quantitative disclosures of fair value measurement hierarchy (note 40)
- c) Financial instruments (including those carried at amortized cost) (note 39)

**t. 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 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 at the time of acceptance of cargo with respect to non-airline customers and at the time of departure of aircraft with respect to airline customers and 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.

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- 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. 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.
- v. 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.
- vi. 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.
- vii. Income from management / technical services is recognized as per the terms of the agreement on the basis of services rendered.

**2) Sale of Goods:**

- i. 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.

**3) Revenues and cost of improvements to concession assets:**

In conformity with appendix A of Ind AS 11, HMA CPL 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 HMA CPL and the government with respect to the improvements, given that HMA CPL constructs or provides improvements to the airports as obligated under the concession agreement and in exchange, the government grants HMA CPL the right to obtain benefits for services provided using those assets. HMA CPL 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 HMA CPL 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 HMA CPL 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

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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.

**u. 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.

GHIAL 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.

**v. 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 provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- 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.

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- ii. In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of 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. In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

GHIAL and HMA CPL 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.

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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax for the year. The Group recognizes deferred tax asset for MAT credit available only to the extent that it is probable that the Group 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 a deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is probable that it will pay normal tax during the specified period.

Expenses and assets are recognized net of the amount of sales/ value added taxes paid, except:

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- i. When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii. When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**w. 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. The information relating to different products and services regarding products and services regarding Revenue from contracts with customers along with other income and finance income are given in Note 21, 22 and 23.

Segment accounting policies:

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

**x. 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.

**y. Corporate Social Responsibility (CSR) expenditure:**

The Group has charged its CSR expenditure during the year to the statement of profit and loss.

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**3 Property plant and equipment**

|                                          | Leasehold Improvements | Buildings on Leasehold Land | Plant & machinery | Runways       | Roads         | Furniture & fixtures | Office equipment | Computers    | Electrical Installations | Vehicles    | Free hold land | Buildings on freehold land | Total           |
|------------------------------------------|------------------------|-----------------------------|-------------------|---------------|---------------|----------------------|------------------|--------------|--------------------------|-------------|----------------|----------------------------|-----------------|
| <b>Cost</b>                              |                        |                             |                   |               |               |                      |                  |              |                          |             |                |                            |                 |
| As at April 1, 2017                      | 125.94                 | 1,173.64                    | 496.95            | 343.91        | 100.40        | 44.91                | 4.20             | 21.24        | 167.01                   | 3.04        | 16.13          | 62.14                      | 2,559.51        |
| Additions                                | 5.55                   | 76.95                       | 31.40             | -             | 5.44          | 7.45                 | 2.23             | 9.58         | 7.02                     | 2.44        | -              | -                          | 148.06          |
| Exchange differences                     | -                      | (2.01)                      | (1.06)            | (0.77)        | (0.26)        | (0.10)               | (0.05)           | (0.30)       | (0.42)                   | -           | -              | 0.17                       | (4.80)          |
| Assets acquired on acquisition of APFTAL | 0.21                   | -                           | 0.77              | -             | -             | 0.10                 | 0.05             | 0.03         | -                        | -           | -              | -                          | 1.16            |
| Disposals                                | (0.07)                 | -                           | (1.87)            | -             | -             | (1.90)               | (0.16)           | (1.00)       | (0.33)                   | (0.96)      | -              | -                          | (6.29)          |
| <b>As at March 31, 2018</b>              | <b>131.63</b>          | <b>1,248.58</b>             | <b>526.19</b>     | <b>343.14</b> | <b>105.58</b> | <b>50.46</b>         | <b>6.27</b>      | <b>29.55</b> | <b>173.28</b>            | <b>4.52</b> | <b>16.13</b>   | <b>62.31</b>               | <b>2,697.64</b> |
| Additions                                | 8.91                   | 241.73                      | 148.31            | 155.80        | 27.81         | 16.83                | 5.47             | 27.04        | 37.95                    | 1.62        | -              | -                          | 671.47          |
| Adjustments*                             | -                      | 2.11                        | -                 | 3.00          | -             | -                    | -                | -            | -                        | -           | -              | -                          | 5.11            |
| Assets transferred on sale of APFTAL     | (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)          |
| <b>As at March 31, 2019</b>              | <b>136.87</b>          | <b>1,492.42</b>             | <b>673.10</b>     | <b>501.94</b> | <b>133.39</b> | <b>66.83</b>         | <b>11.66</b>     | <b>56.45</b> | <b>210.79</b>            | <b>5.13</b> | <b>16.13</b>   | <b>62.31</b>               | <b>3,367.02</b> |
| <b>Depreciation</b>                      |                        |                             |                   |               |               |                      |                  |              |                          |             |                |                            |                 |
| As at April 1, 2017                      | 11.83                  | 108.19                      | 126.84            | 29.97         | 65.34         | 27.30                | 2.59             | 9.85         | 94.18                    | 1.83        | -              | 2.51                       | 480.43          |
| Charge for the year                      | 6.11                   | 56.55                       | 63.59             | 14.93         | 31.18         | 8.71                 | 0.94             | 3.36         | 45.10                    | 0.35        | -              | 1.40                       | 232.22          |
| Disposals                                | (0.03)                 | -                           | (0.60)            | -             | -             | (0.22)               | (0.16)           | -            | -                        | (0.96)      | -              | -                          | (1.97)          |
| <b>As at March 31, 2018</b>              | <b>17.91</b>           | <b>164.74</b>               | <b>189.83</b>     | <b>44.90</b>  | <b>96.52</b>  | <b>35.79</b>         | <b>3.37</b>      | <b>13.21</b> | <b>139.28</b>            | <b>1.22</b> | <b>-</b>       | <b>3.91</b>                | <b>710.68</b>   |
| Charge for the year                      | 6.36                   | 61.72                       | 58.84             | 18.44         | 2.93          | 5.67                 | 1.38             | 8.47         | 10.41                    | 0.60        | -              | 1.44                       | 176.26          |
| Adjustments **                           | -                      | 16.01                       | 2.43              | -             | -             | 1.38                 | -                | -            | -                        | -           | -              | 1.29                       | 21.11           |
| Assets transferred on sale of APFTAL     | (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)          |
| <b>As at March 31, 2019</b>              | <b>22.09</b>           | <b>242.47</b>               | <b>250.06</b>     | <b>63.34</b>  | <b>99.45</b>  | <b>42.50</b>         | <b>4.67</b>      | <b>21.55</b> | <b>149.33</b>            | <b>0.81</b> | <b>-</b>       | <b>6.64</b>                | <b>902.92</b>   |
| <b>Net book value</b>                    |                        |                             |                   |               |               |                      |                  |              |                          |             |                |                            |                 |
| As at March 31, 2019                     | 114.78                 | 1,249.95                    | 423.03            | 438.60        | 33.94         | 24.33                | 6.99             | 34.90        | 61.46                    | 4.32        | 16.13          | 55.67                      | 2,464.10        |
| As at March 31, 2018                     | 113.72                 | 1,083.84                    | 336.36            | 298.24        | 9.06          | 14.67                | 2.90             | 16.34        | 34.00                    | 3.30        | 16.13          | 58.40                      | 1,986.96        |

**Notes:**

\*Includes reversal of outstanding liabilities of the Group amounting to Rs. Nil (March 31,2018 :2.95) pertaining to project construction which are no longer payable now and reversal for depreciation thereon amounting to Rs. Nil (March 31, 2018: Rs. 2.76 ) under depreciation charge of the year.

\*\* Represents the depreciation charged on account of change in useful life of assets as per Airport Economin Regulator uthority`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.

|     |                          |           |           |
|-----|--------------------------|-----------|-----------|
| 3.1 |                          | 31-Mar-19 | 31-Mar-18 |
|     | Capital Work in progress | 436.12    | 347.86    |

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
**(All amounts in Rupees , except otherwise stated)**

**4. Intangible assets**

|                                          | <b>Goodwill*</b> | <b>Computer software</b> | <b>Technical Knowhow</b> | <b>Right to Operate - Cargo facility</b> | <b>Total</b> |
|------------------------------------------|------------------|--------------------------|--------------------------|------------------------------------------|--------------|
| <b>Cost</b>                              |                  |                          |                          |                                          |              |
| As at April 1, 2017                      | 36.27            | 6.16                     | 8.98                     | 18.93                                    | 70.34        |
| Additions                                | 4.14             | 0.22                     | -                        | 2.95                                     | 7.31         |
| Disposals                                | -                | -                        | -                        | (0.85)                                   | (0.85)       |
| <b>As at March 31, 2018</b>              | 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 APFTAL | (4.14)           |                          |                          |                                          | (4.14)       |
| <b>As at March 31, 2019</b>              | 36.27            | 9.24                     | 8.98                     | 26.34                                    | 80.83        |
| <b>Amortization</b>                      |                  |                          |                          |                                          |              |
| As at April 1, 2017                      | -                | 3.73                     | 8.98                     | 4.31                                     | 17.02        |
| Charge for the year                      | -                | 0.63                     | -                        | 3.08                                     | 3.71         |
| Disposals                                | -                | -                        | -                        | (0.82)                                   | (0.82)       |
| <b>As at March 31, 2018</b>              | -                | 4.36                     | 8.98                     | 6.57                                     | 19.91        |
| Charge for the year                      | -                | 0.84                     | -                        | 3.94                                     | 4.78         |
| Disposals                                | -                | -                        | -                        | 0.28                                     | 0.28         |
| <b>As at March 31, 2019</b>              | -                | 5.20                     | 8.98                     | 10.23                                    | 24.41        |
| <b>Net book value</b>                    |                  |                          |                          |                                          |              |
| As at March 31, 2019                     | 36.27            | 4.04                     | -                        | 16.11                                    | 56.42        |
| As at March 31, 2018                     | 40.41            | 2.03                     | -                        | 14.46                                    | 56.90        |

\*Refer note 58 on impairment testing of goodwill.

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

5.1

| Investment in joint venture                                                                                                         |  | Non-current    |                |
|-------------------------------------------------------------------------------------------------------------------------------------|--|----------------|----------------|
|                                                                                                                                     |  | March 31, 2019 | March 31, 2018 |
| Investments as per equity method<br>Unquoted equity shares (Refer note no. 57 )                                                     |  |                |                |
| Laqshya Hyderabad Airport Media Private Limited<br>9,800,000 (March 31, 2017: 9,800,000) Equity shares of Rs. 10 each fully paid-up |  | 9.16           | 5.43           |
| Investment in Laqshya Hyderabad Airport Media Private Limited arising on account of fair valuation of loan given below market rate  |  | 5.59           | 5.59           |
| Total investments                                                                                                                   |  | 14.75          | 11.02          |
| Aggregate value of investment in joint ventures                                                                                     |  | 14.75          | 11.02          |

5.2

| Financial Assets - Investments                                                                                                                          | As at March 31, 2019 |        | As at March 31, 2018 |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------|----------------------|--------|
|                                                                                                                                                         | No of Units          | Amount | No of Units          | Amount |
| Investment at FVTPL :                                                                                                                                   |                      |        |                      |        |
| Investment in Mutual Funds (unquoted)                                                                                                                   |                      |        |                      |        |
| Birla Sunlife Cash Plus Institutional Premium - Growth<br>(face value of Rs. 100 each)                                                                  | 40,524.68            | 1.21   | 3,854,992.93         | 107.26 |
| IDBI Liquid Fund - Regular plan Growth<br>(face value of Rs. 1,000 each)                                                                                | -                    | -      | 116,190.80           | 21.50  |
| Birla Sun Life Savings Fund Instl. - Growth<br>(face value of Rs. 100 each)                                                                             | -                    | -      | 819,910.58           | 28.03  |
| Birla Sun Life Short Term fund-Regular Growth.<br>(face value of Rs. 10 each)                                                                           | -                    | -      | 16,319,922.71        | 108.44 |
| Aditya Birla sunlife liquid fund- growth regular plan<br>(formally know as Birla sunlife Cash plus-growth regular plan)<br>(face value of Rs. 100 each) | 252,632.73           | 7.55   | 979,408.98           | 35.60  |
| DHFL Pramerica Liquid Fund - Growth Option<br>(face value of Rs. 1000 each)                                                                             | -                    | -      | 1,023,730.92         | 23.03  |
| Sundaram Money Fund Regular Growth<br>(face value of Rs. 10 each)                                                                                       | 1,662,511.76         | 6.52   | 4,142,960.61         | 15.12  |
| Axis Liquid Institutional - Growth Option<br>(face value of Rs. 1000 each)                                                                              | 116,381.32           | 24.03  | 2,701.77             | 0.52   |
| ICICI Prudential Liquid Regular Plan - Growth<br>(face value of Rs. 100 each)                                                                           | 981,662.94           | 27.03  | 5,765,798.47         | 147.83 |
| Kotak liquid fund regular plan - Growth<br>(face value of Rs. 1000 each)                                                                                | -                    | -      | 5,836.00             | 2.05   |
| SBI Premier Liquid Fund - Regular Plan - Growth<br>(face value of Rs. 1,000 each)                                                                       | -                    | -      | 306,322.50           | 83.18  |
| SBI Premier Liquid Fund - Regular Plan - Growth<br>(face value of Rs. 100 each)                                                                         | 15,116.58            | 4.41   | 76,924.18            | 20.89  |
| IDFC Cash Fund- Growth-Regular Plan<br>(face value of Rs. 1,000 each)                                                                                   | -                    | -      | 26,516.07            | 5.58   |
| HDFC Liquid Fund Growth<br>(face value of Rs. 1000 each)                                                                                                | -                    | -      | 293,657.06           | 100.15 |
| Invesco India Fund Regular Growth<br>(face value of Rs. 1000 each)                                                                                      | -                    | -      | 42,038.45            | 10.02  |
| Axis mutual fund- liquid growth plan<br>(face value of Rs. 1000 each)                                                                                   | 23,043.02            | 4.76   | 79,484.03            | 15.27  |
| Tata Liquid fund Plan A - Growth<br>(face value of Rs. 1000 each)                                                                                       | 33,644.82            | 9.86   | -                    | -      |
| UTI Liquid Cash Plan Institutional - Growth Option<br>(Face value of Rs. 100 each)                                                                      | 88,654.91            | 27.04  | -                    | -      |
|                                                                                                                                                         |                      | 112.41 |                      | 724.47 |
| Investment in commercial papers (unquoted) at Amortised cost                                                                                            |                      |        |                      |        |
| SREI Infrastructure Finance Ltd.<br>(face value of Rs. 500,000 each)                                                                                    | 4,500.00             | 222.28 | 4,500.00             | 216.61 |
| Piramal Enterprises Limited<br>(face value of Rs. 500,000 each)                                                                                         | 3,000.00             | 148.07 | -                    | -      |
|                                                                                                                                                         |                      | 370.35 |                      | 216.61 |
| Aggregate value of investments in financial assets                                                                                                      |                      | 482.76 |                      | 941.08 |

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
(All amounts in Rupees Crores, except otherwise stated)

|                                                 |                                                                                                                                |                                                       |                |                |                |                |                |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| 6                                               | Loans                                                                                                                          |                                                       | Non-current    |                | Current        |                |                |
|                                                 |                                                                                                                                |                                                       | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |                |
|                                                 | Loan to employees                                                                                                              | 1.60                                                  | -              |                | 1.38           | 0.08           |                |
|                                                 | Inter corporate deposits: unsecured                                                                                            | -                                                     | -              |                | 50.00          | -              |                |
|                                                 | Loans to joint venture (refer details below)                                                                                   | -                                                     | -              |                | 0.32           | 2.65           |                |
|                                                 |                                                                                                                                | 1.60                                                  | -              |                | 51.70          | 2.73           |                |
| Break up of loan to Joint venture               |                                                                                                                                |                                                       |                |                |                |                |                |
| Laqshya Hyderabad Airport Media Private Limited |                                                                                                                                | -                                                     | -              | 0.32           | 2.65           |                |                |
|                                                 |                                                                                                                                | -                                                     | -              | 0.32           | 2.65           |                |                |
| 7                                               | Bank balances other than cash and cash equivalents                                                                             |                                                       |                |                |                |                |                |
|                                                 |                                                                                                                                |                                                       | Non-current    |                | Current        |                |                |
|                                                 |                                                                                                                                |                                                       | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |                |
|                                                 | Non- current bank balances                                                                                                     | -                                                     | -              |                | -              | -              |                |
|                                                 | Margin money deposits*                                                                                                         | 0.62                                                  | 1.53           |                | 50.40          | 53.43          |                |
|                                                 | Deposits with remanining maturity less than 12 months                                                                          | -                                                     | -              |                | 64.65          | 17.95          |                |
|                                                 |                                                                                                                                | 0.62                                                  | 1.53           |                | 115.05         | 71.38          |                |
|                                                 | *Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Group. |                                                       |                |                |                |                |                |
|                                                 |                                                                                                                                |                                                       |                |                |                |                |                |
|                                                 | 8                                                                                                                              | Other financial assets                                |                | Non-current    |                | Current        |                |
|                                                 |                                                                                                                                |                                                       | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |                |
| Unsecured, considered good                      |                                                                                                                                |                                                       |                |                |                |                |                |
| Security deposits                               |                                                                                                                                | 20.16                                                 | 11.55          |                | 4.09           | 1.14           |                |
| Less: Provision for doubtful deposit            |                                                                                                                                | (0.20)                                                | (0.20)         |                | -              | -              |                |
|                                                 |                                                                                                                                | 19.96                                                 | 11.35          |                | 4.09           | 1.14           |                |
| Non trade receivables                           |                                                                                                                                | -                                                     | -              |                | 8.17           | 7.96           |                |
| Grant receivable from authorities               |                                                                                                                                | -                                                     | -              |                | 0.04           | 0.04           |                |
| Interest accrued on fixed deposits              |                                                                                                                                | -                                                     | -              |                | 3.18           | 3.28           |                |
| Interest accrued on others                      |                                                                                                                                | -                                                     | -              |                | 1.04           | 0.49           |                |
| Other financial assets                          |                                                                                                                                | -                                                     | -              |                | 1.70           | 2.18           |                |
| Derivative assets (refer note:40)               |                                                                                                                                | 239.23                                                | 71.69          |                | -              | -              |                |
|                                                 |                                                                                                                                | 259.19                                                | 83.04          |                | 18.22          | 15.09          |                |
|                                                 |                                                                                                                                |                                                       |                |                |                |                |                |
|                                                 |                                                                                                                                |                                                       |                |                |                |                |                |
| 9.1                                             |                                                                                                                                | Tax asset                                             |                | Non-current    |                | Current        |                |
|                                                 |                                                                                                                                |                                                       |                | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
|                                                 |                                                                                                                                | Advance income tax (net of provision for current tax) | 28.96          | 24.06          |                | 17.11          | 15.45          |
|                                                 |                                                                                                                                |                                                       | 28.96          | 24.06          |                | 17.11          | 15.45          |
|                                                 |                                                                                                                                |                                                       |                |                |                |                |                |
| 9.2                                             |                                                                                                                                | Tax liability                                         |                |                |                | Current        |                |
|                                                 |                                                                                                                                |                                                       |                |                | March 31, 2019 | March 31, 2018 |                |
|                                                 | Provision for tax (net of advance tax)                                                                                         |                                                       |                |                | 36.74          | 23.41          |                |
|                                                 |                                                                                                                                |                                                       |                |                | 36.74          | 23.41          |                |

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

10

| Other assets                                                                           |     |                |                |                |                |
|----------------------------------------------------------------------------------------|-----|----------------|----------------|----------------|----------------|
|                                                                                        |     | Non-current    |                | Current        |                |
|                                                                                        |     | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Capital advances                                                                       |     |                |                |                |                |
| Unsecured, considered good                                                             |     | 409.13         | 46.63          | -              | -              |
|                                                                                        | (A) | 409.13         | 46.63          | -              | -              |
| Advances other than capital advances                                                   |     |                |                |                |                |
| Passenger service fee (Security component) (refer note 37(II)( C)(xvii)                |     | 25.64          | 24.74          | -              | -              |
| Others                                                                                 |     | 7.34           | 7.80           | 7.89           | 5.15           |
| Doubtful advances                                                                      |     | 0.04           | 0.04           |                |                |
|                                                                                        |     | 33.02          | 32.58          | 7.89           | 5.15           |
| Less: Provision for doubtful advances                                                  |     | (0.04)         | (0.04)         | -              | -              |
|                                                                                        | (B) | 32.98          | 32.54          | 7.89           | 5.15           |
| Prepaid expenses                                                                       |     | 3.30           | 1.51           | 5.54           | 2.61           |
| Upfront fee on borrowings*                                                             |     | 94.50          |                |                |                |
| Balance with statutory / government Authorities [including deposits (Refer note 37 C)] |     | 14.67          | 14.31          | 5.55           | 3.69           |
|                                                                                        | (C) | 112.47         | 15.82          | 11.09          | 6.30           |
| Total (A+B+C)                                                                          |     | 554.58         | 94.99          | 18.98          | 11.45          |

\*The above amount represents the upfront fee paid/payable on rupee term facility to Rs.4200 crore tied up by GHIAL with a bank to meet the capital commitment.

| 11                                    | <b>Inventories (valued at lower of cost or not realizable value)</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  |                |                |              |       |       |                   |       |       |                                       |        |        |  |              |              |
|---------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------|----------------|--------------|-------|-------|-------------------|-------|-------|---------------------------------------|--------|--------|--|--------------|--------------|
|                                       |                                                                      | <table> <tr> <th data-bbox="245 680 1192 697"></th><th data-bbox="1192 680 1354 697">March 31, 2019</th><th data-bbox="1354 680 1502 697">March 31, 2018</th></tr> <tr> <td data-bbox="245 697 1192 718">Traded goods</td><td data-bbox="1192 697 1354 718">16.13</td><td data-bbox="1354 697 1502 718">18.02</td></tr> <tr> <td data-bbox="245 718 1192 739">Stores and spares</td><td data-bbox="1192 718 1354 739">40.22</td><td data-bbox="1354 718 1502 739">39.01</td></tr> <tr> <td data-bbox="245 739 1192 760">Less: Provision for non moving spares</td><td data-bbox="1192 739 1354 760">(0.17)</td><td data-bbox="1354 739 1502 760">(0.17)</td></tr> <tr> <td data-bbox="245 760 1192 789"></td><td data-bbox="1192 760 1354 789"><b>56.18</b></td><td data-bbox="1354 760 1502 789"><b>56.86</b></td></tr> </table> |  | March 31, 2019 | March 31, 2018 | Traded goods | 16.13 | 18.02 | Stores and spares | 40.22 | 39.01 | Less: Provision for non moving spares | (0.17) | (0.17) |  | <b>56.18</b> | <b>56.86</b> |
|                                       | March 31, 2019                                                       | March 31, 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  |                |                |              |       |       |                   |       |       |                                       |        |        |  |              |              |
| Traded goods                          | 16.13                                                                | 18.02                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |                |                |              |       |       |                   |       |       |                                       |        |        |  |              |              |
| Stores and spares                     | 40.22                                                                | 39.01                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |                |                |              |       |       |                   |       |       |                                       |        |        |  |              |              |
| Less: Provision for non moving spares | (0.17)                                                               | (0.17)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |                |                |              |       |       |                   |       |       |                                       |        |        |  |              |              |
|                                       | <b>56.18</b>                                                         | <b>56.86</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |                |                |              |       |       |                   |       |       |                                       |        |        |  |              |              |

| 12                                        | <b>Trade receivables</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
|-------------------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|--|--|----------------|----------------|---------------------------------|--|--|--------|---|---|-----------------------------------|--|--|-----------------|-------|------|--------|--------|--------|---------------------------------------|--|--|--------|------|------|-------------------------------------------|--------|--------|--|---------------|---------------|
|                                           |                          | <table> <tr> <th data-bbox="245 833 1192 850"></th><th colspan="2" data-bbox="1192 833 1354 850">Current</th></tr> <tr> <th data-bbox="245 850 1192 867"></th><th data-bbox="1192 850 1354 867">March 31, 2019</th><th data-bbox="1354 850 1502 867">March 31, 2018</th></tr> <tr> <td data-bbox="245 867 1192 888"><b>Secured, considered good</b></td><td data-bbox="1192 867 1354 888"></td><td data-bbox="1354 867 1502 888"></td></tr> <tr> <td data-bbox="245 888 1192 909">Others</td><td data-bbox="1192 888 1354 909">-</td><td data-bbox="1354 888 1502 909">-</td></tr> <tr> <td data-bbox="245 909 1192 930"><b>Unsecured, considered good</b></td><td data-bbox="1192 909 1354 930"></td><td data-bbox="1354 909 1502 930"></td></tr> <tr> <td data-bbox="245 930 1192 951">Related parties</td><td data-bbox="1192 930 1354 951">14.75</td><td data-bbox="1354 930 1502 951">8.97</td></tr> <tr> <td data-bbox="245 951 1192 972">Others</td><td data-bbox="1192 951 1354 972">165.80</td><td data-bbox="1354 951 1502 972">120.50</td></tr> <tr> <td data-bbox="245 972 1192 993"><b>Unsecured, considered doubtful</b></td><td data-bbox="1192 972 1354 993"></td><td data-bbox="1354 972 1502 993"></td></tr> <tr> <td data-bbox="245 993 1192 1014">Others</td><td data-bbox="1192 993 1354 1014">1.38</td><td data-bbox="1354 993 1502 1014">0.77</td></tr> <tr> <td data-bbox="245 1014 1192 1035">Less: Allowances for doubtful receivables</td><td data-bbox="1192 1014 1354 1035">(1.38)</td><td data-bbox="1354 1014 1502 1035">(0.77)</td></tr> <tr> <td data-bbox="245 1035 1192 1056"></td><td data-bbox="1192 1035 1354 1056"><b>180.55</b></td><td data-bbox="1354 1035 1502 1056"><b>129.47</b></td></tr> </table> <p data-bbox="245 1077 1502 1129">No trade or other receivable are due from directors or other officers of the group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.</p> <p data-bbox="245 1140 1502 1224">The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are secured to the extent of security deposits received, are interest bearing and settlement occurs in cash. For the year ended March 31, 2019, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.</p> <p data-bbox="245 1234 1502 1276">In case of GHIAL and GHASL, trade receivables are interest bearing @18% p.a. and are generally with the credit term of 7 to 15 days and in case of other companies, the revenue is on cash or credit period not beyond 30 days.</p> |  | Current |  |  | March 31, 2019 | March 31, 2018 | <b>Secured, considered good</b> |  |  | Others | - | - | <b>Unsecured, considered good</b> |  |  | Related parties | 14.75 | 8.97 | Others | 165.80 | 120.50 | <b>Unsecured, considered doubtful</b> |  |  | Others | 1.38 | 0.77 | Less: Allowances for doubtful receivables | (1.38) | (0.77) |  | <b>180.55</b> | <b>129.47</b> |
|                                           | Current                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
|                                           | March 31, 2019           | March 31, 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| <b>Secured, considered good</b>           |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| Others                                    | -                        | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| <b>Unsecured, considered good</b>         |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| Related parties                           | 14.75                    | 8.97                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| Others                                    | 165.80                   | 120.50                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| <b>Unsecured, considered doubtful</b>     |                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| Others                                    | 1.38                     | 0.77                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
| Less: Allowances for doubtful receivables | (1.38)                   | (0.77)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |
|                                           | <b>180.55</b>            | <b>129.47</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |         |  |  |                |                |                                 |  |  |        |   |   |                                   |  |  |                 |       |      |        |        |        |                                       |  |  |        |      |      |                                           |        |        |  |               |               |

| 13                                                         | <b>Cash and cash equivalents</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
|------------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|--|--|----------------|----------------|---------------------------|--|--|------------------------------------------------------------|--------|--------|----------------------|--|--|-----------------------|-------|--------|-----------------------------------------------|------|------|---------------------------|------|------|----------------------|------|------|-----------------|------|------|----------------------------------------------------|---|------|---------------|------|------|--|---------------|---------------|
|                                                            |                                  | <table> <tr> <th data-bbox="245 1344 1192 1360"></th><th colspan="2" data-bbox="1192 1344 1354 1360">Current</th></tr> <tr> <th data-bbox="245 1360 1192 1377"></th><th data-bbox="1192 1360 1354 1377">March 31, 2019</th><th data-bbox="1354 1360 1502 1377">March 31, 2018</th></tr> <tr> <td data-bbox="245 1377 1192 1398">Cash and cash equivalents</td><td data-bbox="1192 1377 1354 1398"></td><td data-bbox="1354 1377 1502 1398"></td></tr> <tr> <td data-bbox="245 1398 1192 1419">-Deposits with original maturity of less than three months</td><td data-bbox="1192 1398 1354 1419">350.02</td><td data-bbox="1354 1398 1502 1419">322.12</td></tr> <tr> <td data-bbox="245 1419 1192 1440">-Balances with Banks</td><td data-bbox="1192 1419 1354 1440"></td><td data-bbox="1354 1419 1502 1440"></td></tr> <tr> <td data-bbox="245 1440 1192 1461">    - in current accounts</td><td data-bbox="1192 1440 1354 1461">40.15</td><td data-bbox="1354 1440 1502 1461">268.38</td></tr> <tr> <td data-bbox="245 1461 1192 1482">    - in exchange earner foreign currency account</td><td data-bbox="1192 1461 1354 1482">2.99</td><td data-bbox="1354 1461 1502 1482">6.34</td></tr> <tr> <td data-bbox="245 1482 1192 1503">    - cash credit / overdraft</td><td data-bbox="1192 1482 1354 1503">0.03</td><td data-bbox="1354 1482 1502 1503">0.89</td></tr> <tr> <td data-bbox="245 1503 1192 1524">- On escrow accounts</td><td data-bbox="1192 1503 1354 1524">0.02</td><td data-bbox="1354 1503 1502 1524">0.04</td></tr> <tr> <td data-bbox="245 1524 1192 1545">Cash in transit</td><td data-bbox="1192 1524 1354 1545">1.16</td><td data-bbox="1354 1524 1502 1545">0.26</td></tr> <tr> <td data-bbox="245 1545 1192 1566">Cheques, credit card collection and drafts in hand</td><td data-bbox="1192 1545 1354 1566">-</td><td data-bbox="1354 1545 1502 1566">0.02</td></tr> <tr> <td data-bbox="245 1566 1192 1587">-Cash on hand</td><td data-bbox="1192 1566 1354 1587">0.71</td><td data-bbox="1354 1566 1502 1587">0.50</td></tr> <tr> <td data-bbox="245 1587 1192 1612"></td><td data-bbox="1192 1587 1354 1612"><b>395.08</b></td><td data-bbox="1354 1587 1502 1612"><b>598.55</b></td></tr> </table> |  | Current |  |  | March 31, 2019 | March 31, 2018 | Cash and cash equivalents |  |  | -Deposits with original maturity of less than three months | 350.02 | 322.12 | -Balances with Banks |  |  | - in current accounts | 40.15 | 268.38 | - in exchange earner foreign currency account | 2.99 | 6.34 | - cash credit / overdraft | 0.03 | 0.89 | - On escrow accounts | 0.02 | 0.04 | Cash in transit | 1.16 | 0.26 | Cheques, credit card collection and drafts in hand | - | 0.02 | -Cash on hand | 0.71 | 0.50 |  | <b>395.08</b> | <b>598.55</b> |
|                                                            | Current                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
|                                                            | March 31, 2019                   | March 31, 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| Cash and cash equivalents                                  |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| -Deposits with original maturity of less than three months | 350.02                           | 322.12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| -Balances with Banks                                       |                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| - in current accounts                                      | 40.15                            | 268.38                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| - in exchange earner foreign currency account              | 2.99                             | 6.34                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| - cash credit / overdraft                                  | 0.03                             | 0.89                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| - On escrow accounts                                       | 0.02                             | 0.04                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| Cash in transit                                            | 1.16                             | 0.26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| Cheques, credit card collection and drafts in hand         | -                                | 0.02                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
| -Cash on hand                                              | 0.71                             | 0.50                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |
|                                                            | <b>395.08</b>                    | <b>598.55</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |         |  |  |                |                |                           |  |  |                                                            |        |        |                      |  |  |                       |       |        |                                               |      |      |                           |      |      |                      |      |      |                 |      |      |                                                    |   |      |               |      |      |  |               |               |

Cash at banks does not earn interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
(All amounts in Rupees Crores, except otherwise stated)

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       |                       |                       |           |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------|
| 14   | <b>Equity</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                       |                       |                       |           |
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | <b>March 31, 2019</b> | <b>March 31, 2018</b> |           |
|      | <b>Authorized shares (No.)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |                       |           |
|      | 400,000,000 (March 31, 2018: 400,000,000) equity shares of Rs. 10 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                       | 400.00                | 400.00                |           |
|      | <b>Issued, subscribed and fully paid-up shares (No.)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       |                       |                       |           |
|      | 378,000,000 (March 31, 2018: 378,000,000) equity shares of Rs.10 each fully paid up                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       | 378.00                | 378.00                |           |
|      | <b>Issued, subscribed and fully paid-up shares (No.)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       |                       |                       |           |
|      | 378,000,000 (March 31, 2018: 378,000,000) equity shares of Rs.10 each fully paid up                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       | 378.00                | 378.00                |           |
|      | <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                       | <b>378.00</b>         | <b>378.00</b>         |           |
|      | <b>(a) Reconciliation of the shares outstanding at the beginning and at the end of the year</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       |                       |                       |           |
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>March 31, 2019</b> | <b>March 31, 2018</b> |                       |           |
|      | <b>Equity Shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | No.                   | Amount.               | No.                   | 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>(b) Terms/ rights attached to equity shares</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                       |                       |                       |           |
|      | 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. |                       |                       |                       |           |
|      | <b>(c) Shares held by holding /ultimate holding company /holding company and/or their subsidiaries/associates.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                       |                       |                       |           |
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>March 31, 2019</b> | <b>March 31, 2018</b> |                       |           |
|      | <b>Name of Shareholder</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No.                   | Amount.               | No.                   | Amount.   |
|      | GMR Airports Limited, 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    |
|      | <b>(d) Details of shareholders holding more than 5% shares in the Company</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                       |                       |                       |           |
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>March 31, 2019</b> | <b>March 31, 2018</b> |                       |           |
|      | <b>Name of Shareholder</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | No.                   | % holding             | No.                   | % holding |
|      | <b>Equity shares of Rs. 10 each fully paid</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |                       |           |
|      | 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                       |                       |                       |           |
|      | <b>(f) Shares reserved for issue under options</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                       |                       |                       |           |
|      | There are no shares reserved for issue under options and contract/commitments for the sale of shares/disinvestment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                       |                       |           |
| 14.1 | <b>Other equity</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                       |                       |           |
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | <b>March 31, 2019</b> | <b>March 31, 2018</b> |           |
|      | Capital reserve                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | 107.00                | 107.00                |           |
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | <b>107.00</b>         | <b>107.00</b>         |           |
|      | <b>Retained earnings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       |                       |                       |           |
|      | Opening Balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | 148.56                | (234.93)              |           |
|      | Less: Adjustment on account of Ind AS 115                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                       | (2.27)                | -                     |           |
|      | Adjustment on account of AERA order on depreciation (refer note:2.4)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                       | (21.11)               | -                     |           |
|      | Add: Profit for the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       | 724.00                | 565.63                |           |
|      | Less: Appropriation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                       |                       |           |
|      | Interim dividends                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                       | (151.20)              | (151.20)              |           |
|      | Dividend distribution tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                       | (31.15)               | (30.78)               |           |
|      | Add:Gain on acquisition on non controlling interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       | 2.64                  | -                     |           |
|      | <b>Items recognised directly in Other Comprehensive Income</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |                       |           |
|      | Remeasurement of post-employment benefits obligations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                       | (1.04)                | (0.16)                |           |
|      | <b>Total Retained Earnings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       | <b>668.43</b>         | <b>148.56</b>         |           |
|      | <b>Items recognised directly in Other Comprehensive Income</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |                       |           |
|      | <b>Cash flow hedge reserve</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                       |                       |                       |           |
|      | <b>Balance as per last financial statements</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | 14.74                 | -                     |           |
|      | Gain arising during the year on cross currency swap (refer note 40)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       | 34.02                 | 71.69                 |           |
|      | Reclassification adjustments included in the statement of profit and loss (Net of taxes)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                       | (17.04)               | (56.95)               |           |
|      | Closing balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | <b>31.72</b>          | <b>14.74</b>          |           |
|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       | <b>807.15</b>         | <b>270.30</b>         |           |

Note: In the absence of profits, GAEL has not created Debenture Redemption Reserve as per the provisions of the Companies Act, 2013.

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

| 15 | Financial liabilities - Borrowings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Non Current     |                 | Current        |                |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|----------------|----------------|
|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | March 31, 2019  | March 31, 2018  | March 31, 2019 | March 31, 2018 |
|    | <b>Bonds / Debentures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                 |                |                |
|    | 1,750 nos. 4.25% Senior Secured Notes of USD 200,000 each (secured)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2376.93         | 2,239.35        | -              | -              |
|    | Redeemable Non Convertible Debentures (secured) of Rs.1,000,000 each                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 274.13          | 273.98          | -              | -              |
|    | <b>Term loans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                 |                 |                |                |
|    | Indian rupee term loan from banks (secured)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 152.95          | 40.78           | 2.51           | 2.31           |
|    | Indian rupee term loan from financial institution (secured)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 57.47           | 176.37          | 4.52           | 3.58           |
|    | <b>Loans from others</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                 |                 |                |                |
|    | Government of Telangana (unsecured)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 315.05          | 315.05          | -              | -              |
|    | Inter-corporate deposits (unsecured)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -               | 0.31            | -              | 0.04           |
|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>3,176.53</b> | <b>3,045.84</b> | <b>7.03</b>    | <b>5.93</b>    |
|    | The above amount includes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                 |                |                |
|    | Secured borrowings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 2,861.48        | 2,730.48        | 7.03           | 5.89           |
|    | Unsecured borrowings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 315.05          | 315.36          | -              | 0.04           |
|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>3,176.53</b> | <b>3,045.84</b> | <b>7.03</b>    | <b>5.93</b>    |
|    | Amount disclosed under the head "other current financial liabilities" (Refer note 16)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -               | -               | (7.03)         | (5.93)         |
|    | <b>Net Amount</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>3,176.53</b> | <b>3,045.84</b> | <b>-</b>       | <b>-</b>       |
|    | <b>I) 4.25% Senior Secured Notes</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |                 |                |                |
|    | a. During the previous year, GHIAL has issued 4.25% senior secured notes are issued on October 27, 2017 to refinance secured Rupee Term Loans and Foreign Currency Loans and 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. October 27, 2027 (bullet repayment).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                 |                 |                |                |
|    | b. 4.25% senior secured notes are secured by mortgage of leasehold right, title, interest and benefit in respect of leasehold land (to an extent of 2,136.455 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 to the maximum extent permitted under the Project Agreements; floating charge on all the operating revenues/receivables of GHIAL; and floating charge on all the 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. GHIAL has to follow Fixed Charge Coverage Ratio as provided under the Indenture for any additional indebtedness and other limitations. GHIAL has complied with the financial covenants prescribed in the Indenture. In case of any "Event of default" as defined under the Indenture, the Holders of the Notes are entitled to remedies as defined under the Indenture. |                 |                 |                |                |
|    | <b>II) Redeemable Non Convertible Debentures</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |                 |                |                |
|    | i. During the previous year, GAEL has issued 1,000 Senior, Rated, Listed, Secured, Redeemable, Non-Convertible Debentures (" GAEL NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of GAEL NCD is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                 |                |                |
|    | GAEL NCDs are secured by:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                 |                |                |
|    | (a) First pari-passu charge by way of equitable mortgage of leasehold rights of the land to the extent of 16.46 acres on which MRO facilities are constructed along with the buildings, structures, etc. on the land.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |                 |                |                |
|    | (b) First ranking pari passu charge on all movable assets of the GAEL, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                 |                 |                |                |
|    | (c) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future of GAEL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                 |                |                |
|    | (d) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of GAEL 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 GAEL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                 |                 |                |                |
|    | (e) Unconditional and irrevocable corporate guarantee given by GHIAL as per Deed of guarantee dated October 04, 2017.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |                 |                |                |
|    | (f) As per the Debenture Trust Deed dated October 04, 2017, Debenture Trustee (acting on the instruction of Majority Resolution) may permit GAEL to create a charge on the Security in favour of lenders advancing Loan Equivalent Risk Facility("LER Facility") to GAEL. The Security Interest created over the Security for securing the LER Facility shall be second charge and shall rank subservient to the charge of GAEL NCDs Holders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                 |                 |                |                |
|    | (f) Redeemable, Non-Convertible Debentures (" GAEL NCDs") includes an adjustment of unamortised upfront fee paid of Rs.0.32 crore as at March 31, 2019(March 31,2018:0.37 crore)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |                 |                |                |
|    | ii. During the previous year, GATL has issued 1,750 Senior, Rated, Listed, Unsecured, Redeemable, NCD of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (GATL NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                 |                |                |
|    | GATL NCDs are secured by:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                 |                |                |
|    | (a) First ranking pari passu charge on all movable assets of GATL, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                 |                |                |
|    | (b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, of Issuer, present and future of GATL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                 |                 |                |                |
|    | (c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of GATL 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 GATL.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                 |                 |                |                |
|    | (d) Unconditional and irrevocable corporate guarantee given by GHIAL as per Deed of guarantee dated October 04, 2017.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                 |                 |                |                |

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

(e) The Charge Created against Debt as per the Debenture Trust Deed dated October 04, 2017 in all respects, rank pari-passu inter se amongst the Debenture Holders and the working capital lenders, without any preference or priority to one over the other or others. The Working Capital Facility to be availed, shall be in the form and substance, satisfactory to the debenture holders, shall not exceed an amount of Rs. 35 crores (Rupees Thirty Five Crores Only).

**III) Indian rupee term loan from banks (secured)**

(i) In case of GHAL, during the previous year term loan of Rs. 40.87 crore (March 31, 2018: Rs. 43.09 crore) has taken from State Bank of India under LRDS (Lease Rental Discounting Scheme) at an interest rate of 9% p.a., i.e., 1 year MCLR plus 1%. The loan is repayable over 144 structure monthly installments beginning from October 2017.

Term Loan is secured by Assignment of Lease Rental Receivables from Amazon India Seller Services Pvt. Ltd. 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 Pvt. Ltd. and equitable mortgage of leasehold rights of land measuring 17 acres.

(ii) During the year in case of GHRL the existing Term loan from NBFC ( Namely Aditya Birla Finance Limited and India Infradebt Limited ) (secured) which carries interest at base rate plus agreed spread has been refinanced to Axis Bank Limited for Rs. 120.94 crore for existing outstanding balance as on 15th November, 2018. The loan with Axis Bank carries the interest rate of 9% during the current year. The loan is repayable in 46 quarterly instalments 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 a 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.

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

(a) In case of GHRL, term loan of Rs. 122.50 Crore is from Aditya Birla Finance Limited and India Infradebt Limited and carries interest at base rate plus agreed spread. The loan carries the interest rate of 9.25 % to 10.80% p.a. (2017: 10.80% p.a.). The loan is repayable in 54 quarterly instalments commencing from January 2017 to April 2030.

The Rupee term loan is secured by a pari passu first charge on immovable assets (including assignment of leasehold rights in the case of leasehold land) , movable assets, revenues, book debts, bank accounts and a pledge over 30% of the equity shares of GHRL.

Further, the above loans are secured by an irrevocable and unconditional corporate guarantee given by GMR Hyderabad International Airport Limited.

During the year in case of GHRL the existing Term loan from NBFC ( Namely Aditya Birla Finance Limited and India Infradebt Limited ) (secured) which carries interest at base rate plus agreed spread has been refinanced to Axis Bank Limited for Rs. 120.94 crore for existing outstanding balance as on 15th November, 2018. The loan with Axis Bank carries the interest rate of 9% during the current year. The loan is repayable in 46 quarterly instalments 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 a 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.

(b) In case of GHASL, term loan of Rs. 58.37 Crore (March 31, 2017: Rs. 59.70 crore) is from Aditya Birla Finance Limited at an interest rate of 9.40% p.a., i.e., 1 year MCLR plus 1.2% margin. The same is repayable over 51 structured quarterly installments beginning from September 2017. The proceeds are utilised to repay the existing loan.

The Term loan 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).

**VIII) Inter-corporate deposits (unsecured)**

The inter-corporate deposit of HMA CPL for Nil (March 31, 2018: Rs. 0.50 crore) is interest free and is repayable in 15 equal annual instalments of Rs. 0.10 crore from April 1, 2009.

**15.1 Short-term borrowings**

| Secured                                                                                                                                                                                                                                              | March 31, 2019 | March 31, 2018 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                                                                                                                      | 28.00          | 28.00          |
| Overdraft facility from banks                                                                                                                                                                                                                        |                |                |
| <b>Total</b>                                                                                                                                                                                                                                         | <b>28.00</b>   | <b>28.00</b>   |
| <b>Overdraft facility from banks</b>                                                                                                                                                                                                                 |                |                |
| i. The overdraft facility availed from Abu Dhabi bank is repayable on demand and carries interest rate of fixed deposit plus min 1% pa, which is secured by fixed deposit placed by GHACLPL with Abu Dhabi bank as per terms of the sanction letter. |                |                |

**GMR Hyderabad International Airport Limited**  
**Notes to the Consolidated financial statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

|                                                            |                       |                       |                       |                       |
|------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>16 Other financial liabilities</b>                      |                       |                       |                       |                       |
|                                                            | <b>Non-current</b>    |                       | <b>Current</b>        |                       |
|                                                            | <b>March 31, 2019</b> | <b>March 31, 2018</b> | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| <b>At Amortised cost</b>                                   |                       |                       |                       |                       |
| Retention money                                            | 7.04                  | 8.82                  | 7.99                  | 6.08                  |
| Deposit from concessionaires                               | 46.50                 | 20.84                 | 37.56                 | 24.71                 |
| Concession fee payable                                     | 192.55                | 212.01                | 84.06                 | 22.15                 |
| Current maturities of long term borrowings                 | -                     | -                     | 7.03                  | 5.93                  |
| Liability arising from valuation of Advance from Customer  | -                     | -                     | -                     | -                     |
| Non trade payables                                         | -                     | -                     | 1.74                  | 7.54                  |
| Capital creditors                                          | -                     | -                     | 198.06                | 88.52                 |
| Interest accrued but not due on borrowings                 | -                     | -                     | 86.11                 | 84.97                 |
| <b>Total other financial liabilities at amortised cost</b> | <b>246.09</b>         | <b>241.67</b>         | <b>422.55</b>         | <b>239.90</b>         |
|                                                            |                       |                       |                       |                       |
| <b>Total other financial liabilities</b>                   | <b>246.09</b>         | <b>241.67</b>         | <b>422.55</b>         | <b>239.90</b>         |

|                                                      |                       |                       |
|------------------------------------------------------|-----------------------|-----------------------|
| <b>17 Government grants</b>                          |                       |                       |
|                                                      | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| Opening Balance                                      | 51.40                 | 33.24                 |
| Grant during the year                                | -                     | 22.27                 |
| Less: Recognised in the statement of profit and loss | (5.26)                | (4.11)                |
|                                                      | <b>46.14</b>          | <b>51.40</b>          |
| Non Current                                          | 40.87                 | 46.13                 |
| 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.

|                             |                       |                       |                       |                       |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>18 Other liabilities</b> |                       |                       |                       |                       |
|                             | <b>Non-current</b>    |                       | <b>Current</b>        |                       |
|                             | <b>March 31, 2019</b> | <b>March 31, 2018</b> | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| Deferred income             | 22.32                 | 27.15                 | 6.14                  | 4.33                  |
| Advances from customers     | -                     | -                     | 2.98                  | 3.03                  |
| Commercial card payable     | -                     | -                     | 9.94                  | -                     |
| Statutory dues              | -                     | -                     | 29.46                 | 25.03                 |
|                             | <b>22.32</b>          | <b>27.15</b>          | <b>48.52</b>          | <b>32.39</b>          |

|                                                                   |                       |                       |
|-------------------------------------------------------------------|-----------------------|-----------------------|
| <b>19 Trade payables</b>                                          |                       |                       |
|                                                                   | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| Trade payable                                                     |                       |                       |
| - Related parties                                                 | 9.23                  | 27.78                 |
| Total outstanding dues of micro enterprises and small enterprises | 0.70                  | -                     |
| - Others                                                          | 124.03                | 108.74                |
|                                                                   | <b>133.96</b>         | <b>136.51</b>         |

Terms and conditions of the above financial liabilities of the Group :

- i) Trade payables are non-interest bearing and are normally settled on 30 days terms.
- ii) The dues to related party are unsecured and are normally payable within 30 days from the date of receipt of demand.
- iii) For explanations on the Group's credit risk management processes, refer to Note 41

|                                        |                       |                       |                       |                       |
|----------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>20 Provisions</b>                   | <b>Long Term</b>      |                       | <b>Short term</b>     |                       |
|                                        | <b>March 31, 2019</b> | <b>March 31, 2018</b> | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| Provision for compensated absences     | -                     | -                     | 15.83                 | 11.57                 |
| Provision for superannuation fund      | -                     | -                     | 0.20                  | 0.14                  |
| Provision for gratuity (refer note:34) | 1.36                  | 1.65                  | 2.22                  | 0.95                  |
|                                        | <b>1.36</b>           | <b>1.65</b>           | <b>18.25</b>          | <b>12.66</b>          |

**GMR Hyderabad International Airport Limited**

**Notes to the Consolidated financial statements for the year ended March 31, 2019**

(All amounts in Rupees Crores, except otherwise stated)

|           |                                                                                                          |                                              |                                              |
|-----------|----------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>21</b> | <b>Revenue from operations</b>                                                                           | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|           | Income from services                                                                                     |                                              |                                              |
|           | Aeronautical (A)                                                                                         | 910.62                                       | 805.54                                       |
|           | Non Aeronautical                                                                                         |                                              |                                              |
|           | Duty Free                                                                                                | 158.18                                       | 118.86                                       |
|           | Retail                                                                                                   | 40.18                                        | 32.07                                        |
|           | Advertisement                                                                                            | 36.11                                        | 40.41                                        |
|           | Food and beverages                                                                                       | 42.78                                        | 32.96                                        |
|           | Cargo                                                                                                    | 95.42                                        | 92.09                                        |
|           | Ground handling                                                                                          | 12.10                                        | 10.51                                        |
|           | Parking                                                                                                  | 58.18                                        | 49.57                                        |
|           | Land and space - Rentals                                                                                 | 62.49                                        | 63.60                                        |
|           | Fuel farm                                                                                                | 144.27                                       | 97.94                                        |
|           | Others                                                                                                   | 227.78                                       | 171.38                                       |
|           | Revenue from Non aeronautical ( B)                                                                       | <b>877.49</b>                                | <b>709.39</b>                                |
|           | Revenue from commercial property development                                                             | 16.50                                        | 12.30                                        |
|           | Revenue from hospitality services                                                                        | 71.44                                        | 66.25                                        |
|           | <b>Revenue from non airport services (C)</b>                                                             | <b>87.94</b>                                 | <b>78.55</b>                                 |
|           | <b>Revenue from contracts with customers (D=A+B+C)</b>                                                   | <b>1,876.05</b>                              | <b>1,593.48</b>                              |
|           | <b>Note:</b>                                                                                             |                                              |                                              |
|           | (i) The company earned entire income from operations from India.                                         |                                              |                                              |
|           | (ii) Timing of rendering of services                                                                     |                                              |                                              |
|           | <b>Particulars</b>                                                                                       | <b>Aeronautical</b>                          | <b>Non-Aeronautical</b>                      |
|           | Services rendered at a point in time                                                                     | 910.62                                       | 397.87                                       |
|           | Services rendered over time                                                                              |                                              | 479.62                                       |
|           | <b>Total revenue from contracts with customers</b>                                                       | <b>910.62</b>                                | <b>877.49</b>                                |
|           | (iii) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price |                                              |                                              |
|           | <b>Particulars</b>                                                                                       | <b>For the year ended<br/>March 31, 2019</b> |                                              |
|           | Revenue as per contracted price                                                                          | 1,874.95                                     |                                              |
|           | Adjustments:                                                                                             |                                              |                                              |
|           | Significant financing component                                                                          | 1.10                                         |                                              |
|           | <b>Revenue from contract with customers</b>                                                              | <b>1,876.05</b>                              |                                              |
|           | (iv) Set out below is the revenue recognised from:                                                       |                                              |                                              |
|           | Amounts included in contract liabilities at the beginning of the year                                    | 49.79                                        |                                              |
|           | Performance obligations satisfied in previous years                                                      | -                                            |                                              |
|           | <b>Total</b>                                                                                             | <b>49.79</b>                                 |                                              |
| <b>22</b> | <b>Other income</b>                                                                                      | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|           | Gain on account of foreign exchange fluctuations (net)                                                   | 0.45                                         | -                                            |
|           | Amortisation of deferred income                                                                          | 14.52                                        | 0.95                                         |
|           | Exchange difference on restatement of senior secured notes                                               | -                                            | 43.72                                        |
|           | Income from government grant                                                                             | 5.26                                         | 4.11                                         |
|           | Provisions no longer required, written back                                                              | 0.72                                         | 1.03                                         |
|           | Other non-operating income                                                                               | 9.86                                         | 3.59                                         |
|           |                                                                                                          | <b>30.81</b>                                 | <b>53.40</b>                                 |

**GMR Hyderabad International Airport Limited**

**Notes to the Consolidated financial statements for the year ended March 31, 2019**

(All amounts in Rupees Crores, except otherwise stated)

|    |                                                                               |                                              |                                              |
|----|-------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| 23 | <b>Finance income</b>                                                         | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|    | <u>Interest on financial assets at amortised cost:</u>                        |                                              |                                              |
|    | Bank deposits and commercial papers                                           | 27.69                                        | 36.42                                        |
|    | Loan to joint venture                                                         | 0.41                                         | 1.47                                         |
|    | Others                                                                        | 23.44                                        | 10.94                                        |
|    | Gain on sale of financial assets (mutual funds)                               | 43.60                                        | 20.82                                        |
|    | Gain on fair valuation of financial assets (mutual funds)                     | 0.10                                         | 10.69                                        |
|    | Gain on fair valuation of interest rate swap                                  | -                                            | 11.92                                        |
|    | Interest on interest rate swap arrangement                                    | -                                            | 13.53                                        |
|    | <b>Total</b>                                                                  | <b>95.24</b>                                 | <b>105.79</b>                                |
| 24 | <b>Increase in inventory of traded goods</b>                                  | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|    | Opening stock of traded goods                                                 | 17.56                                        | 16.85                                        |
|    | Closing stock of traded goods                                                 | 15.74                                        | 17.56                                        |
|    | <b>Decrease in inventory of traded goods</b>                                  | <b>1.82</b>                                  | <b>(0.71)</b>                                |
| 25 | <b>Employee Benefits Expense</b>                                              | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|    | Salaries, wages and bonus                                                     | 164.84                                       | 123.25                                       |
|    | Contribution to provident and other funds [34 (a)]                            | 10.26                                        | 8.16                                         |
|    | Gratuity expenses [Note 34 (b)]                                               | 1.86                                         | 2.54                                         |
|    | Staff welfare expenses                                                        | 14.95                                        | 13.17                                        |
|    |                                                                               | <b>191.91</b>                                | <b>147.12</b>                                |
| 26 | <b>Other expenses</b>                                                         | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|    | Operator fee                                                                  | 5.37                                         | 5.45                                         |
|    | Operations, maintenance & manpower outsourcing expenses                       | 65.19                                        | 53.64                                        |
|    | Electricity, Fuel and water charges                                           | 32.52                                        | 35.32                                        |
|    | House keeping charges                                                         | 14.42                                        | 12.75                                        |
|    | Consumption of stores and spares                                              | 52.03                                        | 39.09                                        |
|    | Foods and beverages consumed                                                  | 6.76                                         | 6.33                                         |
|    | Cargo handling charges                                                        | 3.80                                         | 3.34                                         |
|    | Repairs and maintenance                                                       |                                              |                                              |
|    | Plant & Machinery                                                             | 25.27                                        | 19.66                                        |
|    | Buildings                                                                     | 9.32                                         | 5.86                                         |
|    | IT Systems                                                                    | 13.45                                        | 15.27                                        |
|    | Other                                                                         | 12.18                                        | 12.11                                        |
|    | Insurance                                                                     | 5.06                                         | 4.92                                         |
|    | Security expenses                                                             | 21.38                                        | 20.96                                        |
|    | Health and safety charges                                                     | 0.22                                         | 0.12                                         |
|    | Rent                                                                          | 8.30                                         | 5.13                                         |
|    | Rates and taxes                                                               | 20.18                                        | 17.96                                        |
|    | Advertising and business promotion                                            | 10.35                                        | 13.06                                        |
|    | Collection charges                                                            | 7.24                                         | 4.95                                         |
|    | Travelling and conveyance                                                     | 24.98                                        | 16.13                                        |
|    | Communication costs                                                           | 3.95                                         | 4.58                                         |
|    | Office maintenance                                                            | 4.32                                         | 3.35                                         |
|    | Legal and professional expenses                                               | 24.78                                        | 24.72                                        |
|    | Technical fees                                                                | 4.69                                         | 8.07                                         |
|    | Management fee                                                                | 32.30                                        | 33.85                                        |
|    | Printing and stationery                                                       | 1.56                                         | 1.06                                         |
|    | Contribution to political parties                                             | 50.00                                        | -                                            |
|    | Donation                                                                      | 1.74                                         | 2.94                                         |
|    | CSR expenditure (refer details below)                                         | 7.76                                         | 4.44                                         |
|    | Directors' sitting fees                                                       | 0.28                                         | 0.24                                         |
|    | Payments to Auditors (refer details below)                                    | 0.47                                         | 0.70                                         |
|    | Loss on sale of fixed assets (net)                                            | 1.61                                         | 1.34                                         |
|    | Loss on account of foreign exchange fluctuations (net)                        | -                                            | 0.17                                         |
|    | Fair value loss on financial instruments at fair value through profit or loss | -                                            | 8.64                                         |
|    | Provision for doubtful debts                                                  | 0.73                                         | 0.44                                         |
|    | Impairment of goodwill                                                        | 2.26                                         | -                                            |
|    | Inventories written off                                                       | 0.33                                         | 0.53                                         |
|    | Bad debts written off                                                         | 0.44                                         | -                                            |
|    | Fixed assets written off                                                      | 0.06                                         | 0.03                                         |
|    | Miscellaneous expenses                                                        | 7.74                                         | 6.02                                         |
|    |                                                                               | <b>483.04</b>                                | <b>393.17</b>                                |

**GMR Hyderabad International Airport Limited**

**Notes to the Consolidated financial statements for the year ended March 31, 2019**

(All amounts in Rupees Crores, except otherwise stated)

|                                                                    | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Payment to Auditors (Included in other expenses above)</b>      |                                      |                                      |
| <b>As Auditor</b>                                                  |                                      |                                      |
| Audit fee                                                          | 0.33                                 | 0.29                                 |
| Other services                                                     | 0.08                                 | 1.40                                 |
| Reimbursement of expenses                                          | 0.06                                 | 0.09                                 |
|                                                                    | <b>0.47</b>                          | <b>1.78</b>                          |
| Less: SSN issuance cost considered as an adjustment to borrowings* | -                                    | (1.08)                               |
|                                                                    | <b>0.47</b>                          | <b>0.70</b>                          |

\* The amount is paid to one of the joint auditors in connection with issue of senior secured notes.

| <b>Details of CSR expenditure:</b>                                  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| a) Gross amount required to be spent by the Company during the year | 4.77                                 | 4.44                                 |
| (b) Amount spent in cash                                            |                                      |                                      |
| i) Construction/acquisition of any asset                            | 4.55                                 | 1.50                                 |
| ii) On purposes other than (i) above                                | 3.22                                 | 4.44                                 |
| (c) Total amount spent during the year                              |                                      |                                      |
| i) Construction/acquisition of any asset                            | 4.55                                 | 1.50                                 |
| ii) On purposes other than (i) above                                | 3.22                                 | 4.44                                 |

|           |                                                        |                                      |                                      |
|-----------|--------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>27</b> | <b>Finance costs</b>                                   | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|           | Interest on debt and borrowings                        | 125.71                               | 194.74                               |
|           | Net interest on cross currency swap                    | 77.19                                | 31.36                                |
|           | Other borrowing cost                                   | 7.99                                 | 21.42                                |
|           | Interest-others                                        | 35.17                                | 8.25                                 |
|           | Bank charges                                           | 2.69                                 | 2.35                                 |
|           |                                                        | <b>248.75</b>                        | <b>258.12</b>                        |
| <b>28</b> | <b>Depreciation and amortization expense</b>           | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|           | Depreciation on property, plant and equipment (note 3) | 176.26                               | 232.22                               |
|           | Amortisation of intangible assets (note 4)             | 4.78                                 | 3.71                                 |
|           |                                                        | <b>181.04</b>                        | <b>235.93</b>                        |

29

Income Tax

|                                                                                                                                                                                                                                                                                      |                                                                                                                                      |                                      |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--|
| A.                                                                                                                                                                                                                                                                                   | The major components of income tax expenses are:                                                                                     |                                      |  |
|                                                                                                                                                                                                                                                                                      | Statement of profit and loss:                                                                                                        |                                      |  |
|                                                                                                                                                                                                                                                                                      | For the year ended<br>March 31, 2019                                                                                                 | For the year ended<br>March 31, 2018 |  |
| Current taxes:                                                                                                                                                                                                                                                                       |                                                                                                                                      |                                      |  |
| Current income tax charge                                                                                                                                                                                                                                                            | 36.43                                                                                                                                | 36.25                                |  |
| Deferred tax:                                                                                                                                                                                                                                                                        |                                                                                                                                      |                                      |  |
| Relating to origination and reversal of temporary differences                                                                                                                                                                                                                        | 15.34                                                                                                                                | 5.61                                 |  |
| Income tax expense for the year                                                                                                                                                                                                                                                      | 51.77                                                                                                                                | 41.86                                |  |
| Less: Adjustments relating to previous year                                                                                                                                                                                                                                          | (4.04)                                                                                                                               | -                                    |  |
| Income tax expense reported in the statement of profit or loss                                                                                                                                                                                                                       | 47.73                                                                                                                                | 41.86                                |  |
| B                                                                                                                                                                                                                                                                                    | Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019 and 31 March 2018: |                                      |  |
|                                                                                                                                                                                                                                                                                      | For the year ended<br>March 31, 2019                                                                                                 | For the year ended<br>March 31, 2018 |  |
| Accounting profit                                                                                                                                                                                                                                                                    | 778.12                                                                                                                               | 622.28                               |  |
| Tax at the applicable tax rate of 34.94% (March 31, 2018: 34.61%)                                                                                                                                                                                                                    | 271.87                                                                                                                               | 215.37                               |  |
| <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                                                                                                                                                                                                                                                      | (0.13)                                                                                                                               | (1.35)                               |  |
| Gain on recognition of MTM on Interest rate swaps                                                                                                                                                                                                                                    | -                                                                                                                                    | (4.13)                               |  |
| Other Ind-AS adjustments not considered under tax                                                                                                                                                                                                                                    | 0.77                                                                                                                                 | (2.46)                               |  |
| Others                                                                                                                                                                                                                                                                               | (0.85)                                                                                                                               | (0.58)                               |  |
| <u>Tax effect of expenses that are not deductible in determining taxable profit/ taxable income that are not part of book profit:</u>                                                                                                                                                |                                                                                                                                      |                                      |  |
| Donations & Corporate Social Responsibility (CSR) expenditure non-deductible under tax                                                                                                                                                                                               | 3.19                                                                                                                                 | 2.22                                 |  |
| Interest on delayed payment of income tax                                                                                                                                                                                                                                            | 0.53                                                                                                                                 | 0.53                                 |  |
| Other non-deductible expenses under tax                                                                                                                                                                                                                                              | 2.09                                                                                                                                 | 0.02                                 |  |
| Income from temporary investments earmarked for capital expenditure not part of book profit                                                                                                                                                                                          | -                                                                                                                                    | 4.40                                 |  |
| Effect of depreciation relating to unrelaised forex loss and capital reserve                                                                                                                                                                                                         | -                                                                                                                                    | (17.88)                              |  |
| <u>Tax effect of other adjustments:</u>                                                                                                                                                                                                                                              |                                                                                                                                      |                                      |  |
| Deduction u/s 80IA                                                                                                                                                                                                                                                                   | (240.98)                                                                                                                             | (199.48)                             |  |
| Reversal of deferred tax during tax holiday period                                                                                                                                                                                                                                   | 10.19                                                                                                                                | 9.54                                 |  |
| Unabsorbed accumulated losses on which deferred tax is not created*                                                                                                                                                                                                                  | 5.87                                                                                                                                 | 11.97                                |  |
| On account of consolidation adjustments (including share of results of joint venture)                                                                                                                                                                                                | -                                                                                                                                    | 2.08                                 |  |
| Effect of change in tax rate                                                                                                                                                                                                                                                         | (0.78)                                                                                                                               | 17.28                                |  |
| Impact of Minimum Alternate Tax (MAT) provisions                                                                                                                                                                                                                                     | -                                                                                                                                    | 4.32                                 |  |
| Income tax expense reported in the statement of profit and loss                                                                                                                                                                                                                      | 51.77                                                                                                                                | 41.86                                |  |
| *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**

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(All amounts in Rupees Crores, except otherwise stated)

| <b>C. Deferred tax:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                             |                 |                       |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------|-----------------------|-----------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Statement of profit or loss |                 | Balance sheet         |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | March 31, 2019              | March 31, 2018  | March 31, 2019        | March 31, 2018        |
| <b>Deferred tax liability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                             |                 |                       |                       |
| Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 14.66                       | (9.32)          | 157.78                | 143.12                |
| Fair value of financial assets/liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 0.00                        | (0.09)          | 0.01                  | 0.01                  |
| Impact of notional interest on loan taken from Related Party                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                           | (1.82)          | -                     | -                     |
| <b>Gross deferred tax liability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>14.66</b>                | <b>(11.23)</b>  | <b>157.79</b>         | <b>143.13</b>         |
| <b>Deferred tax asset</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                 |                       |                       |
| Unabsorbed depreciation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0.83                        | 18.43           | 11.16                 | 11.99                 |
| On account of expenditure charged to the statement of profit and loss but allowed for tax purposes on payment basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | (0.25)                      | 0.41            | 0.56                  | 0.31                  |
| On account of income reduced from capital work in progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | (0.13)                      | (3.80)          | 3.92                  | 3.80                  |
| On account of provision for doubtful trade, advances and diminution in value of investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             |                 |                       |                       |
| Tax Holiday Reversals                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 0.22                        | 1.80            | 0.88                  | 1.10                  |
| <b>Gross deferred tax asset</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>0.68</b>                 | <b>16.84</b>    | <b>16.52</b>          | <b>17.20</b>          |
| Expense during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>15.34</b>                | <b>5.61</b>     |                       |                       |
| Tax income/(expense) during the year recognised in OCI                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                             |                 | (16.96)               | -                     |
| <b>Net deferred tax liability</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                             |                 | <b>(158.23)</b>       | <b>(125.93)</b>       |
| MAT credit entitlement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>(136.31)</b>             | <b>(101.14)</b> | <b>405.71</b>         | <b>269.40</b>         |
| <b>Deferred tax asset (unutilised tax credit)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>(136.31)</b>             | <b>(101.14)</b> | <b>405.71</b>         | <b>269.40</b>         |
| <b>Reconciliations of deferred tax liabilities/assets(net)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                             |                 |                       |                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                             |                 | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| Opening balance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                             |                 | (125.93)              | (120.32)              |
| Tax income/(expense) during the year recognised in profit or loss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                             |                 | (15.34)               | (5.61)                |
| Tax income/(expense) during the year recognised in OCI                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                             |                 | (16.96)               | -                     |
| <b>Closing balance</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                             |                 | <b>(158.23)</b>       | <b>(125.93)</b>       |
| <b>D. Other disclosures:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                             |                 |                       |                       |
| 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) The Company off sets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.                                                                                                                                                                                                                                                                                                                                                                                         |                             |                 |                       |                       |
| iii) The Company has tax losses which arose in India of Rs.Nil (March 31, 2018: Rs.Nil) that are available for offsetting against future taxable profits of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                 |                       |                       |
| iv) In case of GAEL, being entitled to claim tax holiday for any ten consecutive years out of fifteen years, from the year of commencement of commercial operations in 2011-12 under Section 80 IAB of the Income tax Act 1961. GAEL has recognised deferred tax asset on unabsorbed depreciation and carried forward losses only to the extent GAEL has sufficient taxable temporary differences.                                                                                                                                                                                                                                                                        |                             |                 |                       |                       |
| v) In case of GATL, being entitled to claim tax holiday for first ten consecutive years from the year of commencement of commercial operations in 2011-12 under Section 10AA of the Income tax Act 1961. GATL has recognised deferred tax asset on unabsorbed depreciation and carried forward losses only to the extent GATL has sufficient taxable temporary differences. Further, since the entire deferred tax asset / deferred tax liability on accelerated depreciation and unbilled revenue is reversed in the tax holiday period. No deferred tax asset / deferred tax liability is accounted for the same.                                                       |                             |                 |                       |                       |
| vi) GHRL has accounted for deferred tax asset based on approval of business plan by Board and recognized deferred tax asset on unabsorbed depreciation and carryforward losses to the extent that GHRL has sufficient taxable temporary difference.                                                                                                                                                                                                                                                                                                                                                                                                                       |                             |                 |                       |                       |
| vii) In case of GHASL, being entitled to claim tax holiday for any ten consecutive years out of fifteen years, from the year of commencement of commercial operations under Section 80-IAB of the Income Tax Act, 1956, with regard to income from SEZ operations. GHASL has commenced its commercial operation in 2010-11. Management, based on the projected future taxable income, expects to avail such tax holiday from Financial year 2020-21 which lasts up to Financial year 2023-24. Accordingly, GHASL has recognised deferred tax liability on temporary basis as on March 31, 2019 after considering the deferred tax reversal during the tax holiday period. |                             |                 |                       |                       |
| viii) The temporary differences associated with investments in joint venture for which deferred tax liability has not been recognised, aggregating to Rs.Nil (March 31, 2018 : 0.60 crore)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                             |                 |                       |                       |
| During the year ended March 31, 2019, 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 share holders. Hence DDT paid is charged to equity                                                                                                                                                                                                                                                                                                                                                     |                             |                 |                       |                       |

**GMR Hyderabad International Airport Limited**  
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**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, 2019**

|                                                    | <b>Cash Flow Hedge Reserve</b> | <b>Other Comprehensive Income</b> | <b>Total</b> |
|----------------------------------------------------|--------------------------------|-----------------------------------|--------------|
| Cash flow hedge reserve (net)                      | 167.55                         | -                                 | 167.55       |
| Less: reclassified to statement of profit and loss | (133.53)                       | -                                 | (133.53)     |
| Remeasurement gain on defined benefit plans        | -                              | (1.04)                            | (1.04)       |
| <b>Closing Balance</b>                             | <b>34.02</b>                   | <b>(1.04)</b>                     | <b>32.98</b> |

**For the year ended March 31, 2018**

|                                                    | <b>Cash Flow Hedge Reserve</b> | <b>Other Comprehensive Income</b> | <b>Total</b> |
|----------------------------------------------------|--------------------------------|-----------------------------------|--------------|
| Cash flow hedge reserve (net)                      | 71.69                          | -                                 | 71.69        |
| Less: reclassified to statement of profit and loss | (56.95)                        | -                                 | (56.95)      |
| Remeasurement gain on defined benefit plans        | -                              | (0.16)                            | (0.16)       |
| <b>Closing Balance</b>                             | <b>14.74</b>                   | <b>(0.16)</b>                     | <b>14.58</b> |

**31. Non-controlling interest:**

|                                                                                | March 31, 2019 | March 31, 2018 |
|--------------------------------------------------------------------------------|----------------|----------------|
| Balance at beginning of year (excluding share of CCPS)                         | 40.27          | 34.55          |
| Share of profit for the year                                                   | 6.34           | 14.77          |
| Dividend paid                                                                  | (2.16)         | (9.05)         |
| <b>Total</b>                                                                   | <b>44.45</b>   | <b>40.27</b>   |
| Share of compulsory convertible cumulative preference shares (CCPS) in GHACLPL | 18.00          | 18.00          |
| Less: Deferred tax liability on Equity component                               | (0.06)         | -              |
| Less: Consideration paid                                                       | (59.75)        | -              |
| Gain on account of acquisition                                                 | 2.64           | -              |
| <b>Balance at end of year</b>                                                  | <b>-</b>       | <b>58.27</b>   |

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

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

| Particulars                                                                                        | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Profit attributable to equity holders for basic and diluted earning                                | 724.00                               | 565.63                               |
| 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.)                                                       | 19.15                                | 14.96                                |
| Face value per share (Rs.)                                                                         | 10.00                                | 10.00                                |

**33. Capital work in progress**

The breakup of Capital work in progress is as below.

|                                                               | March 31 2019 | March 31 2018 |
|---------------------------------------------------------------|---------------|---------------|
| Capital expenditure incurred on property, plant and equipment | 314.55        | 264.07        |
| <b>Revenue items*:</b>                                        |               |               |
| Legal and professional                                        | 100.52        | 74.37         |
| Employee benefits expense                                     | 0.35          | 0.76          |
| Rates and taxes                                               | 0.63          | 0.64          |
| Travelling and conveyance                                     | 0.77          | 0.31          |
| Senior secured notes issue costs amortised                    | 0.58          | 0.35          |
| Land lease rentals                                            | 0.25          | 0.26          |
| Finance costs**                                               | 30.62         | 20.33         |
| Other expenses                                                | 0.89          | 0.05          |
| <b>Total (i)</b>                                              | <b>449.16</b> | <b>361.14</b> |

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|                                                            |                |                |
|------------------------------------------------------------|----------------|----------------|
| <b>Less:- Other income*:</b>                               |                |                |
| Interest income from bank deposit                          | (1.93)         | (0.49)         |
| Net gain on sale of current investments                    | (10.54)        | (11.51)        |
| Temporary lease rentals earned net of taxes                | (0.57)         | (0.58)         |
| Fair valuation of investment in debt oriented mutual funds | -              | (0.71)         |
| <b>Total (ii)</b>                                          | <b>(13.04)</b> | <b>(13.29)</b> |
| <b>Net Capital work in progress (i-ii)</b>                 | <b>436.12</b>  | <b>347.86</b>  |

\*The above items are net of capitalized amounts in past periods.

\*\*In case of GHIAL, considered to the extent of SSN proceeds earmarked for airport expansion project i.e. USD 78 million till December 31, 2018 and USD 36 million from January 1, 2019 onwards (March 31, 2018: USD 78 million) out of total proceeds of USD 350 million.

During the year ended March 31, 2019 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.

| <b>Particulars</b>                             | <b>For the year ended March 31, 2019</b> | <b>For the year ended March 31, 2018</b> |
|------------------------------------------------|------------------------------------------|------------------------------------------|
| Revenue expense:                               |                                          |                                          |
| Subcontracting and other professional expenses | 51.74                                    | 39.88                                    |
| Employee benefit expense                       | -                                        | 0.76                                     |
| Rates & taxes                                  | 0.12                                     | 0.11                                     |
| Travelling and Conveyance                      | 0.40                                     | 0.06                                     |
| Senior secured notes issue cost amortized      | 0.78                                     | 0.35                                     |
| Finance cost                                   | 38.56                                    | 18.92                                    |
| Other expenses                                 | 0.99                                     | 0.05                                     |
| <b>Total (A)</b>                               | <b>92.59</b>                             | <b>60.13</b>                             |
| <b>Less: Other income</b>                      |                                          |                                          |
| Interest income from bank deposit              | (3.71)                                   | (0.49)                                   |
| Net gain on sale of current investment         | (10.62)                                  | (11.51)                                  |
| Fair value of mutual fund                      | -                                        | (0.71)                                   |
| <b>Total (B)</b>                               | <b>(14.33)</b>                           | <b>(12.71)</b>                           |
| <b>Net (C=A+B)</b>                             | <b>78.26</b>                             | <b>47.42</b>                             |

**34. Retirement and other employee benefits**

**a) Defined contribution plan**

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

|                                             | <b>For the year ended March 31, 2019</b> | <b>For the year ended March 31, 2018</b> |
|---------------------------------------------|------------------------------------------|------------------------------------------|
| Contribution to provident fund              | 6.81                                     | 5.43                                     |
| Contribution to ESI and labour welfare fund | 1.00                                     | 0.80                                     |
| Contribution to superannuation fund         | 2.45                                     | 1.93                                     |
| <b>Total</b>                                | <b>10.26</b>                             | <b>8.16</b>                              |

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**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.

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<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------------------------------------------------------|--------------------------------------|--------------------------------------|
| Current service cost                                   | 1.79                                 | 2.46                                 |
| Net interest cost                                      | 0.07                                 | 0.08                                 |
| <b>Cost recognized in statement of profit and loss</b> | <b>1.86</b>                          | <b>2.54</b>                          |

Amount recognized in other comprehensive income

|                                                      | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|------------------------------------------------------|--------------------------------------|--------------------------------------|
| Actuarial (gain)/loss due to DBO experience          | 0.59                                 | 0.14                                 |
| Actuarial gain due to DBO assumption changes         | 0.46                                 | (0.24)                               |
| <b>Actuarial (gain)/Loss arising during the year</b> | <b>1.05</b>                          | <b>(0.10)</b>                        |
| Return on plan assets greater than discount rate     | 0.08                                 | (0.08)                               |
| <b>Actuarial gains recognized in OCI</b>             | <b>1.13</b>                          | <b>(0.18)</b>                        |

**Balance sheet**

|                                 | March 31, 2019 | March 31, 2018 |
|---------------------------------|----------------|----------------|
| Defined benefit obligation      | (15.17)        | (11.53)        |
| Fair value of plan assets       | 11.59          | 8.93           |
| <b>Plan asset / (liability)</b> | <b>(3.58)</b>  | <b>(2.60)</b>  |

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

|                                                   | March 31, 2019 | March 31, 2018 |
|---------------------------------------------------|----------------|----------------|
| Opening defined benefit obligation                | 11.53          | 8.66           |
| Interest cost                                     | 0.59           | 0.53           |
| Current service cost                              | 1.79           | 1.68           |
| Acquisition cost                                  | 1.59           | 0.46           |
| Past service cost-plan amendments                 | -              | 0.76           |
| Benefits paid (including transfer)                | (1.40)         | (0.86)         |
| Acquisition cost of APFTAL                        | -              | 0.10           |
| Actuarial losses/ (gain) on obligation-experience | 1.05           | 0.20           |
| <b>Closing defined benefit obligation</b>         | <b>15.17</b>   | <b>11.53</b>   |

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

|                                                            | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|------------------------------------------------------------|-----------------------|-----------------------|
| Opening fair value of plan assets                          | 8.93                  | 5.79                  |
| Expected return on plan assets                             | 0.73                  | 0.43                  |
| Contributions by employer                                  | 2.31                  | 3.36                  |
| Acquisition adjustment                                     | 1.06                  | (0.01)                |
| Benefits paid (including transfer)                         | (1.40)                | (0.69)                |
| Return on plan assets greater/ (lesser) than discount rate | (0.08)                | 0.13                  |
| Actuarial (gains) / losses                                 | 0.04                  | (0.08)                |
| <b>Closing fair value of plan assets</b>                   | <b>11.59</b>          | <b>8.93</b>           |

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

|                          | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|--------------------------|-----------------------|-----------------------|
| Investments with insurer | 100%                  | 100%                  |

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

| <b>Particulars</b>       | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|--------------------------|-----------------------|-----------------------|
| Discount rate (in %)     | 6.90%                 | 7.10%                 |
| Salary Escalation (in %) | 6% to 8%              | 6.00%                 |
| Attrition rate (in %)    | 5% to 20%             | 5.00%                 |

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

|                                              | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|----------------------------------------------|-----------------------|-----------------------|
| <b>Discount rate</b>                         |                       |                       |
| Effect due to 1% increase in discount rate   | (1.18)                | 0.96                  |
| Effect due to 1% decrease in discount rate   | 1.25                  | 2.86                  |
| <b>Attrition rate</b>                        |                       |                       |
| Effect due to 1% increase in attrition rate  | 0.09                  | 0.08                  |
| Effect due to 1% decrease in attrition rate  | (0.10)                | (0.08)                |
| <b>Salary escalation rate</b>                |                       |                       |
| Effect due to 1% increase in salary increase | 1.11                  | 2.74                  |
| Effect due to 1% decrease in salary increase | (1.02)                | 1.00                  |

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.

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

|                                  | <b>March 31, 2019</b> |
|----------------------------------|-----------------------|
| 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                 |

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The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2018: 10 years).

**35. Details of transactions with related parties:**

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

| <b>Sl. No.</b> | <b>Relationship</b>                       | <b>Related party Name</b>                                                                     |
|----------------|-------------------------------------------|-----------------------------------------------------------------------------------------------|
| (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                                                                  |
|                |                                           | GMR Aero Structure Services Limited                                                           |
|                |                                           | GMR Energy Limited                                                                            |
|                |                                           | GMR Tambaram-Tindivanam Expressways Private Limited                                           |
|                |                                           | GMR Tuni-Anakapalli Expressways Private Limited                                               |
|                |                                           | Delhi International Airport Limited                                                           |
|                |                                           | GMR Pochanpalli Expressways Limited                                                           |
|                |                                           | GMR Corporate Center Limited                                                                  |
|                |                                           | GMR Infrastructure (Mauritius) Limited                                                        |
|                |                                           | GMR Energy Trading Limited                                                                    |
|                |                                           | GMR SEZ and Port Holding Limited                                                              |
|                |                                           | GMR Highways Limited                                                                          |
|                |                                           | GMR Corporate Affairs Private Limited                                                         |
|                |                                           | GMR Hyderabad Vijayawada Expressways Private Limited                                          |
|                |                                           | GMR Vemagiri Power Generation Limited                                                         |
|                |                                           | GMR Kamalanga Energy Limited                                                                  |
|                |                                           | GMR Airport Developers Limited                                                                |
|                |                                           | GMR Power Corporation Limited                                                                 |
|                |                                           | GADL International Limited                                                                    |
|                |                                           | Kakinada SEZ Limited                                                                          |
|                |                                           | Raxa Security Services Limited                                                                |
|                |                                           | GMR Warora Energy Limited                                                                     |
|                |                                           | GMR Sports Private Limited                                                                    |
|                |                                           | GMR Infrastructure (Singapore) Pte Limited                                                    |
|                |                                           | GMR Kishnagiri SEZ Limited                                                                    |
|                |                                           | GMR Goa International Airport Limited                                                         |
|                |                                           | GMR Business Process Services Private Limited                                                 |
| (v)            | Shareholders having significant influence | Government of Telangana                                                                       |
|                |                                           | Airports Authority of India                                                                   |
|                |                                           | 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                                                      |
|                |                                           | 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                               |

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**(All amounts in Rupees Crores, except otherwise stated)**

| Sl. No. | Relationship                                                                       | Related party Name                                                                                        |
|---------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|         |                                                                                    | 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 SivaKameswari -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                                                           |
|         |                                                                                    | Asia Pacific Flight Training Academy Limited@                                                             |
| (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<br>Sri Varalakshmi Jute Twine Mills Private Limited<br>Geokno India Private Limited |

@ On October 9, 2017, the Company has bought out the balance stake i.e. 60% shareholding amounting to Rs. 5.34 crore in Asia Pacific Flight Training Academy Ltd. (APFTAL) held by its JV partner M/s Asia Pacific Flight Training Academy, SDN, BHD, Malaysia (APFT-Malaysia) at a value of One US Dollar considering the market potential of flight training business in India and since then it has become a wholly owned subsidiary of the company. On January 7, 2019, GHIAL has entered into a share purchase agreement (SPA) to sell the 100% stake in its subsidiary Asia Pacific Flight Training Academy Limited (APFTAL) to Aerostream Aviation Private Limited (AAPL) at a nominal consideration of Rs. 100. Pursuant to the SPA, the shares have been transferred to AAPL on February 27, 2019, and accordingly, GHIAL has impaired goodwill of Rs.4.14 Crore.

During the previous year, the subsidiary companies as at March 31, 2018, namely GMR Hyderabad Multiproduct SEZ Limited and GMR Airport Handling Services Company Limited were struck off from the register of Companies.

**B. Remuneration paid to Key Managerial Remuneration:**

| Details of Key Managerial Personnel             | For the year ended<br>March 31, 2019 |                 | For the year ended<br>March 31, 2018 |                 |
|-------------------------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
|                                                 | Short Term<br>Employee<br>benefits   | Sitting<br>Fees | Short Term<br>Employee<br>benefits   | Sitting<br>Fees |
| Remuneration to KMP                             | 12.32                                | -               | 6.60                                 | -               |
| Mr. G M Rao – Chairman                          | -                                    | 0.00            | -                                    | 0.01            |
| Mr. HJ Dora – Director                          | -                                    | 0.01            | -                                    | 0.01            |
| Mr. Venkataramana Hegde – Director              | -                                    | 0.01            | -                                    | 0.01            |
| Mr. Ramakrishna Rao IAS – Director              | -                                    | 0.02            | -                                    | 0.01            |
| Mr. Datuk Badlisham Bin Ghazali * - Director    | -                                    | -               | -                                    | 0.00            |
| Mr. RSSLN Bhaskarudu- Independent Director      | -                                    | 0.06            | -                                    | 0.04            |
| Mr. NC Sarabeswaran- Independent Director       | -                                    | 0.05            | -                                    | 0.04            |
| Mrs. Vissa Siva Kameswari -Independent Director | -                                    | 0.04            | -                                    | 0.03            |
| Mr. P. Vijay Bhaskar                            | -                                    | 0.00            | -                                    | 0.02            |
| Mr. Jayesh Ranjan IAS – Director                | -                                    | 0.01            | -                                    | 0.01            |
| Mr. Madhu Ramachandra Rao- Independent Director | -                                    | 0.02            | -                                    | -               |
| Mr. Raja Azmi bin Nazuddin - Director           | -                                    | 0.00            | -                                    | -               |
| Mr. IN Murthy – Director                        | -                                    | 0.01            | -                                    | 0.01            |

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

| <b>Related Party Transactions</b>                | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|--------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <i>Services received:</i>                        |                                              |                                              |
| GMR Infrastructure Limited                       | 7.04                                         | 12.64                                        |
| GMR Airports Limited                             | 26.30                                        | 21.99                                        |
| Raxa Security Services Limited                   | 20.25                                        | 17.78                                        |
| GMR Aviation Private Limited                     | 9.07                                         | 4.29                                         |
| GMR Airport Developers Limited                   | 26.86                                        | 22.58                                        |
| GMR Corporate Affairs Private Limited            | -                                            | 0.44                                         |
| GMR Family Fund Trust                            | 0.29                                         | 0.31                                         |
| GMR Krishnagiri SEZ Ltd                          | -                                            | -                                            |
| Geokno India Private Limited                     | -                                            | -                                            |
| Delhi International Airport Limited              | 0.57                                         | 0.03                                         |
| Laqshya Hyderabad Airport Media Private Limited  | 1.17                                         | 0.54                                         |
| Government of Telangana                          | 3.59                                         | 3.42                                         |
| Airports Authority of India                      | 0.03                                         | 0.13                                         |
| Sri VaraLakshmi Jute Twine Mills Private Limited | 0.22                                         | 0.18                                         |
| GMR Sports Private Limited                       | -                                            | -                                            |
| <i>Security Deposit (paid) /received:</i>        |                                              |                                              |
| Laqshya Hyderabad Airport Media Private Limited  | 0.16                                         | -                                            |
| GMR Family Fund Trust                            | -                                            | 0.00                                         |
| GMR Airport Developers Limited                   | (15.00)                                      | 0.07                                         |
| Raxa Security Services Limited                   | -                                            | 0.00                                         |
| GMR Infrastructure Limited                       | -                                            | 0.00                                         |
| Delhi International Airport Limited              | (0.23)                                       | 0.25                                         |
| Sri VaraLakshmi Jute Twine Mills Private Limited | -                                            | (0.10)                                       |
| GMR Varalakshmi Foundation                       | -                                            | (0.00)                                       |
| <i>Income from operations:</i>                   |                                              |                                              |
| GMR Infrastructure Limited                       | 0.02                                         | 0.02                                         |
| GMR Airports Limited                             | 0.32                                         | 0.39                                         |
| GMR Aviation Private Limited                     | 0.05                                         | 0.06                                         |
| Kakinada SEZ Limited                             | 0.32                                         | 0.41                                         |
| GMR Airport Developers Limited                   | 0.17                                         | 0.14                                         |
| Raxa Security Services Limited                   | 0.01                                         | 0.01                                         |
| GEOKNO India Pvt Ltd                             | 0.15                                         | 0.37                                         |
| GMR Energy Trading Limited                       | 0.00                                         | 0.01                                         |
| GMR Highways Limited                             | 0.25                                         | 0.28                                         |
| GMR Business Process Services Private Limited    | 2.75                                         | 0.38                                         |
| GMR Corporate Affairs Private Limited            | -                                            | 0.00                                         |
| GMR Goa International Airport Limited            | -                                            | -                                            |
| GMR Vemagiri Power Generation Limited            | -                                            | -                                            |
| Delhi International Airport Limited              | 0.05                                         | 0.03                                         |
| GMR Warora Energy Limited                        | 0.00                                         | 0.00                                         |
| Laqshya Hyderabad Airport Media Private Limited  | 32.19                                        | 38.15                                        |
| Asia Pacific Flight Training Academy Limited     | -                                            | 0.30                                         |

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**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
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|                                                                                                         |       |         |
|---------------------------------------------------------------------------------------------------------|-------|---------|
| Airports Authority of India                                                                             | 3.24  | 3.20    |
| GMR Varalakshmi Foundation                                                                              | 0.39  | 0.40    |
| GMR Tuni-Anakapalli Expressways Ltd                                                                     | 0.00  | 0.00    |
| <i>Unsecured loan received back:</i>                                                                    |       |         |
| Laqshya Hyderabad Airport Media Private Limited                                                         | 2.55  | 4.56    |
| <i>Interest on amortisation of interest free unsecured loan given:</i>                                  |       |         |
| Laqshya Hyderabad Airport Media Private Limited                                                         | 0.22  | 1.46    |
| <i>Interest on delayed payments from customers</i>                                                      |       |         |
| GMR Highways Limited                                                                                    | -     | 0.00    |
| Laqshya Hyderabad Airport Media Private Limited                                                         | 0.00  | 0.04    |
| GMR Aviation Private Limited                                                                            | 0.00  | 0.00    |
| <i>Sale of Asset:</i>                                                                                   |       |         |
| Kakinada SEZ Limited                                                                                    | -     | -       |
| <i>Purchase of Asset:</i>                                                                               |       |         |
| GMR Airport Developers Limited                                                                          | 48.44 | 22.39   |
| Geokno India Private Limited                                                                            | 0.28  | -       |
| <i>Corporate guarantee availed from the intermediate holding company against loan taken from banks:</i> |       |         |
| GMR Infrastructure Limited                                                                              | -     | -       |
| GMR Airport Limited                                                                                     | -     | (41.00) |
| <i>CSR Expenditure</i>                                                                                  |       |         |
| GMR Varalakshmi Foundation                                                                              | 7.66  | 4.44    |
| <i>Reimbursement of expenses claimed by the Group during the year from its related parties:</i>         |       |         |
| GMR Infrastructure Limited                                                                              | 0.01  | 0.02    |
| GMR Airports Limited                                                                                    | 1.58  | 0.47    |
| Kakinada SEZ Limited                                                                                    | 0.06  | 0.09    |
| Delhi International Airport Limited                                                                     | 0.40  | 0.07    |
| GMR Airport Developers Limited                                                                          | 0.93  | 0.90    |
| GMR Highways Limited                                                                                    | 0.05  | 0.06    |
| Geokno India Private Limited                                                                            | 0.06  | 0.15    |
| Laqshya Hyderabad Airport Media Private Limited                                                         | 0.95  | 1.36    |
| Airports Authority of India                                                                             | 2.92  | 2.98    |
| GMR Varalakshmi Foundation                                                                              | 0.08  | 0.08    |
| GMR Hyderabad Vijayawada Expressways Private Limited                                                    | -     | -       |
| Raxa Security Services Limited                                                                          | 0.00  | 0.00    |
| GMR Energy Trading Limited                                                                              | 0.00  | 0.00    |
| GMR Rajahmundry Energy Limited                                                                          | -     | -       |
| GMR Business Process & Services Private limited                                                         | 0.48  | 0.04    |
| GMR Sports Private limited                                                                              | -     | 0.58    |
| <i>Reimbursement of expenses claimed from the Group during the year by its related parties:</i>         |       |         |
| GMR Airports Limited                                                                                    | 0.49  | 0.48    |
| Delhi International Airport Limited                                                                     | -     | 0.37    |
| GMR Varalakshmi Foundation                                                                              | -     | -       |
| Laqshya Hyderabad Airport Media Private Limited                                                         | -     | 0.03    |

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|                                                              |       |       |
|--------------------------------------------------------------|-------|-------|
| GMR Airport Developers Limited                               | 0.11  | 0.00  |
| <i>Income on amortisation of deposit received:</i>           |       |       |
| Laqshya Hyderabad Airport Media Private Limited              | 0.03  | 0.04  |
| GMR Varalakshmi Foundation                                   | 0.01  | 0.01  |
| GMR Infrastructure Limited                                   | 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  |
| GMR Infrastructure Limited                                   | -     | -     |
| <b>Amortization of expense on deposit paid:</b>              |       |       |
| GMR Airport Developers Limited                               | 0.01  | -     |
| Raxa Security Services Limited                               | 0.23  | -     |
| Sri VaraLakshmi Jute Twine Mills Private Limited             | 0.01  | -     |
| GMR Varalakshmi Foundation                                   | 0.05  | -     |
| <b>Interest income on amortization of deposit paid:</b>      |       |       |
| GMR Airport Developers Limited                               | 0.02  | -     |
| Raxa Security Services Limited                               | 0.22  | -     |
| Sri VaraLakshmi Jute Twine Mills Private Limited             | 0.01  | -     |
| GMR Varalakshmi Foundation                                   | 0.04  | -     |
| <b>Equity Dividend Paid</b>                                  |       |       |
| GMR Airports Limited                                         | 95.26 | 95.26 |
| GMR Infrastructure Limited                                   | 0.00  | 0.00  |
| MAHB (Mauritius) Private Limited                             | 16.62 | 16.62 |
| Airports Authority of India                                  | 19.66 | 19.66 |
| Government of Telangana                                      | 19.66 | 19.66 |

**D. Outstanding balances at the end of the year:**

| Particulars                                          | 31-Mar-19   |         | 31-Mar-18   |         |
|------------------------------------------------------|-------------|---------|-------------|---------|
|                                                      | Non-Current | Current | Non-Current | Current |
| <i>Balance Recoverable / (Payable):</i>              |             |         |             |         |
| GMR Enterprises Private Limited                      | -           | 0.01    | -           | 0.01    |
| GMR Infrastructure Limited                           | -           | 0.28    | -           | (1.76)  |
| GMR Airports Limited                                 | -           | (4.28)  | -           | (7.69)  |
| Raxa Security Services Limited                       | -           | (0.34)  | -           | (2.38)  |
| Delhi International Airport Limited                  | -           | 0.08    | -           | (0.02)  |
| GMR Rajahmundry Energy Limited                       | -           | 0.04    | -           | 0.04    |
| GMR Hyderabad Vijayawada Expressways Private Limited | -           | 0.01    | -           | 0.01    |
| GMR Aviation Private Limited                         | -           | (0.98)  | -           | (0.69)  |
| GMR Airport Developers Limited                       | -           | (15.84) | -           | (9.46)  |
| Kakinada SEZ Private Limited                         | -           | 0.42    | -           | 0.40    |
| GMR Energy Trading Limited                           | -           | 0.02    | -           | 0.02    |
| GMR Corporate Affairs Private Limited                | -           | (0.10)  | -           | (0.10)  |
| GMR Highways Limited                                 | -           | 0.30    | -           | (0.00)  |
| Geokno India Private Limited                         | -           | 0.71    | -           | 1.02    |

**GMR Hyderabad International Airport Limited**

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| Particulars                                                                                                              | 31-Mar-19 |        | 31-Mar-18 |        |
|--------------------------------------------------------------------------------------------------------------------------|-----------|--------|-----------|--------|
| GMR Warora Energy Limited                                                                                                | -         | -      | -         | 0.00   |
| GMR Holdings Private Limited                                                                                             | -         | -      | -         | 0.01   |
| GMR Tuni Anakapalli Expressways Private Limited                                                                          | -         | -      | -         | 0.00   |
| GMR Aerostructure Services Limited                                                                                       | -         | 0.03   | -         | 0.03   |
| GMR Goa International Airport Limited                                                                                    | -         | -      | -         | -      |
| GMR Vemagiri Power Generation Ltd.                                                                                       | -         | 0.00   | -         | 0.00   |
| GMR Kamalanga Energy Limited                                                                                             | -         | -      | -         | 0.01   |
| GMR Business Process Services Private Limited                                                                            | -         | -      | -         | 0.49   |
| Laqshya Hyderabad Airport Media Private Limited                                                                          | -         | 0.97   | -         | 9.57   |
| Government of Telangana                                                                                                  | -         | (3.69) | -         | (3.52) |
| Airports Authority of India                                                                                              | -         | 2.97   | -         | 5.90   |
| GMR Family Fund Trust                                                                                                    | -         | 2.32   | -         | -      |
| GMR Varalakshmi Foundation                                                                                               | -         | (0.99) | -         | (0.88) |
| <i>Security deposit received from / (paid) to related parties recognised at amortised cost:</i>                          |           |        |           |        |
| GMR Infrastructure Limited                                                                                               | -         | 0.03   | -         | 0.04   |
| Raxa Security Services Limited                                                                                           | (1.55)    | -      | (1.75)    | -      |
| Laqshya Hyderabad Airport Media Private Limited                                                                          | 0.15      | 0.29   | 0.27      | 0.05   |
| GMR Varalakshmi Foundation                                                                                               | 0.09      | -      | 0.15      | -      |
| GADL International Limited                                                                                               | -         | 0.03   | -         | 0.07   |
| Sri Varalakshmi Jute Twine Mills Private Limited                                                                         | -         | (0.08) | -         | (0.10) |
| Delhi International Airport Limited                                                                                      | -         | -      | -         | 0.21   |
| GMR Family Fund trust                                                                                                    | (0.30)    |        | (0.39)    |        |
| GMR Airport Development Limited                                                                                          | (8.72)    | (3.81) | -         | -      |
| <i>Deferred income on deposits received recognized at amortised cost</i>                                                 |           |        |           |        |
| Laqshya Hyderabad Airport Media Private Limited                                                                          | 0.06      | 0.03   | 0.01      | 0.03   |
| GMR Varalakshmi Foundation                                                                                               | 0.05      | 0.01   | -         | 0.01   |
| <b>Prepaid expenses on deposits paid recognized at amortized cost:</b>                                                   |           |        |           |        |
| Raxa Security Services Limited                                                                                           | 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 Development Limited                                                                                          | 1.65      | 0.83   | -         | -      |
| <i>Investment in joint venture company:</i>                                                                              |           |        |           |        |
| Laqshya Hyderabad Airport Media Private Limited                                                                          | 9.80      | -      | 9.80      | -      |
| <i>Investment in Joint venture on account of amortisation of Loans given and Fair valuation of Financial guarantees:</i> |           |        |           |        |
| Laqshya Hyderabad Airport Media Private Limited                                                                          | 5.59      | -      | 5.59      | -      |
| <i>Loans given :</i>                                                                                                     |           |        |           |        |
| Laqshya Hyderabad Airport Media Private Limited                                                                          | -         | 0.32   | -         | 2.87   |

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
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| Particulars             | 31-Mar-19 |   | 31-Mar-18 |   |
|-------------------------|-----------|---|-----------|---|
| <b>Borrowings:</b>      |           |   |           |   |
| Government of Telangana | (315.05)  | - | (315.05)  | - |

Note: GHIAL has provided certain corporate group support services such as internal audit services, software and IT support etc. to its joint venture companies, which are free of charge.

36. Operating segments are reported in such a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ('CODM'). The group has only 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 and finance income are given in Note 21, 22 and 23.

**37. Commitments and Contingencies**

**I. Leases**

**Operating lease commitments: Group as lessee**

GHIAL has taken land and office spaces on operating lease having a term of 30 years and 5 years respectively. The land lease has an escalation of 5% per annum from the 8th anniversary of the Commercial Operations Date (i.e. March 23, 2008) and it has a renewal option for another thirty years which is co-terminus with the concession period. The office spaces leases have an escalation of 5% per annum and are renewable at the end of the lease period with mutual consent.

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

|                                             | March 31, 2019 | March 31, 2018 |
|---------------------------------------------|----------------|----------------|
| Within one year                             | 5.48           | 4.24           |
| After one year but not more than five years | 23.00          | 17.63          |
| More than five years                        | 733.80         | 731.38         |

As per the terms of the Concession Agreement and Land Lease Agreement, the Government of Telangana leased the land to GHIAL for the concession period. The lease term neither constitutes a major part of the economic life nor the fair value of the land. Hence all significant risk and rewards of the ownership have not been transferred and accordingly lease is classified as an operating lease.

**Operating lease commitments: Group as lessor**

Group 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, 2019 | March 31, 2018 |
|---------------------------------------------|----------------|----------------|
| Within one year                             | 45.71          | 39.21          |
| After one year but not more than five years | 155.56         | 98.54          |
| More than five years                        | 500.24         | 376.44         |

## II. Litigation and Contingent Liabilities

### 1. Litigations provided for

- i. Matters related to various service tax notices / orders referred in paragraph 'C' below on contingent liabilities of GMR Hyderabad International Airport Limited for which an amount of Rs.0.81 crore (March 31, 2018: Rs.0.81 crore) have been provided for in the books of account.
- ii. Matter related to service tax notice / order referred in note B (ix) below on contingent liabilities of GMR Hyderabad Aerotropolis Limited for which an amount of Rs. 0.85 crore (March 31, 2018: Rs. 0.85 crore.) have been provided for in the books of account.

### 2. Contingent liability not provided for

#### A. Direct taxes:

- a) A search operation under section 132 of the Income Tax Act, 1961 was carried out at the premises of GHIAL by the Income Tax authorities on October 11, 2012 followed by another search closure visit on November 10, 2012, to check the compliance with the provisions of the Income Tax Act, 1961. Block Assessment in respect of A.Y 2007-2008 to 2012-2013 was completed and GHIAL received the assessment orders, which disallowed certain expenses and made few additions to the income resulting in reduction of carried forward loss amounting to Rs. 109.44 crore and no additional tax liability was assessed to be payable by GHIAL. GHIAL had filed an appeal with the Commissioner of Income Tax (Appeals), Bengaluru against the said block assessment orders. In the previous year, GHIAL received the orders from the Commissioner of Income Tax (Appeals), Bengaluru reducing the disallowances from Rs. 109.44 crores to Rs. 31.17 crores against which GHIAL has filed an appeal with Income Tax Appellate Tribunal, (ITAT) Bengaluru.

Further, the Income Tax Department had filed appeals with ITAT, Bengaluru against the orders of Commissioner of Income Tax (Appeals) for the AY 2008-09 to AY 2012-13. The ITAT, Bengaluru has taken up the said appeals along with appeals filed by the GHIAL for AY 2007-08 to AY 2009-2010 and passed order dismissing the appeals filed by Income Tax Department and allowing the appeals filed by the GHIAL. During the year, the Income Tax Department has filed appeals against all the order of ITAT, Bengaluru in Hon'ble High Court of Karnataka.

- b) GHIAL received an assessment order for A.Y. 2013-14 disallowing expenses amounting to Rs.23.68 crores against which GHIAL filed an appeal with the Commissioner of Income Tax (Appeals), Bengaluru (CIT). In the previous year, GHIAL had received an order from CIT reducing the disallowance of expenditure from Rs. 23.68 crore to Rs. 3.76 crore against which GHIAL had filed an appeal with Income Tax Appellate Tribunal, Bengaluru.

Further, the Income Tax Department had filed appeal with ITAT, Bengaluru against the order of Commissioner of Income Tax (Appeals) for the AY 2013-14. The ITAT, Bengaluru has passed order dismissing the appeal filed by the Income Tax department. During the year, the Income Tax department had filed appeal against the order of the ITAT in Hon'ble High Court of Karnataka.

- c) GHIAL received assessment orders for the A.Y. 2014-15 disallowing expenses aggregating to Rs. 23.79 crores respectively, against which, GHIAL has filed an appeal with the Commissioner of Income Tax (Appeals), Bengaluru (CIT) and the disallowance of expenditure was reduced to Rs. 3.38 crores respectively, against which the GHIAL had filed an appeal with ITAT, Bengaluru. During the year, the Income Tax department has filed an appeal with the ITAT, Bengaluru against the orders of the Commissioner of Income Tax (Appeals).

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- d) GHIAL received assessment orders for the A.Y. 2015-16 and 2016-17 disallowing expenses aggregating to Rs. 19.82 crores and 22.78 crores respectively against which, GHIAL has filed an appeal with the Commissioner of Income Tax (Appeals), Bengaluru. During the year, the GHIAL received an order from CIT (A) where the disallowance has been reduced to Rs. Nil. For the both the years. During the year, the Income Tax Department had filed the appeals with ITAT, Bengaluru against the orders of the Commissioner of the Income Tax (Appeals).
- e) GHACLPL 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 crores (March 31, 2018: Rs. 1.54 crore) (including interest of Rs 0.22 crore) (March 31, 2018: Rs. 0.22 crore), Rs. 2.73 crores (March 31, 2018: Rs. 2.73 crore) (including interest of Rs 0.69 crore (March 31, 2018: Rs. 0.69 crore) and Rs. 3.03 crores (March 31, 2018: Rs 3.03 crore) (including interest of Rs. 0.74 crore (March 31, 2018: Rs. 0.74 crore) and Rs. 2.54 crores (March 31, 2018: Rs. 2.54 crore) (including interest of Rs 0.66 crore (March 31, 2018: Rs. 0.66 crore) for the respective assessment years. GHACLPL had filed an appeal with Commissioner of Income Tax (Appeals), Hyderabad and had paid Rs. 1.54 crore (March 31, 2018 Rs. 1.54 crore) Rs. 2.73 crore (March 31, 2018: Rs. 2.73 crore), Rs.3.03 crore (March 31, 2018: Rs.3.03 crore) and Rs. 2.54 crore (March 31, 2018: Rs. 2.54 crore) for the assessment years 2009–2010, 2010-2011, 2011-2012 and 2012-13 respectively under protest. During the previous years, the said appeals were dismissed by the Commissioner of Income Tax (Appeals), Hyderabad against which GHACLPL had filed an appeal with the Income Tax Appellate Tribunal, Hyderabad.

During the FY 2016-17, GHACLPL 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 financial statements.

- f) GHACLPL 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 crores for A.Y. 2013-14 and Rs. 3.11 crores for A.Y 2014-15. Aggrieved by the reduction in refund and the demand, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. During the previous year, the Company has received a favorable order from Commissioner of Income -Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the current year, the Company has received a favorable order from Income -Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. 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 financial statements.
- g) GHACLPL has received an order during previous year for the assessment year 2015-16 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, the company filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 4.17 crores for AY 2015-16. During the current year, the Department has issued a refund order advice stating that refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of Rs. 3.77 crores. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad 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 financial statements.

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- h) GHACLPL has received an order during previous year for the assessment year 2015-16 denying the deduction u/s 80-IA of the Income Tax Act, 1961 and as per the order there is a demand amounting to Rs. 0.16 crore for AY 2016-17. Aggrieved by the demand the company had filed an appeal with the Commissioner of Income Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.
- i) During the previous year, GHACLPL 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 crore (March 31, 2018: Rs. 0.85 crore). The Company has filed an appeal with Commissioner of Income – Tax (Appeals), Hyderabad on May 5, 2015 and based on an internal assessment, Management is of the opinion that the said order is time barred and will not be sustainable under law.

**B. Guarantees excluding financial guarantees**

In case of GHIAL, Bank guarantees outstanding in respect of customs and others Rs. 1.94 crores (March 31, 2018: Rs. 8.91 crore).

NOTE: Performance guarantees given by the GHIAL on its behalf are not considered as contingent liability.

**C. Matters under dispute are as follows:**

- i. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated January 29, 2010 on irregular availment of the Cenvat amounting to Rs. 24.54 crores (March 31, 2018: Rs. 24.54 crores). The order also included penalty of Rs. 31.11 crores (March 31, 2018: Rs. 31.11 crores). As per the stay order the GHIAL had deposited an amount of Rs. 12.20 crores (March 31, 2018: Rs. 12.20 crore) and accordingly, with the service tax department. During the year, the GHIAL has received an order dated March 14, 2019 from the CENVAT. The said order has allowed the Cenvat credit of Rs. 12.12 crores, remanded CENVAT credit of Rs. 4.01 crores and disallowed Cenvat credit of Rs. 8.41 crores. Accordingly, penalty amount got reduced to Rs. 12.42 crores. In addition, the order also allowed Cenvat credit of Rs. 6.56 crores which was capitalized earlier. However, the same has not been given effect to in the financial statements pending expiry of period for filing the appeal. Further, against the disallowance of Rs. 8.41 crores, the GHIAL is in the process of filing an appeal with the Hon'ble High Court of Telangana.
- ii. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated October 28, 2009, as per which GHIAL is liable to pay an amount of Rs. 7.43 crore (March 31, 2018: Rs. 7.43 crore) towards penalty on delay in payment of service tax on the User Development Fee (UDF). GHIAL has got the stay order against the above said order in the earlier years. During the year, the GHIAL had received order from Division bench of CESTAT comprising two members where in, the Member – Judicial allowed the appeal and Member – Technical confirmed the demand. Therefore, the matter is to be referred to a third member by CESTAT for resolving the same.
- 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 crores (March 31, 2018: Rs. 1.53 crores), including penalty of Rs 1.67 crores (March 31, 2018: Rs. 1.67 crores). GHIAL had received a stay subject to pre-deposit of Rs. 0.15 crore and accordingly, GHIAL had deposited same with the service tax department within the stipulated time.

- iv. GHIAL had received an order dated December 27, 2017 (Show cause notice dated June 17, 2013) from the Office of Assistant Commissioner of Central Tax on non-payment of service tax on import of services amounting to Rs.0.25 crore (March 31, 2018: Rs. 0.25 crore). The orders also includes the interest payable thereon and penalty of Rs. 0.26 crore (March 31, 2018: Rs. 0.26 crore). Subsequent to the year ended March 31, 2018, GHIAL has filed an appeal before the office of Commissioner (Appeals) and deposited an amount of Rs.0.001 crore with the department to file the appeal. During the year, GHIAL has filed an appeal with CESTAT against the order passed by the Commissioner (Appeals) confirming the demand of 0.26 crore.
- 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 from the office of Commissioner of Central Tax amounting Rs. 2.39 crores (March 31, 2018: Rs. 2.39 crores). The order also includes a penalty of Rs. 1.80 crores (March 31, 2018: Rs. 1.80 crores) and interest as applicable. During the year, GHIAL has filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) and deposited an amount of Rs. 0.18 crore as required to file the appeal.
- 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 crore (March 31, 2018: 0.62 crore). The order also includes penalty of Rs. 0.62 crore (March 18 : 0.62 crore ). GHIAL has filed the appeal before the Customs, Excise and Service Tax Appellate Tribunal and deposited an amount of Rs. 0.05 crore with the service tax department as required to file the appeal.
- vii. GHIAL had received a notice from the office of the Joint Commissioner of Labour for payment of Building and other construction worker's Welfare Cess @ 1%of the cost of construction of Airport Metropolitan amounting to Rs. 25.20 crores (March 31, 2018: Rs. 25.20 crores). GHIAL has received the stay order 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, 2019 amounts to 4.62 crores (March 31, 2018: Rs. 4.28 crores).
- ix. GHAL as 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 crore towards irregular availment of Cenvat credit including a penalty of Rs 1.14 crore (March 31, 2018 Rs 1.14 crores).
- x. GHAL had received an order- in-appeal from the office of the Commissioner of central Tax (Appeals) confirming the demand of Rs.1.47 crores in the matter of short payment of service tax under RCM on purchase of designs and drawings under Architecture service. GHAL had an appeal with Commissioner of Customs, Central Excise & Service Tax (CESTAT) against the order and reversed Cenvat credit of Rs.0.11 crore in FY 17-18 and paid Rs. 0.04 crore during the year towards pre-deposit.
- xi. 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.0.01 crore (March 31,2018: Rs.0.01 crore) has been denied. Based on the internal assessment the management is confident that no provision is required to be made as at March 31, 2019.
- xii. GHASL had filed writ petition in Hon`ble High Court of judicature at Hyderabad against Order-In-Original passed by the Commissioner of Central Tax on February 20, 2018 confirming the demand of Rs 11.97 crore including a penalty of Rs 4.37 crores in the matter of granting exemption of service tax under renting of immovable property services without obtaining Form A1/A2 for the period from October 2011 to March 2016. The Hon`ble High Court had allowed the writ petition filed by us and setting aside the demand raised in the Order-In-Original and as such the company is not required to make a provision as at March 31, 2019.

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- xiii. GHACLPL 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. GHACLPL. 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 GHACLPL had reversed the accrued customs cost amounting to Rs. 14.02 crores (March 31, 2018 : Rs.14.02 crore) for the period from March 23, 2008 to March 31, 2012.

Subsequent to the above order, the Customs Department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Honorable High Court of Andhra Pradesh passed an order for interim suspension of the said order passed by the Honorable Single Judge and the matter is pending.

- xiv. GHACLPL had rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which GHACLPL had not paid service tax in view of the exemption available under cargo handling services. GHACLPL had received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring GHACLPL 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, HMCPL 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 crores (March 31, 2018: 1.89 crore) crore as service tax for the period March 2008 to June 2010 under Airport Services and Rs. 1.07 crore (March 31, 2017: 1.07 crore) 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. GHACLPL has received a show cause notice from the Office of Commissioner (Audit) Central tax requiring the Company to show cause as to why CENVAT credit of Rs. 0.65 crore along with applicable interest and penalty should not be reversed/demanded on certain exempted services. The Company has filed a reply to the Show Cause notice with the Office of Commissioner (Audit) Central tax on October 10, 2017. Personal hearing completed on 27th March 2018, AC has passed a order dated March 28, 2018 by disallowing Company demand, order received on April 09, 2018. As a result of which, there is a demand levied of Rs. 0.65 crore as service tax along with penalty of Rs. 0.63 crore. Further, the company has filed an appeal against the order with Commissioner (Appeals), Central Tax during the current period. The GHACLPL 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 GHACLPL has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019.

- xvi. During the current year, GHACLPL 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 crore. GHACLPL has filed writ petition before the High Court of Telangana.

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xvii. Recovery from PSF (SC) Escrow account:

- a) In case of GHIAL, the Ministry of Civil Aviation (MoCA) had issued the order vide order no. AV 13024 /03/2011-AS (Pt. I), dated February 18, 2014 requiring the Airport Operators to reverse the expenditure incurred, since inception till date, towards procurement and maintenance of security systems/equipment and on creation of fixed assets out of PSF (SC) escrow account opened and maintained by the Airport Operator in a fiduciary capacity. GHIAL had incurred Rs. 94.30 crores (March 31, 2018: Rs. 94.48 crores towards capital expenditure (including the construction cost and cost of land mentioned in note (b) and excluding related maintenance expense and interest thereon) till September 30, 2018 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 is contrary to and inconsistent with SOPs, guidelines and clarification issued by the MoCA from time to time in this regard, GHIAL had challenged the said order before Hon'ble High court of Andhra Pradesh. The Honorable 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 GHIAL, it shall reverse all the expenditure incurred from PSF (SC).

The GHIAL has stopped incurring maintenance expenditure of security systems / equipment from PSF (SC) fund with effect from April 1, 2018. Accordingly, during the year ended as at March 31, 2019 an amount totaling to Rs. 3.07 crores incurred (March 31, 2018 Rs. 3.50 crore) on maintenance of security systems / equipment has been considered in the above financial statements.

- b) As per the advice from the Ministry of Home Affairs and the SOP issued by the MoCA on March 06, 2002, GHIAL, through its 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 amounting to Rs. 69.92 crore (March 31, 2018: Rs. 69.92 crore) 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, GHIAL 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 GHIAL 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 and also, made an application for an increase in PSF (SC) tariff to recover these dues and to meet the shortfall in discharging other liabilities from PSF (SC) fund. In the earlier years, the MoCA responded that, it is not in a position to consider the request for enhancement in the PSF (SC) tariff. As a result, 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 financial statements.

- xviii. GATL, a penalty of Rs.0.05 crore has been imposed on the Company by the Development Commissioner, Vishakhapatnam Special Economic Zone for acceptance of payments in INR for services rendered. The Company, has filed an appeal to the Additional Secretary, Department of Commerce and Industry, Government of India against the penalty order received; and is expecting a favorable order for the same.
- xix. GATL has received letter from specified officer stating to pay customs duty on components used in Maintenance Repair and Overhaul (MRO) services for aircraft sent from Specific Economic Zone to Domestic Tariff Area. Management is confident that no liability in this regard would be payable, based on the clarification obtained by GATL from Ministry of Commerce and Industry, customs duty is not applicable on such transactions.

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- xx. GAEL 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. 1.02 crore.
- xxi. Fuel surcharge adjustments (FSA) of GHIAL for the period from April 2008 to March 2010 amounting to Rs. 2.05 crore (March 31, 2018: Rs. 2.05 crore).
- xxii. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. The financial impact on a prospective basis from the date of the SC order is not material and hence, no adjustments have been to the financial statements of the company. Group will update its provision, on receiving further clarity on the subject.
- xxiii. GHRL has filed appeals with Appellate Tribunal against the orders of Deputy Commissioner and Appellate Deputy Commissioner against the order confirming the demand of 0.23 crore (March 31, 2018:0.34 crore) towards levying of Value Added Tax on usage of Audio Video Equipment's by the Hotel customers for the periods from Oct-10 to Nov-12 and Dec-12 to Mar-14 respectively.
- xxiv. GHRL is in receipt of Order-in- appeal passed by Commissioner (appeals) setting aside the levying of service tax on Notice pay recovered from the employees of Rs. NIL. (March 31, 2018 Rs 0.00).
- xxv. GHRL is in receipt of a show cause notice alleging non-payment of service tax on License fee paid to Government of Telangana of Rs. 0.13 crore and has filed a reply to SCN.
- xxvi. During the current year GHRL received an order from Income Tax Officer for the AY 2016-17 demanding income tax of Rs. 0.06 crore, on account of disallowance. GHRL has filed with CIT (appeals).
- xxvii. During the current year, GHRL received an order from Deputy Commissioner of Customs, RGI Airport in respect of Customs Duty on. alleged stock variance amounting to Rs. 0.01crore (March 31, 2018, NIL). GHRL has filed with Commissioner of Customs & Central Tax (Appeals-1) against the order passed by Deputy Commissioner Customs, RGIA. The Commissioner Customs & Central Tax (Appeals-1) upheld the order passed by Deputy Commissioner Customs, RGIA and reduced penalty to Rs. 0.01 crore. GHRL is in the process filling an appeal with CESTAT.

Based on the internal assessment and / or legal opinion, the Management of the Group is confident that, for the aforesaid mentioned contingent liabilities, no further provision is required to be made as at March 31, 2019.

### **III. Commitments**

#### **a) Capital commitments**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs.3,334.25 crores including the goods and service tax (March 31, 2018: Rs. 222.78 crores including the goods and service tax). (Refer note 58).

NOTE: In order to meet the capital commitment, GHIAL has tied up the rupee term facility amounting to Rs. 4,200 crores with a bank. Further, the said facility is available for drawdown for next five years with door to door tenure of 16years 3 months.

**b) Other commitments**

- i. As per the terms of concession agreement, the GMR Hyderabad International Airport Limited (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) of GHIAL for an initial term of 30 years starting from March 23, 2008 which can be extended by another 30 years at the option of the GHIAL which has been exercised by the GHIAL & the same is calculated as per the provisions of Ins AS.
- ii. For commitments pertaining to lease arrangement refer clause I of note 37.

**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.

**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 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 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 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.

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GHIAL had received advance revenue from its customer. Using the practical expedient in Ind AS 115, GHIAL 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.

**Applicability of Service Concession Agreement (SCA) to GHACLPL**

GHACLPL, 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 public-to-private service concession arrangement for its entire useful life.

Appendix D to Ind AS 115 on Service Concession Arrangement ("SCA") provides that these arrangements are accounted for based on the nature of the consideration. 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. The intangible asset model is used to the extent that GHACLPL receives a right (i.e. a concessionaire) to charge users of the public service. The financial model is used when GHACLPL receives a right to receive cash or other financial assets from or at the direction of the grantor for the construction service.

Accordingly, though GHIAL has granted the further concession to GHACLPL along with leasing of the part of the cargo infrastructure facility but since GHACLPL has a right to charge the users of the services and therefore, the same has been classified under intangible asset model.

**Leases: whether an arrangement contains a lease**

As per the terms of the Concession Agreement and Land Lease Agreement, the Government of Telangana leased the land to the GHIAL for the concession period. The lease term neither constitutes a major part of the economic life nor the fair value of the land. Hence, all the significant risk and rewards of the ownership have not been transferred and accordingly the lease is classified as an operating lease

**Concession Fee:**

As per the Concession Agreement (CA), the GHIAL 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 IRS 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 computation of Concession fee to MoCA. Accordingly, GHIAL has not provided the concession fee on such income / credits. (Refer Note: 49)

### **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% for measuring deposits, being financial assets and financial liabilities, at amortised cost. However, for the transactions undertaken from April 1, 2018 incremental borrowing rate of Airport sector i.e. 9.65% 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.

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.

### **Provision for doubtful receivables:**

GHACLPL makes provision for doubtful receivables based in a provision matrix which takes into account historical credits loss experience and adjusted for current estimates.

### **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 II of Note 36 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. See Note 38, 39 and 40 for further disclosures.

**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. See Note 29 for further disclosures.

GAEL neither has any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, GAEL has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

**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.

**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    |                   | Fair value        |                   |
|---------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                               | March 31,<br>2019 | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2018 |
| <b>Financial assets</b>                                       |                   |                   |                   |                   |
| <b>At Fair Value through profit or loss</b>                   |                   |                   |                   |                   |
| Investments                                                   | 112.41            | 724.47            | 112.41            | 724.47            |
| <b>At Fair Value through Other Comprehensive Income</b>       |                   |                   |                   |                   |
| Cross Currency Swap (Derivative designed as cash flow hedge)* | 239.23            | 71.69             | 239.23            | 71.69             |
| <b>At Amortized cost</b>                                      |                   |                   |                   |                   |
| Investments in Commercial paper                               | 370.35            | 216.61            | 370.35            | 216.61            |
| Loans                                                         | 53.30             | 2.73              | 53.30             | 2.73              |
| Bank balances other than cash and cash equivalents            | 115.67            | 72.91             | 115.67            | 72.91             |
| Other financial assets                                        | 38.18             | 26.44             | 38.18             | 26.44             |
| Trade receivables                                             | 180.55            | 129.47            | 180.55            | 129.47            |
| Cash and cash equivalents                                     | 395.08            | 598.55            | 395.08            | 598.55            |
| <b>Total</b>                                                  | <b>1,504.77</b>   | <b>1,842.87</b>   | <b>1,504.77</b>   | <b>1,842.87</b>   |
| <b>Financial liabilities</b>                                  |                   |                   |                   |                   |
| <b>At amortized cost</b>                                      |                   |                   |                   |                   |
| Borrowings                                                    | 3,211.57          | 3,079.77          | 3,043.28          | 2,934.08          |
| Other financial liabilities                                   | 663.77            | 481.57            | 663.63            | 481.57            |

|                | Carrying value  |                 | Fair value      |                 |
|----------------|-----------------|-----------------|-----------------|-----------------|
|                | March 31, 2019  | March 31, 2018  | March 31, 2019  | March 31, 2018  |
| Trade payables | 131.81          | 136.51          | 131.81          | 136.51          |
| <b>Total</b>   | <b>4,007.15</b> | <b>3,697.85</b> | <b>3,838.72</b> | <b>3,552.16</b> |
|                |                 |                 |                 |                 |

\*Excluding accrued net interest of Rs. 39.81 crore (March 31, 2018:40.36 crore)

The management assessed the cash and cash equivalent, trade receivables trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### 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 swaps: -The fair value of cross currency swaps is calculated as the present value of the estimated future cash flows based on observables yield curve.
- The fair values of quoted mutual funds and commercial paper are based on price quotations at the reporting date.
- The fair value of loans is computed using the current applicable discounting rate (9.65%) and the carrying value is measured at the initial rate of 11.44%.
- 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                         |
| <b>Assets measured at fair value</b>                         |                   |          |                                 |                               |                                 |
| <b>At FVTPL</b>                                              |                   |          |                                 |                               |                                 |
| Investment                                                   | March 31, 2019    | 112.41   | 112.41                          | -                             | -                               |
|                                                              | March 31, 2018    | 724.47   | 724.47                          | -                             | -                               |
| <b>At FVTOCI</b>                                             |                   |          |                                 |                               |                                 |
| Derivative designed as cash flow hedge (Cross currency swap) | March 31, 2019    | 239.23   | -                               | 239.23                        | -                               |
|                                                              | March 31, 2018    | 71.69    | -                               | 71.69                         | -                               |
| <b>Liabilities measured value</b>                            |                   |          |                                 |                               |                                 |
| 4.25% Senior Secured Notes                                   | March 31, 2019    | 2,208.64 | 2,208.64*                       | -                             | -                               |
|                                                              | March 31, 2018    | 2,093.66 | 2,093.66*                       | -                             | -                               |

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:

- i. The use of quoted market price of Mutual funds.
- ii. The Fair value of cross currency swaps is calculated as the present value of estimated future cash flows based on observable interest yield curves.
- iii. The fair value of 4.25% senior secured notes is based on the traded price of the bond and the prevailing exchange rate.

**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 has entered into derivative transactions.

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.

**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 31 March 2019 and 31 March 2018.

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 analysis for the contingent consideration liability is provided in Note 37 B.

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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 31 March 2019 and 31 March 2018 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. on total amount of USD 350 million which has been swapped for 8.65% p.a. (weighted average of all Cross Currency Swaps (CCS) contracts on INR notional of Rs.2,229.95 crore(March 31,2018: Rs.2,229.95 crore) (total of all CCS 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, 2019, approximately 97% (March 31, 2018: 97% after taking into account the effect of interest rate swaps) of the Group's borrowings are at fixed rate of interest.

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, 2019 | March 31, 2018 |
|--------------------------------------|----------------|----------------|
| <b><u>Floating Interest rate</u></b> |                |                |
| INR                                  | 100.19         | 225.65         |
|                                      |                |                |
| <b><u>Fixed Interest Rate</u></b>    |                |                |
| Bonds/Debentures                     | 2,420.43       | 2,286.90       |
| INR                                  | 709.43         | 595.77         |

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

**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 points | Impact on profit before tax |
|-----------------------|--------------------------|-----------------------------|
| <b>March 31, 2019</b> |                          |                             |
| INR                   | 50                       | 0.50                        |
| USD                   | 50                       | -                           |
|                       |                          |                             |
| <b>March 31, 2018</b> |                          |                             |
| INR                   | 50                       | 1.13                        |
| USD                   | 50                       | -                           |

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**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 & designed same as cash flow hedge.

**Cash flow hedges**

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 (INR 2,376.93 crore) (March 31, 2018: 2,239.35). 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. The company pays fixed interest on the INR notional as determined in the swap contract and receives fixed coupon on USD notional. The company 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 Company from risk of movement in the foreign currency.

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

| As at                                                   | March 31,<br>2019   | March 31,<br>2019  | March 31,<br>2018   | March 31,<br>2018  |
|---------------------------------------------------------|---------------------|--------------------|---------------------|--------------------|
| Foreign<br>Currency                                     | Foreign<br>Currency | (Rs. in<br>crores) | Foreign<br>Currency | (Rs. in<br>crores) |
| <b>Payable</b>                                          |                     |                    |                     |                    |
| EURO                                                    | 206,204             | 1.60               | 135,206             | 1.10               |
| GBP                                                     | 79,843              | 0.72               | 424,431             | 3.93               |
| USD                                                     | 1,496,973           | 10.32              | 2,127,657           | 13.88              |
| CHF                                                     | 11,160              | 0.08               | 20,828              | 0.14               |
| CAD                                                     | -                   | -                  | 31,718              | 0.16               |
| <b>Receivable</b>                                       |                     |                    |                     |                    |
| USD                                                     | 6,129,205           | 42.40              | 3,298,314           | 21.46              |
| CHF                                                     | 10,695              | 0.07               | 2,095               | 0.01               |
| EURO                                                    | 1,745               | 0.01               | 1,474               | 0.01               |
| <b>Bank balances (including credit card collection)</b> |                     |                    |                     |                    |
| USD                                                     | 432,032             | 2.99               | 970,866             | 6.34               |
| <b>Other advances</b>                                   |                     |                    |                     |                    |
| USD                                                     | 727,944             | 5.03               | 668,579             | 4.33               |
| EURO                                                    | -                   | -                  | 53,816              | 0.43               |
| CHF                                                     | 6,864               | 0.05               | -                   | -                  |
| GBP                                                     | 299                 | 0.00               | -                   | -                  |
| <b>Advances from customer</b>                           |                     |                    |                     |                    |
| USD                                                     | 1,500               | 0.01               | 28,341              | 0.06               |
| <b>Payable for purchase of fixed assets</b>             |                     |                    |                     |                    |
| USD                                                     | 90,374              | 0.63               | -                   | -                  |
| <b>Cash in transit</b>                                  |                     |                    |                     |                    |
| USD                                                     | 26,295              | 0.18               | 40,249              | 0.26               |
| <b>Foreign currency on hand</b>                         |                     |                    |                     |                    |
| AED                                                     | 10,246              | 0.02               | 10,616              | 0.02               |
| AUD                                                     | 451                 | 0.00               | 1,141               | 0.01               |
| CAD                                                     | 350                 | 0.00               | 325                 | 0.00               |
| CHF                                                     | 7                   | 0.00               | 47                  | 0.00               |
| EURO                                                    | 588                 | 0.00               | 1,033               | 0.01               |
| GBP                                                     | 565                 | 0.01               | 85                  | 0.00               |

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|     |        |      |        |      |
|-----|--------|------|--------|------|
| HKD | 1,848  | 0.00 | 548    | 0.00 |
| JPY | 42     | 0.00 | 42     | 0.00 |
| KWD | 776    | 0.02 | 484    | 0.01 |
| MYR | 630    | 0.00 | 162    | 0.00 |
| NZD | 28     | 0.00 | 8      | 0.00 |
| OMR | 188    | 0.00 | 102    | 0.00 |
| QAR | 5,455  | 0.01 | 1,395  | 0.00 |
| SAR | 11,431 | 0.02 | 7,626  | 0.01 |
| SGD | 1,010  | 0.01 | 121    | 0.00 |
| THB | 86,977 | 0.02 | 87     | 0.00 |
| USD | 41,493 | 0.29 | 40,308 | 0.26 |
| LKR | -      | -    | 7,350  | 0.00 |
| BAH | -      | -    | 40     | 0.00 |
| CNY | 1,575  | 0.00 | 500    | 0.00 |

**Foreign currency sensitivity**

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

| <b>Foreign Currency</b> | <b>Nature of transaction</b>                                 | <b>Change in Rate</b> | <b>March 31, 2019 Rs.</b> | <b>March 31, 2018 Rs.</b> |
|-------------------------|--------------------------------------------------------------|-----------------------|---------------------------|---------------------------|
| USD                     | Change in fair valuation of financial liabilities and assets | 5%                    | 1.60                      | 0.38                      |
| CAD                     | Change in fair valuation of financial liabilities and assets | 5%                    | -                         | 0.01                      |
| GBP                     | Change in fair valuation of financial liabilities and assets | 5%                    | 0.04                      | 0.20                      |
| EURO                    | Change in fair valuation of financial liabilities and assets | 5%                    | 0.08                      | 0.05                      |

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 the Group as per approved debtors policy and established procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored and any credit to new customers are generally covered by appropriate security in the form of deposits and/ bank guarantees.

At March 31, 2019, GHIAL had 11 customers (31 March 2018: 16 customers) that owed GHIAL more than 1% each of total receivable and accounted for approximately 71% (31 March 2018: 72%) of all the receivables outstanding. There were 3 customers (31 March 2018: 2 customers) with balances greater than 5% each accounting for approximately 48% (31 March 2018: 30%) of the total amounts receivable.

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.

#### 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.

|                                  | On demand    | < 3 months    | 3 to 12 months | 1 to 5 years  | > 5 years       | Total           |
|----------------------------------|--------------|---------------|----------------|---------------|-----------------|-----------------|
| <b>Year ended 31 March, 2019</b> |              |               |                |               |                 |                 |
| Borrowings                       | -            | 0.84          | 6.33           | 74.29         | 3,148.60        | 3,230.06        |
| Trade & other payables           | 13.79        | 110.05        | 10.11          | -             | -               | 133.95          |
| Other financial liabilities      | 1.87         | 318.56        | 99.01          | 173.51        | 137.89          | 730.84          |
| <b>Total</b>                     | <b>15.66</b> | <b>429.45</b> | <b>115.45</b>  | <b>247.80</b> | <b>3,286.49</b> | <b>4,094.85</b> |
| <b>Year ended 31 March, 2018</b> |              |               |                |               |                 |                 |
| Borrowings                       | -            | 1.18          | 3.86           | 47.98         | 3,050.08        | 3103.10         |
| Trade & other payables           | 3.54         | 123.98        | 26.51          | -             | -               | 154.03          |
| Other financial liabilities      | 3.10         | 97.21         | 135.15         | 132.54        | 144.36          | 512.36          |
| <b>Total</b>                     | <b>6.64</b>  | <b>222.37</b> | <b>165.52</b>  | <b>180.52</b> | <b>3,194.44</b> | <b>3,769.49</b> |

#### 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.

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**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 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.

| Particulars                          | As at           | As at           |
|--------------------------------------|-----------------|-----------------|
|                                      | March 31, 2019  | March 31, 2018  |
| Borrowings                           | 3,211.56        | 3,079.77        |
| <b>Borrowings(A)</b>                 | <b>3,211.56</b> | <b>3,079.77</b> |
| Equity                               | 378.00          | 378.00          |
| Other equity                         | 807.15          | 270.30          |
| <b>Total Capital(B)</b>              | <b>1,185.15</b> | <b>648.30</b>   |
| <b>Capital and borrowings(C=A+B)</b> | <b>4,396.71</b> | <b>3,728.07</b> |
| <b>Gearing ratio(A/C)</b>            | <b>73.04%</b>   | <b>82.61%</b>   |

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.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

43. GHIAL has recognized, Minimum alternate tax (MAT) credit entitlement of Rs.405.41 crore (March 31, 2018: Rs. 269.10 crore), as GHIAL based on estimates expects to adjust this amount after expiry of the tax holiday period (i.e. AY 2022-23) u/s 80IA of the Income Tax Act, 1961. Management is confident that in view of the anticipated tariff orders for the control periods which will be effective from financial year 2019-20, GHIAL's normal tax liability will be more than the MAT payable after considering the deduction under section 80IA of the Income Tax, Act, 1961.
44. GHASL continues to recognize, Minimum alternate tax (MAT) credit entitlement of Rs. 0.30 crore (March 31, 2018 Rs. 0.30 crore), 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 GHACLPL in the income tax returns aggregating Rs. 32.31 crore have not been recognized in the books in View of the ongoing disputes/litigations with the tax authorities.
46. The Airport Economic Regulatory Authority ('AERA'), passed an Aeronautical tariff order No. 38 dated February 24, 2014, in respect of control period from April 1, 2011 to March 31, 2016. GHIAL had filed an appeal, challenging the disallowance of pre control period losses, foreign exchange loss on ECB and other issues for determination of its tariff with the AERA Appellate Tribunal (AERAAT) against the aforesaid order. Due to non-constitution of AERAAT Bench, GHIAL had filed a writ petition with the Honorable High Court at Hyderabad for the State of Telangana and for the State of Andhra Pradesh, which is yet to be heard.

47. GHIAL filed an application with AERA for determination of Aeronautical Tariff in respect of Second Control period from April 1, 2016 to March 31, 2021 including True up for shortfall of receipt vis a vis entitlement for the first control period. Pending determination of Aeronautical Tariff, AERA vide its order no. 48 dated March 25, 2019 has allowed to continue to charge the Aeronautical tariff as prevailed on 31.03.2019 for a period of 6 months w.e.f April 1, 2019 or till determination of tariff for the aforesaid period whichever is earlier.
48. On December 19, 2017, AERA issued a Consultation Paper inviting comments from all stakeholders in connection with determination of Tariff of the Hyderabad Airport for the Second Control Period. However, as the aforesaid Consultation Paper does not address the existing issues arising out of the Tariff Order for the first control period, the Company filed a writ petition against the aforesaid Consultation Paper before the Honorable High Court at Hyderabad for the State of Telangana and for the State of Andhra Pradesh on February 6, 2018. Pending the disposal of the existing matters of the Tariff Order for the first control period, the Honorable High Court issued a stay order dated February 7, 2018 in respect of further proceedings in determination of Tariff order for the second control period.
49. The 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.
50. As per the Concession Agreement (CA), GHIAL 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 IRS 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 computation of Concession fee to MoCA. Accordingly, GHIAL has not provided the concession fee on such income / credits.

Income on forex restatement of SSN of Nil (March 2018:Rs.43.72 crore) which has been recognized in the statement of profit & loss has not been considered for computation of Concession fee to MoCA.

Also, income generated on investment of part proceeds of SSN earmarked for airport expansion project and adjusted from the value of capital work in progress does not represent receipts from business operation and the same is not considered for computation of Concession fee to MoCA.

Additionally, Management is of the view that reversal of provision for impairment in the value of investment in GHRL recognized as an exceptional item does not represent receipts from business operation and the same is not considered for computation of Concession fee to MoCA.

| Description                                                            | Incomes forming part of |
|------------------------------------------------------------------------|-------------------------|
| Discounting of interest free loan given to subsidiaries#               | Finance income          |
| Discounting of interest free loan given to Joint Venture               | Finance income          |
| Income arising from fair valuation of financial guarantee#             | Finance income          |
| Discounting on fair valuation of deposit received from concessionaries | Non aero revenue        |
| Income from government grant                                           | Other income            |
| Amortisation of deferred income                                        | Other income            |

#These transactions got eliminated in the consolidated financial statement of the Group.

**GMR Hyderabad International Airport Limited****CIN: U62100TG2002PLC040118****Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

51. In case of GHACLPL, 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. 1.49 crore (March 31, 2018: Rs. 2.55crore). The Management is confident that there would be no additional liability other than the amount accrued in the books of account.
52. The Board of directors of wholly owned subsidiary namely "Hyderabad Airport Security Service Limited"(HASSL) at its meeting held on September 17, 2018, approved the proposal to wind up the affairs by way of voluntary liquidation. Accordingly, HASSL has appointed Official Liquidator for the purposed voluntary liquidation on September 27, 2018 and is under the Voluntary Liquidation Process as required under Insolvency and Bankruptcy Code 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017. As on date, "HASSL" has the positive net worth hence does not have any adverse effect to the above financial results of GHIAL.
53. The Board of Directors of three of its subsidiary companies, namely GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL"), GMR Aero Technic Limited ("GATL") and GMR Aerospace Engineering Limited ("GAEL") in their meeting held on December 10, 2018 has approved, subject to the required approvals, the Composite Scheme of Arrangement amongst GHACLPL (Transferor Company) and GATL (Demerged company) and GAEL(Transferee/Resulting Company) and their respective Shareholders and Creditors ("Scheme"), wherein GATL will demerge the Maintenance, Repair and Overhauling (MRO) business and the demerged undertaking will be merged into GAEL with an Appointed Date of April 01, 2018.
- Further, the Composite Scheme of Arrangement amongst GHACLPL (Transferor Company), GATL (Demerged company) and GAEL (Transferee/Resulting Company) and their respective Shareholders and Creditors ("Scheme") has been filed with the National Company Law Tribunal (NCLT) on January 10, 2019 under applicable laws / regulations to give effect to the above scheme and is pending approval of the NCLT.
54. 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.
55. 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<br>March31, 2019 | For the Year ended<br>March31, 2018 |
|-------------------------------|-------------------------------------|-------------------------------------|
| Electricity and water charges | 23.41                               | 23.83                               |
| Salaries, wages and bonus     | 0.34                                | 0.32                                |
| Staff welfare expenses        | 0.65                                | 0.60                                |
| Miscellaneous expenses        | 0.18                                | 0.32                                |
| Travelling and conveyance     | 0.26                                | 0.02                                |
| Communication expenses        | 0.00                                | 0.00                                |
| Legal & professional expenses | 0.74                                | 0.00                                |
| Repairs and maintenance       | 0.66                                | -                                   |
| Office Maintenance            | 0.74                                | 0.03                                |

**GMR Hyderabad International Airport Limited**

CIN: U62100TG2002PLC040118

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
(All amounts in Rupees Crores, except otherwise stated)

**56. 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, 2019                  |                 | March 31, 2018                  |                                 |
|----|-----------------------------------------------------------|---------------------------------|-----------------|---------------------------------|---------------------------------|
|    |                                                           | As % of consolidated net assets | Amount          | As % of consolidated net assets | As % of consolidated net assets |
| 1  | GHIAL                                                     | 83.68%                          | 1,665.83        | 78.14%                          | 1,122.42                        |
| 2  | GHACLPL                                                   | 5.30%                           | 105.54          | 6.94%                           | 99.62                           |
| 3  | HASSL                                                     | 0.66%                           | 13.22           | 0.92%                           | 13.22                           |
| 4  | GHAL                                                      | 2.36%                           | 46.94           | 3.54%                           | 50.83                           |
| 5  | GHASL                                                     | 2.60%                           | 51.69           | 3.86%                           | 55.44                           |
| 6  | APFTAL                                                    | -                               | -               | (0.33)%                         | (4.79)                          |
| 7  | GAEL including GATL                                       | 4.66%                           | 88.84           | 4.02%                           | 57.77                           |
| 8  | GHAPDL                                                    | 0.00%                           | 0.02            | 0.00%                           | 0.02                            |
| 9  | GLPPL                                                     | 0.00%                           | (0.05)          | NA                              | NA                              |
| 10 | GHRL                                                      | 1.06 %                          | 21.10           | (0.84) %                        | (12.05)                         |
|    | <b>Jointly controlled entities (as per Equity method)</b> |                                 |                 |                                 |                                 |
| 1  | LAQSHYA                                                   | (0.03)%                         | (0.64)          | (0.30)%                         | (4.36)                          |
|    |                                                           | <b>100%</b>                     | <b>1,992.49</b> | <b>100%</b>                     | <b>1,378.12</b>                 |
|    | Less: Consolidated adjustments/elimination*               |                                 | <b>(807.34)</b> |                                 | <b>(729.82)</b>                 |
|    | <b>Grand Total</b>                                        |                                 | <b>1,185.15</b> |                                 | <b>648.30</b>                   |
|    | <b>Non -controlling interest in subsidiary</b>            |                                 |                 |                                 |                                 |
| 1  | GHACLPL                                                   | NA                              | NA              | 4.06%                           | 58.27                           |

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

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

|    | Name of the entity                                        | 2018-19                             |                                     | 2017-18                             |                |
|----|-----------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|----------------|
|    |                                                           | As % of consolidated profit or loss | As % of consolidated profit or loss | As % of consolidated profit or loss | Amount         |
| 1  | GHIAL                                                     | 98.53%                              | 749.05                              | 103.77%                             | 617.60         |
| 2  | GHACLPL                                                   | 1.13%                               | 8.58                                | 4.28%                               | 25.45          |
| 3  | HASSL                                                     | 0.00%                               | 0.01                                | 0.00%                               | 0.01           |
| 4  | APFTAL                                                    | 0.28%                               | 2.12                                | (0.11)%                             | (0.65)         |
| 5  | GHAL                                                      | (0.51)%                             | (3.89)                              | (0.51)%                             | (3.04)         |
| 6  | GHASL                                                     | (0.49)%                             | (3.74)                              | (0.69)%                             | (4.08)         |
| 7  | GAEL including GATL                                       | (0.78)%                             | (5.94)                              | (10.72)%                            | (63.79)        |
| 8  | GHAPDL                                                    | 0.00%                               | 0.00                                | 0.00%                               | 0.00           |
| 9  | GLPPL                                                     | (0.01)%                             | (0.06)                              | NA                                  | NA             |
| 10 | GHRL                                                      | 0.52%                               | 4.83                                | 0.81%                               | 4.83           |
|    | <b>Jointly controlled entities (as per Equity method)</b> |                                     |                                     |                                     |                |
| 1  | LAQSHYA                                                   | 0.49%                               | 3.72                                | 0.68%                               | 4.03           |
|    | <b>Non-controlling interest in subsidiary</b>             |                                     |                                     |                                     |                |
| 1  | GHACLPL                                                   | 0.84%                               | 6.39                                | 2.49%                               | 14.79          |
|    | <b>Sub total</b>                                          |                                     | <b>760.20</b>                       |                                     | <b>595.15</b>  |
|    | Less: Consolidated adjustments/elimination*               |                                     | <b>(20.26)</b>                      |                                     | <b>(14.94)</b> |
|    | <b>Grand Total</b>                                        |                                     | <b>739.94</b>                       |                                     | <b>580.21</b>  |

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

**57. Interest in Joint Venture**

- a. 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 Ind AS financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

**Summarised Balance Sheet as at March 31, 2019:**

|                                                                                                | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
|------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Current assets, including cash and cash equivalents Rs. 0.05 crore (March 2018: Rs.0.45 crore) | 27.47                 | 25.21                 |
| Non-current assets                                                                             | 21.40                 | 20.50                 |
| Current liabilities                                                                            | (4.86)                | (4.27)                |
| Non-current liabilities including borrowing Rs. 4.17 crore (March 2018: Rs.10.29 crore)        | (6.85)                | (11.88)               |
| <b>Equity</b>                                                                                  | <b>37.16</b>          | <b>29.55</b>          |
| Less: Equity component of borrowings                                                           | 18.45                 | 18.48                 |
|                                                                                                | 18.71                 | 11.08                 |
| Proportion of the Group's ownership                                                            | <b>49%</b>            | <b>49%</b>            |
|                                                                                                | <b>9.16</b>           | <b>5.43</b>           |
| Add: GHIAL's share of equity components of borrowings                                          | <b>5.59</b>           | <b>5.59</b>           |
| Carrying amount of the investment                                                              | <b>14.75</b>          | <b>11.02</b>          |

**Summarised statement of Profit and Loss account as at March 31, 2019:**

|                                      | <b>For the year ended<br/>March 31, 2019</b> | <b>For the year ended<br/>March 31, 2018</b> |
|--------------------------------------|----------------------------------------------|----------------------------------------------|
| Revenue from operations              | 58.14                                        | 68.05                                        |
| Other income                         | 0.14                                         | 0.80                                         |
| <b>Total Income</b>                  | <b>58.28</b>                                 | <b>68.85</b>                                 |
| Employee benefit expenses            | 3.40                                         | 3.32                                         |
| Other expenses                       | 40.13                                        | 47.43                                        |
| Depreciation                         | 1.84                                         | 1.93                                         |
| Finance cost                         | 2.41                                         | 3.81                                         |
| <b>Total expenses</b>                | <b>47.78</b>                                 | <b>56.49</b>                                 |
| <b>Profit before tax</b>             | <b>10.50</b>                                 | <b>12.36</b>                                 |
| Tax expenses                         | 2.84                                         | 4.13                                         |
| <b>Profit after tax</b>              | <b>7.66</b>                                  | <b>8.23</b>                                  |
| Other comprehensive income           | (0.05)                                       | 0.00                                         |
| <b>Total comprehensive income</b>    | <b>7.61</b>                                  | <b>8.23</b>                                  |
| Group's share of profit for the year | 3.73                                         | 4.03                                         |

Group's share of contingent liabilities of the jointly controlled entity is Rs. 0.40 crore (March 2018: Rs. 0.29 crore).

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

**58. Goodwill on acquisition:**

During August 2014, GHIAL has made additional investment of 5% stake in GAEL, thereby making the shareholding from 50% to 55% making GAEL and GATL from jointly controlled entities to subsidiaries. Subsequently in December '14, GHIAL has acquired the balance stake thereby making GAEL and GATL 100% subsidiaries. On conversion of joint controlled entities to subsidiaries, the excess of Investment over the net assets as on the day of acquisition has been treated as Goodwill.

(i) The interest of the GHIAL, as on the date of conversion during previous year, in the net assets of the GAEL& GATL (wholly owned subsidiary of GAEL) is given below:

| Particulars                                        | GAEL *       |
|----------------------------------------------------|--------------|
| Net assets acquired on the date of acquisition (A) | (24.58)      |
| Purchase consideration and investment by GHIAL (B) | 11.69        |
| <b>Net Goodwill (A-B)</b>                          | <b>36.27</b> |

\* Includes net assets of GATL (wholly owned subsidiary of GAEL).

Note: The Consolidated Financial statements as at March 31, 2019 include goodwill on additional investment by GHIAL during the financial year 2014-15 in subsidiary GAEL. GAEL has a wholly owned subsidiary GATL which has incurred losses of Rs. 5.44 crore (March 31, 2018: Rs. 57.79 crore) for the year and has accumulated losses as at March 31, 2019 of Rs. 427.16 crore (March 31, 2018: Rs. 421.71 crore) which exceeds its net worth. The future economic benefit from such goodwill is dependent upon the ability of the aforesaid wholly owned subsidiary to scale up its operations in future and achieve sustained profitability. Based on the future business plan and projections approved by the board of director of the subsidiary company and valuation assessment done by the management, the management of the Group expects that there will be significant increase in the operations of GATL that will lead to future economic benefits. Accordingly, these Consolidated Financial Statements do not include any adjustment relating to the Impairment of Goodwill.

**Impairment testing of goodwill:**

Goodwill acquired through business combinations has been allocated to the below business of maintenance, repair and overhaul (MRO) and business of flight training academy managed through the above referred operating entities for impairment testing:

Carrying amount of goodwill allocated to MRO and flight training business:

| Intangible Assets  | March 31,2019 | March 31,2018 |
|--------------------|---------------|---------------|
| Goodwill-GAEL&GATL | 36.27         | 36.27         |
| Goodwill-APFTAL    | -             | 4.14          |

**MRO:**

The Group performed its annual impairment test for year ended March 31, 2019 in April 2018, (hereinafter 'reference date', this is generally based on year-end). Based on the management approved Business plan and valuation assessment done by its management, the management of the Group expects that there will be significant increase in the operations of GATL achieve sustained profitability.

The projections of the business is above the book value of its equity, indicating no sign of impairment of goodwill and impairment of the assets of the operating business. Accordingly, these Consolidated Financial Statements do not include any adjustment relating to the impairment of Goodwill acquired through business combination.

The recoverable amount of the MRO business, Rs. 36.27 crore as at March 31, 2019, has been determined based on the management approved business plan of the operating entity covering a ten-year period. The projected cash flows have been updated to reflect the decreased demand for services. The pre-tax discount rate applied to cash flow projections for impairment testing during the current period is 11.48% (March 31, 2018: 13.69%) and cash flows beyond the ten-year period are extrapolated using a 2.0% growth rate (March 31, 2018: 3.0%) that is the same as the long-term average growth rate for the MRO industry. As a result of this analysis, there is no permanent diminution in the value of goodwill, accordingly, these financial information do not include any adjustments relating to impairment of goodwill.

The calculation of value in use for MRO business is most sensitive to the following assumptions:

- ▶ Revenue
- ▶ Discount rates
- ▶ Cost price inflation
- ▶ Growth rates used to extrapolate cash flows beyond the forecast period

**Revenue:-** Revenue are based on existing contracts and expected contracts from potential customers. These are increased over the projected period for anticipated efficiency improvements and increased demand. An increase of 5% growth rate per annum was applied.

**Discount rates -** Discount rates represent the current market assessment of the risks specific to the business, taking into consideration the time value of money. The discount rate calculation is based on the specific circumstances of the cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

**Cost price inflation -** Estimates are obtained from general inflation indices, as well as data relating to specific material items. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movements.

**Growth rate estimates -** Rates are based on expected industry growth. For the reasons explained above, the long-term rate used to extrapolate the budget for the MRO business.

#### **Sensitivity to changes in assumptions -**

**Revenue:** The management has considered the possibility of greater than forecast increase in revenue. Revenue are based on existing contracts and expected contracts from potential customers for projected period. These are increased over the projected period for anticipated efficiency improvements and increased demand. An increase of 5% per annum was applied. A decreased demand can lead to a decline in revenue. A decrease in revenue growth by 2.14% would result in impairment.

**Discount rates -** A rise in pre-tax discount rate to 16.70 % (i.e. +3%) would result in impairment.

**Cost price inflation -** The management has considered the possibility of greater than forecast increases in cost price inflation. Forecast price inflation lies within a range of 2.75%. If cost price increase is greater than 10% and the Business Unit is unable to pass on or absorb these increases through efficiency improvements, then the Group will have an impairment.

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

Growth rate estimates -The management has considered stable perpetual growth rate of 2%. The management recognizes that the possibility of new entrants can have a significant impact on growth rate assumptions and a reduction of 6.5% perpetual growth rate after forecast period will result in impairment.

59. In accordance with the provisions of the amended and restated Joint Venture Agreement (JVA) dated November 16, 2010 executed by the Company with Menzies Aviation Plc, Menzies Aviation Cargo (Hyderabad) Limited (MACL), Menzies Aviation (India) Private Limited and Hyderabad Menzies Air Cargo Private Limited (HMACPL), the Company exercised its Buy Back Rights to buy the shares held by MACL in HMACPL. MACL disputed Company's position as regards exercising the buyback rights. In view of the above dispute, GHIAL invoked Arbitration and post conclusion of proceedings the Arbitral Tribunal issued the final award on January 29, 2018 dismissing the claims of the Company with costs stating that the fair market value was not determined as per the requirement of JVA, The Company has thus not exercised its buy back rights validly and hence dismissed the claims of the Company with costs.

However, on October 30, 2018, the Company has entered into a share purchase agreement to buy out the balance 49% stake in HMACPL held by the, Menzies Aviation Cargo (Hyderabad) Ltd. at a value of Rs. 59.75 Crore. Accordingly, post transfer of shares in favour of the Company on November 2, 2018, HMACPL became a wholly owned subsidiary of the Company. Further, with effect from November 5, 2018, the name of the HMACPL has been changed to GMR Hyderabad Air Cargo and Logistics Private Ltd. (GHACLPL).

**60. Sale of Investment in APFTAL**

On January 7, 2019, GHIAL has entered into a share purchase agreement (SPA) to sell the 100% stake in its subsidiary Asia Pacific Flight Training Academy Limited (APFTAL) to Aerostream Aviation Private Limited (AAPL) at a nominal consideration of Rs. 100. Pursuant to the SPA, the shares have been transferred to AAPL on February 27, 2019.

The fair value of identifiable assets and liabilities as at the date of transfer of shares were:

| Description                        | Fair value as on sale of Investment in APFTAL |
|------------------------------------|-----------------------------------------------|
| <b>Assets</b>                      |                                               |
| Property, Plant and Equipment      | 0.49                                          |
| Intangible assets                  | 0.01                                          |
| Other financial assets             | 0.49                                          |
| Other non-current assets           | 0.00                                          |
| Inventories                        | 1.13                                          |
| Investments                        | 1.06                                          |
| Trade receivables                  | 0.25                                          |
| Cash and cash equivalents          | 0.45                                          |
| Others financial assets            | 0.36                                          |
| Current Tax Assets (Net)           | 0.02                                          |
| Other current assets               | 0.32                                          |
| <b>Total Assets</b>                | <b>4.58</b>                                   |
| <b>Liabilities</b>                 |                                               |
| Long term provisions               | 18.02                                         |
| Trade payables                     | 0.66                                          |
| Other financial liabilities        | 0.00                                          |
| Other current liabilities          | 5.55                                          |
| Short term provisions              | 0.06                                          |
| <b>Total Liabilities</b>           | <b>6.45</b>                                   |
| <b>Net Liabilities over assets</b> | <b>1.88</b>                                   |

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

**61. Utilisation of money raised through issue of Senior Secured Notes (SSN)**

During the previous year, the Company raised USD 350 million (INR 2,273.74 crore) through issue of 4.25% Senior Secured Notes (SSN) from overseas market for the following purpose:

- (i) repay the existing Rupee Facilities and the External Commercial Borrowing (ECB) Facility and pay the termination payments for the interest rate swaps (IRS) related thereto, and
- (ii) use any remaining amounts for capital expenditures with respect to Airport Activities (as defined in the Concession Agreement) as part of airport expansion

The coupon rate is fixed through the tenor and payable semi-annually. The Notes are repayable after 10 years i.e. October 27, 2027.

|                                                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Un utilized amount at the beginning of the year (A)</b> | <b>407.33</b>                        | <b>-</b>                             |
| Amount raised during the year (B)                          | -                                    | 2,273.74                             |
| Add: Income on temporary cash investment (C)               | 15.04                                | 12.00                                |
| Less: Amount utilised during the year:                     |                                      |                                      |
| Repayment of ECB                                           | -                                    | 449.55                               |
| IRS termination cost                                       | -                                    | 55.32                                |
| Repayment of existing rupee facilities                     | -                                    | 1,261.97                             |
| Utilised for expansion project works                       | 422.37                               | 111.57                               |
| <b>Total (D)</b>                                           | <b>422.37</b>                        | <b>1,878.41</b>                      |
| <b>Unutilised amount at the end of the year (A+B+C-D)</b>  | <b>-</b>                             | <b>407.33</b>                        |

Details of temporary cash investment made from unutilized portion of Senior Secured Notes raised during the year ended as at March 31, 2019:

|                                          | No of Units | March 31, 2019 | No of Units  | March 31, 2018 |
|------------------------------------------|-------------|----------------|--------------|----------------|
| <b>Investment in Liquid Growth Funds</b> |             |                |              |                |
| HDFC Liquid Fund                         | -           | -              | 293,657.06   | 100.00         |
| ICICI - Liquid fund                      | -           | -              | 4,765,468.23 | 121.96         |
| AXIS Liquid Fund                         | -           | -              | 2,701.77     | 0.52           |
| SBI Premier Liquid Fund                  | -           | -              | 286,959.04   | 77.78          |
| Birla Sun Life Cash Plus                 | -           | -              | 3,854,992.93 | 107.07         |
| <b>Total</b>                             |             |                |              | <b>407.33</b>  |

- 62.** The disclosure on nature of revenue from contracts as required under Ind AS 115 is part of note 21. Further, the additional disclosure on trade receivable and contract assets, contract liabilities are as below:

**Contract balances**

| Particulars             | March 31, 2019 |         | March 31, 2018 |         |
|-------------------------|----------------|---------|----------------|---------|
|                         | Non-Current    | Current | Non-Current    | Current |
| Trade receivables *     | -              | 180.55  | -              | 129.47  |
| Contract assets**       | -              | 10.48   | -              | 3.84    |
| Contract liabilities*** | 41.31          | 4.26    | 39.91          | 9.88    |

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

\* Trade receivables, beyond the credit period as per the contracts with the customers, are interest bearing. In March 31, 2019, Rs. 1.09 crore (March 31, 2018 Rs. 0.57 crore) was recognized as provision for expected credit losses on trade receivables

\*\* 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, 2019 | March 31, 2018 |
|-------------------------------------|----------------|----------------|
| Opening balance                     | 0.77           | 0.33           |
| Add: Provision made during the year | 1.04           | 0.44           |
| Less: Bad Debts written off         | (0.44)         | -              |
| <b>Closing balance</b>              | <b>1.37</b>    | <b>0.77</b>    |

**63. Events occurring after the Balance Sheet date**

Subsequent to the year ended on March 31, 2019, the GHIAL has issued the 5.375% senior secured notes (SSN) through overseas market equivalent to USD 300 million (INR 2067.15 Crore). SSN were listed on Singapore stock exchange on April 10, 2019. The SSN are repayable after five years on April 10, 2024. The proceeds of the SSN is proposed to be utilized for capital expenditures with respect to Airport Activities (as defined in the Concession Agreement) as part of the expansion.

**64. Amendment to Indian Accounting Standards (Ind AS) issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017, Companies (Indian Accounting Standards) Amendment Rules, 2018 and Companies (Indian Accounting Standards) Amendment Rules, 2019 amending the following standard:

**New Standard issued but not yet effective**

**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 1, 2019. This standard replaces current guidance in Ind AS 17 and is a far reaching change in accounting by lessees in particular.

Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Ind AS 116 requires lessees to recognize a 'right-of-use asset' and a 'lease liability' for almost all leasing arrangements. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. The lessor still has to classify leases as either finance or operating.

Ind AS 116 is effective for the Group w.e.f. April 1, 2018 using either one of the following two methods:

(a) Retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 116 (the full retrospective method); or

(b) Retrospectively with the cumulative effect of initially applying Ind AS 116 recognized at the date of initial application (April 01, 2019) and providing certain additional disclosures as defined in Ind AS 116 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on leases resulting from the application of Ind AS 116 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Group has established an implementation team to implement Ind AS 116 related to leases and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

A reliable estimate of the quantitative impact of Ind AS 116 on the financial statements will only be possible once the implementation project has been completed.

#### **Appendix C to Ind As 12 uncertainty over Income Tax Treatment**

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider for example, (a) how it prepares its income tax filings and supports tax treatments: or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after April 1, 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Group may need to establish processes and procedures to obtain information that is necessary to apply the interpretation on a timely basis.

#### **Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement**

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement, using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and the discount rate used to re measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement without considering the effect of the asset ceiling. This amount is recognized in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any the first change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendment, curtailment or settlement occurring on or after the beginning of the first annual reporting period that begins on or after April 1, 2019. These amendments will apply only to any future plan amendments, curtailment or settlements of the Group.

### **Annual improvements to Ind AS**

#### **Amendment to Ind AS 23: Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after April 1, 2019. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements. The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its financial statements.

#### **Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration:**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

**GMR Hyderabad International Airport Limited**  
**CIN: U62100TG2002PLC040118**  
**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2019**  
**(All amounts in Rupees Crores, except otherwise stated)**

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Group's current practice is in line with the Interpretation, the Group does not have any effect on its financial statements.

As per our report of even date.

**For S.R. BATLIBOI & ASSOCIATES  
LLP**  
Chartered Accountants  
ICAI Firm Registration  
Number: 101049W/E300004

**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/-  
**per Shankar Srinivasan**  
Partner  
Membership No.: 213271  
UDIN: 19213271AAAAAI1345

Sd/-  
**per Hitesh Kumar P**  
Partner  
Membership No.: 233734  
UDIN: 19233734AAAAAZ9996

Sd/-  
**G B S Raju**  
Managing Director  
DIN.:00061686

Sd/-  
**RSSLN Bhaskarudu**  
Director  
DIN.:00058527

Sd/-  
**SGK Kishore**  
Chief Executive Officer

Sd/-  
**Anand Kumar**  
Chief Financial Officer

Sd/-  
**Anup Kumar Samal**  
Company Secretary

Place: Hyderabad  
Date : July 23, 2019

Place : Hyderabad  
Date : July 23, 2019

Place : Hyderabad  
Date : July 23, 2019