

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Special Purpose Unaudited Interim Consolidated Balance Sheet as at September 30, 2020

(All amounts in Rupees Crores, except otherwise stated)

	As at September 30, 2020	As at March 31, 2020
I. ASSETS		
1. Non-current assets		
Property, plant and equipment	2,619.30	2,707.86
Capital work-in-progress	1,712.63	1,335.26
Right of use asset	76.70	74.47
Intangible assets	88.50	61.92
Intangible assets under development	2.03	1.24
Investment in joint venture	35.92	19.25
Financial assets		
- Loans	18.99	17.37
- Other financial assets	747.86	865.00
Non-current tax assets	49.96	51.88
Deferred tax asset (net)	242.93	252.83
Other non-current assets	804.26	739.30
	6,399.08	6,126.38
2. Current assets		
Inventories	99.57	81.85
Financial assets		
- Investments	687.14	1,241.10
- Trade receivables	122.02	178.77
- Cash and cash equivalents	421.12	270.98
- Bank balances other than cash and cash equivalents	418.89	680.93
- Loans	213.86	217.13
- Other financial assets	165.61	147.63
Current tax assets	-	1.71
Other current assets	75.86	55.33
	2,204.07	2,875.43
Assets held for sale	-	58.45
Total Assets	8,603.15	9,060.26
II. EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	378.00	378.00
Other equity		
- Capital reserve	107.00	107.00
- Retained earnings	1,009.01	1,214.29
- Cash flow hedge reserve	162.79	165.06
Equity attributable to equity holders of the parent	1,656.80	1,864.35
LIABILITIES		
1. Non-current liabilities		
Financial liabilities		
- Borrowings	5,559.42	5,685.81
- Lease liabilities	85.82	83.05
- Other financial liabilities	233.12	229.92
Government grants	32.95	35.59
Long term provisions	4.01	1.47
Deferred tax liability (net)	4.99	6.54
Other non-current liabilities	93.52	68.43
	6,013.83	6,110.81
2. Current liabilities		
Financial liabilities		
- Borrowings	55.56	19.92
- Trade payables		
-Total outstanding dues of micro and small enterprises	12.70	11.58
-Total outstanding dues of creditors other than micro and small enterprises	165.78	157.17
- Other financial liabilities	588.51	731.60
Government grants	5.27	5.27
Other current liabilities	51.13	59.35
Short term provisions	22.85	22.99
Current tax liability (net)	30.72	35.87
	932.52	1,043.75
Liabilities classified as held for sale	-	41.35
Total liabilities	6,946.35	7,195.91
Total Equity and Liabilities	8,603.15	9,060.26

The accompanying notes are an integral part of the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements.

For GMR Hyderabad International Airport Limited

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: November 27, 2020

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Special Purpose Unaudited Condensed Interim Consolidated Statement of Profit and Loss for the six months period ended September 30, 2020

(All amounts in Rupees Crores, except otherwise stated)

	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Incomes		
Revenue from contracts with customers	291.43	1,013.56
Other income	91.30	57.72
Total income	382.73	1,071.28
Expenses		
Concession fee	8.33	32.78
Purchase of traded goods	0.42	38.45
Changes in inventory of traded goods	2.17	(7.62)
Employee benefits expense	110.89	108.95
Finance costs	137.88	130.64
Depreciation and amortization expenses	117.53	104.49
Other expenses	210.63	252.88
Total expenses	587.85	660.57
(Loss)/Profit before share of profit in joint venture and tax	(205.12)	410.71
Share of profit in joint venture	(0.40)	1.88
(Loss)/Profit before tax	(205.52)	412.59
Tax expense		
Current tax	-	66.24
Deferred tax expense/ (credit)	(0.83)	(15.04)
Minimum alternate tax credit entitlement	0.34	(29.11)
Total tax expense	(0.49)	22.09
(Loss)/Profit for the year	(205.03)	390.50
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement losses on defined benefit plans	(0.22)	(1.64)
Share of other comprehensive income in joint venture	(0.03)	-
Income tax relating to items that will not be reclassified to profit or loss	-	0.05
Items that will be reclassified to profit or loss		
Cash flow hedge reserve	5.97	140.01
Income tax relating to items that will be reclassified to profit or loss	(8.24)	(18.05)
Total Other Comprehensive (Loss)/income for the period	(2.52)	120.37
Total comprehensive (Loss)/income for the period, net of tax	(207.55)	510.87
Profit attributable to		
Equity holders of the parent	(205.03)	390.50
Other comprehensive income attributable to		
Equity holders of the parent	(2.52)	120.37
Total comprehensive income attributable to		
Equity holders of the parent	(207.55)	510.87
Earnings per equity share		
Basic and diluted	(5.42)	10.33

The accompanying notes are an integral part of the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements.

For GMR Hyderabad International Airport Limited

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: November 27, 2020

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Special Purpose Unaudited Condensed Interim Consolidated Cash Flow Statement for the six months period

ended September 30, 2020

(All amounts in Rupees Crores, except otherwise stated)

	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Cash flow from operating activities		
Profit before tax	(205.52)	412.59
Adjustment to reconcile profit before tax to net cash flows:		
Share of profit in joint venture	0.40	(1.88)
Depreciation and amortization expenses	117.53	104.49
Bad debts written off	0.21	0.13
Lease rental income	(3.94)	(5.07)
Inventories written off	0.18	0.24
Amortisation of prepaid expenses	0.04	0.25
Amortisation of deferred income	(1.24)	(3.26)
Provision for doubtful advances / debts	-	0.24
Unrealised foreign exchange loss	2.53	(0.05)
Interest on financial assets at amortised cost	(76.13)	(38.63)
Gain on sale of financial assets (mutual funds)	(3.90)	(7.05)
Provision no longer required	(4.40)	(1.64)
Finance costs	137.88	129.96
Income from government grants	(2.64)	(2.64)
Loss on fair valuation of financial assets (mutual funds)	0.43	(0.56)
Operating profit before working capital changes	(38.22)	587.12
Working capital adjustments:		
Changes in trade payables	11.58	7.12
Changes in other liabilities	17.89	15.44
Changes in other financial liabilities	(20.14)	(15.23)
Changes in provisions	2.18	3.90
Changes in trade receivables	56.29	(1.62)
Changes in inventories	(17.90)	(13.34)
Changes in other assets	(70.58)	(89.11)
Changes in other financial assets	(44.83)	(54.06)
Changes in loans	1.65	(4.71)
Cash generated from operations	(102.08)	435.51
Direct taxes paid (net)	(0.85)	(65.00)
Net cash flow generated from operating activities (A)	(102.93)	370.51
Cash flows from investing activities		
Purchase of property plant and equipment, including capital work in progress, capital advances and intangible assets under development	(534.08)	(424.57)
Proceeds from sale of property, plant and equipment	0.71	0.40
Investment in joint venture	(17.07)	0.32
Purchase of financial assests (mutual funds)	(3,155.40)	(6,685.88)
Sale of financial assets (mutual funds)	3,712.83	6,454.64
Interest received	117.99	36.44
Investments in bank deposits	-	(1,607.00)
Proceeds from bank deposits	-	34.69
Movement in other bank balances	262.04	(0.06)
Net cash flow used in investing activities (B)	387.01	(2,191.02)

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Special Purpose Unaudited Condensed Interim Consolidated Cash Flow Statement for the six months period ended September 30, 2020

(All amounts in Rupees Crores, except otherwise stated)

	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Cash flows from financing activities		
Proceeds from long-term borrowings	(6.50)	2,067.15
Repayment of long-term borrowings	7.90	(14.25)
Repayment/(Proceeds) of short term borrowings, net	35.64	(8.27)
Interest paid including borrowing cost	(226.61)	(142.84)
Payment of lease rentals	(2.91)	(0.78)
Upfront fee paid/NCD issue cost	-	(83.92)
Net cash flow generated from/ (used in) financing activities (C)	(192.48)	1,817.08
Net decrease in cash and cash equivalents (A + B + C)	91.60	(3.43)
Cash and cash equivalents at the beginning of the year	270.98	395.08
Effects of exchange differences on cash & cash equivalents held in foreign currency	0.10	(0.02)
Cash and cash equivalents at the end of the year	362.68	391.63
Components of cash and cash equivalents		
Cash on hand and in transit	1.03	0.43
Balances with banks		
- in current account	76.02	237.54
- in exchange earner foreign currency account	12.07	1.69
- in deposit account	332.00	151.02
- in escrow account	-	0.02
Cash in transit	-	0.93
Cash and cash equivalents classified under asset held for sale	(58.44)	-
Total cash and cash equivalents	362.68	391.63

Changes in liabilities arising from financing activities

Particulars		
Opening Balance	5,713.32	3,193.50
Cash flows		
Repayments of borrowings	43.54	(14.25)
Proceeds from borrowings	(6.50)	2,067.15
Non Cash flows		
Adjustment against investments in subsidiary company on its liquidation	-	(12.50)
Foreign exchange movements	(117.19)	119.30
Movement in borrowing cost	(1.30)	(13.69)
Closing balance	5,631.87	5,339.51

The accompanying notes are an integral part of the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements.

For GMR Hyderabad International Airport Limited

Sd/-	Sd/-
Pradeep Panicker	Anand Kumar P
Chief Executive Officer	Chief Financial Officer

Place: Hyderabad
Date: November 27, 2020

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Special Purpose Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the period ended September 30, 2020

(All amounts in Rupees Crores, except otherwise stated)

a. Equity share capital:							
Equity shares of Rs. 10 each issued, subscribed and fully paid As at April 1, 2019 Issue of shares As at September 30, 2019					No.	Amount	
					378,000,000	378.00	
					-	-	
					378,000,000	378.00	
As at April 1, 2020 Issue of shares As at September 30, 2020					No.	Amount	
					378,000,000	378.00	
					-	-	
					378,000,000	378.00	
b. Other equity							
	Attributable to the equity holders of the parent				Non-controlling interest	Total equity	
	Reserves and surplus		Other reserves	Total			
	Capital reserve*	Retained earnings	Cash flow hedge reserve				
	As at April 1, 2019	107.00	668.43	31.72	807.15	-	807.15
	Profit for the year	-	390.50	-	390.50	-	390.50
	Other comprehensive income	-	(1.59)	121.96	120.37	-	120.37
	Total comprehensive income	-	388.91	121.96	510.87	-	510.87
	Less: Interim dividend	-	-	-	-	-	-
	Less: Dividend distribution tax	-	-	-	-	-	-
		-	1,446.25	275.64	1828.89	-	1828.89
As at September 30, 2019	107.00	1,057.34	153.68	1,318.02	-	1,318.02	
	Attributable to the equity holders of the parent				Non-controlling interest	Total equity	
	Reserves and surplus		Other reserves	Total			
	Capital reserve*	Retained earnings	Cash flow hedge reserve				
	As at April 1, 2020	107.00	1,214.29	165.06	1,486.35	-	1,486.35
	Profit for the year	-	(205.03)	-	(205.03)	-	(205.03)
	Other comprehensive income	-	(0.25)	(2.27)	(2.52)	-	(2.52)
	Total comprehensive income	-	205.28	(2.27)	(207.55)	-	207.55
	Less: Cash dividends	-	0.00	-	-	-	-
	Less: Dividend distribution tax	-	0.00	-	-	-	-
	As at September 30, 2020	107.00	1,009.01	162.79	1,278.80	-	1,278.80

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

The accompanying notes are an integral part of the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements.

For GMR Hyderabad International Airport Limited

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: November 27, 2020

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements for the
six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

1. Corporate information

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

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

2.2 Basis of Consolidation

(i) Subsidiary

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

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

(ii) Joint ventures

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

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

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements for the
six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

(iii) Method of consolidation

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

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

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

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

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

Name	Principal activities	Place and Country of operation	% equity interest as	
			September 30, 2020	March 31, 2020
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 Air Cargo and Aerospace Engineering Limited (GACAEL) (formerly GMR Aerospace Engineering Limited (GAEL))	Cargo handling operations and operation of maintenance, repair and overhaul (MRO) of aircrafts at Airport	Hyderabad, India	100%	100%
GMR Hospitality and Retail Limited (GHRL)	Operation of business hotel and duty free	Hyderabad, India	100%	100%
GMR Aero Technic Limited (GATL)#	Operation of MRO	Hyderabad, India	100%	100%
GMR Logistics Park Private Limited (GLPPL)##	Development of logistics park	Hyderabad, India	-	100%

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

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements for the
six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

the percentage shareholding of ESR and GHAL in GLPPL stands at 70 and 30 respectively, as a result of which, GLPPL has ceased to be a wholly owned subsidiary of GHAL with effect from April 16, 2020.

Information about joint venture

Name	Principal activities	Country of Incorporation	% equity interest as at	
			September 30, 2020	March 31, 2020
Laqshya Hyderabad Airport Media Private Limited (LHAMPL)	Advertisement	India	49%	49%
GMR Logistics Park Private Limited (GLPPL)	Development of logistic park	India	30%	-

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

With the recent and rapid development of the COVID-19 outbreak, many countries have implemented travel restrictions and quarantine measures to contain the spread of the virus. As a precautionary measure, Government of India has also imposed a countrywide lockdown with effect from March 25, 2020 which is extended until September 30, 2020. However, restrictions on operation of domestic flights were partially lifted from May 25, 2020 and are being ramped up in phased manner, in accordance with the Government directives. As a result, the airport's operations (including the duty free and hotel operations) were closed from March 25, 2020 to May 24, 2020 except for cargo and evacuation / rescue flights for passengers, which in turn has materially impacted the business of the Group. The MRO and air cargo business remains relatively less affected from the demand point of view as the demand for MRO has increased due to downtime of aircrafts, and air cargo business was classified as essential services. The Group had to face some issues related to non-availability of manpower and supply chain disruptions to cater to such demand. Presently, the Group has resumed the operations and are adhering to strict safety measures and the Government guidelines.

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

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

2.4 Estimates

While preparing the Special Purpose Unaudited Condensed Interim Consolidated Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results. The judgements, estimates and assumptions applied in the financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial statements for the year ended 31 March 2020. The only exceptions are the estimate of income tax liabilities which is determined in the financial statements using the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

3. Earnings per Share (EPS)

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the three months period 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 six months period ended September 30, 2020	For the six months period ended September 30, 2019
Profit attributable to equity holders for basic and diluted earnings	(205.03)	390.50
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.)	(5.42)	10.33
Face value per share (Rs.)	10.00	10.00

4. Details of transactions with Related Parties:

A. Names of related parties and description of relationship:

Nature of relationship	Name of the related party
Holding company	GMR Airports Limited (GAL)
GAL's holding company	GMR Infrastructure Limited (GIL)
Ultimate holding company	GMR Enterprises Private Limited (GEPL)
Subsidiary Companies	GMR Hyderabad Aerotropolis Limited
	GMR Hyderabad Aviation SEZ Limited
	GMR Hospitality and Retail Limited
	GMR Air Cargo and Aerospace Engineering Limited (formerly GMR Aerospace Engineering Limited) *
	GMR Aero Technic Limited*
	Hyderabad Airport Security Services Limited (HASSL)**
	GMR Hyderabad Airport Power Distribution Limited @
Fellow Subsidiary Companies	GMR Aviation Private Limited
	Delhi International Airport Limited
	GMR Energy Trading Limited
	GMR Highways Limited
	GMR Corporate Affairs Private Limited
	GMR Airport Developers Limited
	Kakinada SEZ Limited
	GMR Aerostructure Services Limited
	GMR Hyderabad Vijayawada Expressways Private Limited
	GMR Business Process and Services Private Limited
	GMR Vemagiri Power Generation Limited
	GMR Goa International Airport Limited
	Raxa Security Services Limited
Shareholders having significant influence	Government of Telangana
	Airports Authority of India
	Malaysia Airports Holdings Berhad
	MAHB (Mauritius) Private Limited, Mauritius
Key Management Personnel (KMP)	Mr. G M Rao, Executive Chairman
	Mr. GBS Raju – Managing Director

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

Nature of relationship	Name of the related party
	Mr. SGK Kishore – Chief Executive Officer (till June 14, 2020)
	Mr. Pradeep Panicker – Chief Executive Officer (w.e.f June 15, 2020)
	Mr. Rajesh Arora – Chief Financial Officer (till May 31, 2019)
	Mr. Anand Kumar Polamada - Chief Financial Officer (w.e.f June 1, 2019)
	Mr. Anup Kumar Samal - Company Secretary
	Mr. Srinivas Bommidala – Director
	Mr. HJ Dora – Director
	Mr. Grandhi Kiran Kumar– Director
	Mr. C Prasanna – Director
	Mr. Venkatramana Hegde – Director (till July 30, 2020)
	Mr. IN Murthy – Director
	Mr. K Ramakrishna Rao IAS – Director
	Mr. Jayesh Ranjan IAS – Director
	Mr. Raja Azmi bin Raja Nazuddin – Director (till February 10, 2020)
	Mr. Mohd Shukrie bin Mohd Salleh - Additional Director w.e.f June 15, 2020
	Mr. RSSLN Bhaskarudu- Independent Director
	Mr. NC Sarabeswaran- Independent Director
	Mrs. Siva Kameswari Vissa -Independent Director
	Mr. Madhu Ramachandra Rao – Independent Director
Joint Venture	Laqshya Hyderabad Airport Media Private Limited
Associates	GMR Logistics Park Private Limited #
Associate of GIL	GMR Rajahmundry Energy Limited
Enterprises where KMP and their relatives exercise significant influence	GMR Varalakshmi Foundation
Other entities in which Directors are interested	GMR Family Fund Trust Sri Varalakshmi Jute Twine Mills Private Limited Geokno India Private Limited
Relative of KMP	Ramadevi Bommidala

A. Remuneration paid to Key Managerial Remuneration:

Particulars	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Short term employee benefits*	3.22	7.40
Sitting fee	0.13	0.10

*Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole.

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

Related Party Transactions	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
<i>Services received:</i>		
GMR Infrastructure Limited	4.65	3.64
GMR Airports Limited	13.48	15.26
Raxa Security Services Limited	13.26	12.16
GMR Aviation Private Limited	-	5.84
GMR Airport Developers Limited	14.82	14.58
GMR Corporate Affairs Private Limited	-	0.12

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

GMR Family Fund Trust	-	0.14
Delhi International Airport Limited	0.36	0.40
Laqshya Hyderabad Airport Media Private Limited	0.14	0.34
Government of Telangana	-	1.87
Airports Authority of India	0.01	0.01
Sri Vara Lakshmi Jute Twine Mills Private Limited	-	0.10
<i>Security Deposit (paid) / received:</i>		
GMR Logistics Park Private Limited	18.11	-
Delhi International Airport Limited	-	-
<i>Income from operations:</i>		
GMR Infrastructure Limited	0.01	0.01
GMR Airports Limited	0.00	0.18
GMR Aviation Private Limited	0.00	0.03
Kakinada SEZ Limited	0.12	0.12
GMR Airport Developers Limited	0.13	0.07
Raxa Security Services Limited	0.01	0.00
Geokno India Private Limited	0.02	0.05
GMR Highways Limited	0.06	0.12
Laqshya Hyderabad Airport Media Private Limited	2.52	17.06
GMR Business Process and Services Private Limited	1.58	1.58
Delhi International Airport Limited	0.01	0.02
Airports Authority of India	0.12	1.61
GMR Varalakshmi Foundation	0.20	0.19
<i>Interest on delayed payments from customers</i>		
GMR Airports Limited	0.00	-
Laqshya Hyderabad Airport Media Private Limited	-	0.00
GMR Aviation Private Limited	0.00	-
<i>Purchase of Asset:</i>		
GMR Airport Developers Limited	17.24	26.56
Delhi International Airport Limited	0.01	-
<i>CSR Expenditure</i>		
GMR Varalakshmi Foundation	5.51	5.58
<i>Reimbursement of expenses claimed by the Group during the year from its related parties:</i>		
GMR Infrastructure Limited	0.00	0.00
GMR Airports Limited	0.01	0.15
Kakinada SEZ Limited	0.02	0.03
Delhi International Airport Limited	0.01	0.13
GMR Airport Developers Limited	0.50	0.56
GMR Highways Limited	0.01	0.02
Geokno India Private Limited	0.00	0.00
Laqshya Hyderabad Airport Media Private Limited	0.21	0.49
Airports Authority of India	1.41	1.84
GMR Varalakshmi Foundation	0.02	0.04
Raxa Security Services Limited	0.00	0.00
GMR Business Process and Services Private Limited	0.11	0.34
GMR Goa International Airport Limited	-	0.02

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

<i>Reimbursement of expenses claimed from the Group during the year by its related parties:</i>		
GMR Airports Limited	-	0.17
Delhi International Airport Limited	0.01	-
Laqshya Hyderabad Airport Media Private Limited	-	0.09
GMR Airport Developers Limited	0.36	0.13
<i>Income on amortisation of deposit received:</i>		
Laqshya Hyderabad Airport Media Private Limited	0.04	0.02
GMR Varalakshmi Foundation	0.00	0.02
GMR Infrastructure Limited	0.00	0.00
<i>Interest expense on amortisation of deposit received:</i>		
Laqshya Hyderabad Airport Media Private Limited	0.02	0.02
GMR Infrastructure Limited	0.00	-
GMR Varalakshmi Foundation	0.01	0.00
<i>Lease rental income</i>		
Laqshya Hyderabad Airport Media Private Limited	(0.00)	0.01
GMR Business Process and Services Private Limited	0.02	0.02
GMR Highways Limited	(0.00)	0.00
GMR Airport Developers Limited	0.00	0.00
GMR Varalakshmi Foundation	0.01	0.02
Raxa Security Services Limited	(0.00)	0.00
<i>Unsecured loan given:</i>		
GMR Infrastructure Limited	9.95	-
<i>Interest on unsecured loan:</i>		
GMR Infrastructure Limited	11.30	-
GMR Infra Developers Limited		-
<i>Unsecured loan received back:</i>		
GMR Infrastructure Limited	9.95	-
<i>Interest expense on lease liabilities</i>		
GMR Family Fund Trust	0.04	0.04
Government of Telangana	3.57	3.57
Sri Varalakshmi Jute Twine Mills Private Limited	0.03	0.03
<i>Amortization of expense on deposit paid:</i>		
GMR Airport Developers Limited	-	0.21
Raxa Security Services Limited	0.09	0.04
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.00
GMR Family Fund trust	-	0.01
<i>Interest income on amortization of deposit paid:</i>		
GMR Airport Developers Limited	-	0.61
Raxa Security Services Limited	0.07	0.07
Sri Varalakshmi Jute Twine Mills Private Limited	0.00	0.00
GMR Family Fund Trust	0.02	0.01
<i>Rent:</i>		
Ramadevi Bommidala	0.11	0.20

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

C. Outstanding balances at the end of the year:

Particulars	September 30, 2020		March 31, 2020	
	Non-Current	Current	Non-Current	Current
<i>Balance Recoverable / (Payable):</i>				
GMR Enterprises Private Limited	-	0.01	-	0.01
GMR Infrastructure Limited	-	(1.81)	-	(2.31)
GMR Airports Limited	-	(6.19)	-	(7.93)
Raxa Security Services Limited	-	(8.73)	-	(5.31)
Delhi International Airport Limited	-	(0.32)	-	1.56
GMR Rajahmundry Energy Limited	-	0.04	-	0.04
GMR Hyderabad Vijayawada Expressways Private Limited	-	0.01	-	0.01
GMR Aviation Private Limited	-	0.00	-	0.03
GMR Airport Developers Limited	-	(15.49)	-	(12.33)
Kakinada SEZ Limited	-	0.51	-	0.69
GMR Energy Trading Limited	-	0.00	-	0.00
GMR Highways Limited	-	0.18	-	0.26
Geokno India Private Limited	-	0.83	-	0.81
GMR Aerostructure Services Limited	-	0.03	-	0.03
GMR Goa International Airport Limited	-	-	-	0.02
GMR Vemagiri Power Generation Limited	-	0.00	-	0.00
GMR Business Process and Services Private Limited	-	1.02	-	1.66
Laqshya Hyderabad Airport Media Private Limited	-	1.46	-	0.77
Government of Telangana	-	-	-	(3.87)
Airports Authority of India	-	4.78	-	5.02
GMR Varalakshmi Foundation	-	(3.34)	-	(0.03)
<i>Security deposit receivable / (payable) to related parties recognised at amortised cost:</i>				
GMR Infrastructure Limited	-	(0.04)	-	(0.04)
Raxa Security Services Limited	-	1.61	-	1.70
Laqshya Hyderabad Airport Media Private Limited	(0.36)	(0.02)	(0.34)	(0.02)
Delhi International Airport Limited	(0.25)	-	-	-
GMR Varalakshmi Foundation	(0.10)	-	(0.10)	-
Sri Varalakshmi Jute Twine Mills Private Limited	0.09	-	0.09	-
GMR Family Fund trust	0.35	-	0.33	-
Ramadevi Bommidala	(0.03)	-	(0.00)	-
GMR Airport Developers Limited	4.43	4.77	4.64	8.92
<i>Deferred income on deposits received recognized at amortised cost</i>				
Laqshya Hyderabad Airport Media Private Limited	0.09	0.04	0.12	0.04
GMR Varalakshmi Foundation	0.02	0.01	0.03	0.01
<i>Prepaid expenses on deposits paid recognized at amortized cost:</i>				
Raxa Security Services Limited	-	0.14	-	0.05

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

Particulars	September 30, 2020		March 31, 2020	
GMR Airport Developers Limited	1.12	0.44	0.90	0.89
<i>Loans given (including accrued interest):</i>				
GMR Infrastructure Limited	-	200.00	-	207.90
Borrowings:				
Government of Telangana	(315.05)	-	(315.05)	-

5. Operating segments are reported in such a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The entity 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. operation of airport and providing allied services. Accordingly, the amounts appearing in the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements relate to the Group's single business segment.

The information relating to different products and services regarding Revenue from contracts with customers along with other income and finance income given below:

Nature of revenue	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Aeronautical		
Landing and parking charges	24.07	69.41
User Development Fee (UDF) and Passenger Service Fee (PSF)	15.96	369.24
ITC charges	5.18	-
Common Infrastructure Charges	0.27	31.82
Fuel farm	13.61	73.53
Ground handling	3.28	17.06
Cargo revenues	34.64	47.18
Others	10.90	13.97
Revenue from aeronautical(A)	107.91	622.21
Non Aeronautical		
Duty Free	6.07	84.14
Retail	2.77	22.98
Advertisement	4.19	18.59
Food and beverages	4.07	23.99
Parking	4.94	36.00
Land and space – Rentals	19.76	37.36
MRO services and others	122.36	117.17
Revenue from non-aeronautical(B)	164.16	340.23
Commercial property development (C)	16.38	17.87
Hospitality services (D)	2.98	33.25
Revenue from Operations (E=A+B+C+D)	291.43	1,013.56
Other Income:		
Bank deposits and commercial papers	34.93	16.84
Others	41.20	21.79
Gain on sale of financial assets (mutual funds)	3.47	7.61
Gain on account of foreign exchange fluctuations (net)	-	0.17
Amortisation of deferred income	1.24	3.26
Income from government grant	2.64	2.64
Provisions no longer required, written back	4.40	1.64
Other non-operating income	3.42	3.77
Total Finance Income(F)	91.30	57.72
Total Revenue (G=E+F)	382.73	1,071.28

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

6. Commitments and Contingencies

I. Leases

Group as lessee:

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

Following are the changes in the carrying value of right of use assets as at September 30, 2020:

Particulars	Category of ROU asset		Total
	Land	Building	
Balance as at April 1, 2020	66.05	8.42	74.47
Reclassification on account of adoption of Ind AS 116	-	-	-
Additions on accounts of modification in terms of contract	-	3.67	3.67
Depreciation	0.69	0.75	1.44
Balance as at September 30, 2020	65.36	11.34	76.70

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

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

Particulars	September 30, 2020	March 31, 2020
Current lease liabilities	-	-
Non-Current lease liabilities	85.82	83.05
Total	85.82	83.05

The following is the movement in lease liabilities during the period:

Particulars	September 30, 2020	March 31, 2020
Lease liability recorded on adoption of Ind-AS 116	83.05	76.94
Additions on accounts of modification in terms of contract	3.67	-
Finance cost accrued during the year	4.04	7.79
Deletions	-	-
Payment of lease liabilities	(4.94)	(1.68)
Balance at the end	85.82	83.05

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

Particulars	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Depreciation/amortisation on right to use asset	1.44	1.38
Interest on lease liability	4.04	1.95
Expenses related to short term lease (included under other expenses)	1.40	2.22
Total amount recognized in the statement of profit and loss	6.88	5.55

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

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

	September 30, 2020	March 31, 2020
Within one year	5.68	9.41
After one year but not more than five years	25.71	23.55
More than five years	731.62	727.57

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:

	September 30, 2020	March 31, 2020
Within one year	63.78	49.55
After one year but not more than five years	249.67	184.72
More than five years	681.62	450.88

II. Litigation and Contingent Liabilities

A. Direct taxes:

- a) During the previous years, the Revenue have filed Appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by Income Tax Appellate Authority (ITAT), Bengaluru dated October 13, 2017 knocking down the assessment orders passed under section 143(3) read with section 153A thereby deleting certain disallowances amounting to Rs. 34.87 & Rs. 16.65 confirmed by Commissioner of Income tax (Appeals) [CIT (A)], Bengaluru in relation to assessment years (AY's) 2008-09 & 2009-10 respectively, resulting in a reduction in tax losses.
- b) During the current year, the ITAT, Bengaluru, in an appeal filed by the GHIAL against the order passed by the CIT (A), Bengaluru dated October 31, 2016 confirming certain disallowances amounting to Rs. 6.85 in relation to AY 2009-10 resulting in a reduction in tax losses has passed an order dated July 10, 2019 setting aside the order passed by the CIT (A) and restoring the matters back to the assessing officer for fresh verification.
- c) During the previous years, the Revenue have filed Appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by ITAT, Bengaluru dated October 13, 2017 deleting certain disallowances amounting to Rs. 7.34, Rs. 11.25, Rs. 18.27 & Rs. 20.04, resulting in a reduction in tax losses, confirmed by CIT (A), Bengaluru in relation to AY's 2010-11, 2011-12, 2012-13 and 2013-14 respectively.
- d) During the previous years, GHIAL had filed appeals before ITAT, Bengaluru against the orders passed by the CIT (A), Bengaluru dated December 29, 2016 confirming certain disallowances amounting to Rs. 13.00, Rs. 9.14, Rs. 0.86 and Rs. 4.29 resulting in a reduction in tax losses in relation to AY's 2010-11, 2011-12, 2012-13 and 2013-14 respectively.
- e) During the previous years, GHIAL had filed appeal before ITAT, Bengaluru against the orders passed by the CIT (A), Bengaluru dated July 10, 2018 confirming certain disallowances amounting to Rs. 3.38, resulting in a reduction in tax losses in relation to AY 2014-15.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

- f) During the previous years, the Revenue have filed appeals before the ITAT, Bengaluru against GHIAL on the orders passed by CIT(A), Bengaluru dated July 10, 2018 deleting certain disallowances amounting to Rs. 22.03 & Rs. 22.23 resulting in a reduction in tax losses in relation to AY's 2014-15 & 2015-16 respectively.
- g) During the previous years, the Revenue have filed appeals before ITAT, Bengaluru against GHIAL on the order passed by CIT(A), Bengaluru dated July 13, 2018 deleting certain disallowances amounting to Rs. 24.46 in relation to AY 2016-17.
- h) During the previous years, the Revenue have filed appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by the ITAT, Bengaluru deleting certain disallowances in the computation of income as per Section 115 JB of the Income-tax Act, 1961 amounting to Rs. 16.89 in relation to AY 2013-14 which could result in an additional Minimum Alternate Tax of Rs. 3.38.
- i) During the previous years, the Revenue have filed appeals before the ITAT, Bengaluru against GHIAL on the orders passed by the CIT (A), Bengaluru in GHIAL favour in relation to certain disallowances in the computation of income as per Section 115 JB of the Income-tax Act, 1961 amounting to Rs. 17.93, Rs. 17.10 and Rs. 20.37 in relation to AY 2014-15, AY 2015-16 and AY 2016-17, respectively. In connection to this, tax deducted at source amounting to Rs. 3.76, Rs. Nil and Rs. 6.46 for AY 2014-15, AY 2015-16 and AY 2016-17, respectively was withheld by the Authorities.

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

- j) GACAEL 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-IA of the Income Tax Act, 1961 and demanding tax of Rs. 1.54 (including interest of Rs 0.22), Rs.2.73 (including interest of Rs 0.69), Rs. 3.03 (including interest of Rs.0.75) and Rs. 2.54 (including interest of Rs 0.66) for the respective assessment years. GACAEL had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 1.54, Rs. 2.73, Rs. 3.03 and Rs. 2.54 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 GACAEL had filed an appeal with the Income Tax Appellate Tribunal, Hyderabad. During the FY 2016-17, GACAEL has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending.
- k) GACAEL in respect of Cargo business had received an order during previous years for the assessment year 2013-14 and 2014-15 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to GACAEL has reduced by Rs. 4.18 for A.Y. 2013-14 and Rs. 3.11 for A.Y 2014-15. Aggrieved by the reduction in refund and the demand, GACAEL has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. During previous year, GACAEL has received a favorable order from Commissioner of Income-Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the current year GACAEL has received a favorable order from Income-Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending.
- l) GACAEL in respect of Cargo business has received an order during the previous year for the assessment years 2015-16 & 2016-17 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, GACAEL filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 4.17 & Rs.0.16 for AY 2015-16 & AY 2016-17 respectively. During Assessment Year 2019-20 the department has issued a refund order advice stating that the refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of 3.77. Aggrieved by the demand GACAEL has filed an appeal with the Commissioner of Income-Tax (Appeals), Hyderabad which matter is pending

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

- m) GACAEL in respect of Cargo business has received an order from Deputy Commissioner of Income tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 0.85 (March 2020: Rs. 0.85). GACAEL has filed an appeal with Commissioner of Income – Tax (Appeals), Hyderabad on May 5, 2015 and During the current year, GACAEL has received an order on January 06, 2020 dated December 13, 2019 partially allowing the expense. Aggrieved by the order, GACAEL has filed an appeal with ITAT, Hyderabad for which matter is pending. Based on an internal assessment, Management is of the opinion that the said order is time barred and will not be sustainable under law.
- n) GHRL during the previous year has received an order from Income Tax Officer for the AY 2016-17 demanding income tax of Rs. 0.05 on account of disallowance. GHRL has filed an appeal with CIT (Appeals). The CIT(Appeals) has passed an order dated February 20, 2020 dismissing the appeal of GHRL. During the period GHRL has filed an appeal against the said order with Income Tax Appellate Tribunal.

A. Matters under dispute are as follows:

- i. GHIAL had received an order dated March 14, 2019 from the Central Excise & Service tax Appellate Tribunal (CESTAT), Hyderabad against the order from the Office of Commissioner of Customs, Central Excise and Service Tax dated January 29, 2010 on irregular availment of the Cenvat amounting to Rs. 24.54 excluding penalty of Rs. 31.11. The said Order has allowed the Cenvat credit of Rs. 12.12, disallowed and remanded credit totaling to Rs. 12.42 (includes remanded cenvat credit of Rs. 4.01) and accordingly, penalty amount got reduced to Rs. 12.42. In addition, the order also allowed cenvat credit of Rs. 6.56 which was capitalized earlier. However, the same has not been given effect to in the financial statements pending final outcome since during the year the department has filed an appeal against the above order from the CESTAT. Apart from this, GHIAL has also filed an appeal against the disallowance of Rs. 8.41, with the Hon'ble High Court of Telangana on September 09, 2019.
- ii. GHIAL had received final order passed by the CESTAT, Hyderabad on September 16, 2019 allowing the appeal filed against levy of penalty of Rs. 7.43 (March 31, 2020: Rs. 7.43) on delay in payment of service tax on the UDF. Further, GHIAL had received the refund towards service tax of Rs. 12.17 (including interest of Rs. 4.74) pertaining to the period from April 2008 to December 2008. However, GHIAL has not recognized the above refund amount of Rs. 12.17 as an income since the department had filed an appeal with the Hon'ble Supreme Court against the order of CESTAT and the same has been shown as a liability. During the period, GHIAL has received the refund of service tax paid amounting to Rs. 10.02 for the balance subsequent period from January 2009 to October 2009. Further, during the period, the department has filed an appeal with Commissioner of Customs & Central Tax, Appeals-1 against the order sanctioning of refund of Rs. 12.17 which got dismissed by the Commissioner of customs & Central Tax, Appeals- 1 vide its order dated September 16,2020.
- iii. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated November 25, 2013 on non-payment of service tax on recovery of electricity and water charges from its concessionaires and irregular availment of Cenvat amounting to Rs. 1.53 (March 31, 2020: Rs. 1.53), including penalty of Rs 1.67 (March 31, 2020: Rs. 1.67). GHIAL had received stay order from CESTAT subject to pre-deposit of Rs. 0.15 and accordingly, GHIAL had deposited same with the service tax department within the stipulated time.
- iv. During the period, GHIAL has received a show cause notice (SCN) dated August 07, 2020 highlighting a variation in the input tax credit (ITC) claimed by GHIAL in GSTR 3B viz-a-viz ITC available as per GSTR 2A aggregating to Rs. 166.74 for the financial year ended March 31, 2020. GHIAL has filed their response to the aforesaid SCN on September 10, 2020 justifying the variance which was predominantly on account of the ITC claimed on civil work (refer note 24) and timing difference.
- v. GHIAL had received a notice from the office of the Joint Commissioner of Labour for payment of Building and other construction workers' Welfare Cess @ 1% of the cost of construction of Airport Metropolitan amounting to Rs. 25.20 (March 31, 2020: Rs. 25.20). The GHIAL had received the stay order from Hon'ble High Court of Telangana against the said order in the earlier years.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

- vi. GHIAL had received notice dated January 19, 2013, from Hyderabad Metropolitan Water Supply & Sewerage Board for disconnection of water connection for non-payment of sewerage cess arrears. GHIAL had received the stay order against the said order in the earlier years. The sewerage cess outstanding including interest as at March 31, 2020 amounts to Rs. 5.20 (March 31, 2020: Rs. 4.96).
- vii. GHRL has filed appeal with Appellate Tribunal against the orders of Deputy Commissioner and Appellate Deputy Commissioner against the order confirming the demand of Rs. 0.42 (March 31, 2020: Rs. 0.42) towards, levying Value Added Tax on leasing of Audio visual equipment by the hotel customers for the period from October 2010 to November 2012 and December 2012 to March 2014 respectively. Further, GHRL had filed reply to the SCN for Rs. 0.20 on May 16, 2019 for the period from Apr-14 to Jun-17 on same issue. Order awaited.
- viii. GHRL during the previous year, has received an order from Deputy Commissioner of Customs, RGI Airport in respect of alleged stock variance. GHRL has filed an appeal with the Commissioner of Customs & Central Tax (Appeals-1) against the order passed by the Deputy Commissioner Customs, RGIA. The Commissioner Customs & Central Tax (Appeals-1) upheld the order passed by the Deputy Commissioner of Customs, RGI Airport and reduced the penalty to Rs. 0.01. GHRL is in the process of filling an appeal with CESTAT.
- ix. The Assistant Commissioner of Central tax and Customs, Hyderabad has filed appeals on May 31, 2019 before the Commissioner (appeals) against the service tax refund orders in respect of service tax charged by GHIAL on renting of immovable property for Duty free shop located beyond custom frontier of India for an amount of Rs. 3.77 (March 2020: 3.77) issued to GHRL pertaining to the period from October 2016 to June 2017. GHRL has filed cross-objections on October 14, 2019 against the appeals and personal hearing is awaited. GHRL has submitted the reply to show cause notice asking to show cause as to why the refunded amount erroneously should not be recovered u/s 73A of the Finance Act, 1994.
- x. GACAEL has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT) against the order of Commissioner of Service Tax for the rejection of service tax refund claim amounting to Rs. 1.03.
- xi. GACAEL accrued customs officers' salaries stationed at Air Cargo Terminal based on debit notes raised by the customs department on GHIAL as the ultimate cost has to be borne by the custodian i.e. GACAEL. GHIAL filed a writ petition under article, 226 of the Constitution of India in the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised in previous years, GHIAL had received an order from the Honorable High court of Andhra Pradesh (Single Judge), stating that the grounds on which the levy was made by customs department were wholly unsustainable and accordingly GACAEL had reversed the accrued customs cost amounting to Rs. 14.02 (31 March 2020: Rs.14.02) for the period from March 23, 2008 to March 31, 2012 as provision no longer required written back and included the same in other income.

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

- xii. GACAEL has rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which GACAEL had not paid service tax in view of the exemption available under cargo handling services. GACAEL had received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring GACAEL to show cause as to why the services rendered during March 2008 to June 2010 should not be classified under "Airport Services" and "Storage and Warehousing Services" ("Taxable Service").

On May 3, 2013, GACAEL had received an order from Commissioner of Customs, Central Excise and Service tax. As per the said order, the commissioner had concurred with the departments view and classified the services of cargo handling for export cargo as Taxable Service. As a result of which, there was a demand levied of Rs. 1.89 (March 2020: Rs.1.89) as service tax for the period March 2008 to June 2010 under Airport Services and Rs.1.07 (March 2020: Rs. 1.07) as service tax for the period March 2008 to June 2010 on Storage and Warehousing Services along with applicable interest and penalty.

Subsequently, the Customs, Excise & Service Tax Appellate Tribunal (CESTAT) in its stay order dated October 25, 2013 has mentioned that X-ray Screening, Terminal Storage and Processing, Unitization and

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

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.

- xiii. GACAEL has received a show cause notice from the Office of Commissioner (Audit) Central tax requiring GACAEL to show cause as to why CENVAT credit of Rs. 0.65 along with applicable interest and penalty should not be reversed/demanded on certain exempted services. GACAEL has filed a reply to the Show Cause notice with the Office of Commissioner (Audit) Central tax on October 10, 2017. Personal hearing completed on March 27, 2018, AC has passed an order dated March 28, 2018 by disallowing GACAEL demand, order received on April 9, 2018. As a result of which, there is a demand levied of Rs. 0.65 as service tax along with penalty of Rs. 0.63. Further, GACAEL has filed an appeal against the order with Commissioner (Appeals), Central tax during the previous year. GACAEL has received an unfavorable order from Commissioner of Customs and Central Tax (Appeals), Hyderabad on November 12, 2018, directing the Additional Commissioner to recalculate the demand. Subsequently, GACAEL has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019.
- xiv. During the previous year, GACAEL has received an order from Regional PF Commissioner – I, Regional Office II, Hyderabad, regarding the payment of contributions to International Worker under Employees Provident Funds and Miscellaneous Provisions Act, 1952 demanding an amount of Rs. 0.14. GACAEL has filed writ petition before the High Court of Telangana.
- xv. GACAEL has received a SCN No. 31/2019-20 dated 23 July 2019 along with corrigendum to SCN dated 25 July 2019 from DGGI (Directorate General of GST Intelligence) on following points:
 - i. Non reversal of CENVAT Credit against sale of goods for Rs. 0.03.
 - ii. Proposing disallowance of Export of Services on the ground that 'Place of supply' for MRO Services of Aircraft going out of India after being put to use India can't be said to be outside India. Hence it does not qualify 'Export of Service' and hence subject to Service Tax for Rs. 2.08 along with applicable interest and penalty.

GACAEL has filed a writ petition on August 21, 2019 and received interim relief on August 22, 2019 staying the proceedings. Department has filed its reply and requested for stay vacation. GACAEL is in the process of filing rejoinder.
- xvi. GACAEL has received a SCN.04/2019-20 dated 19 July 2019 from Office of the Commissioner of Central Tax requiring GACAEL to show cause as to why service tax payable of Rs. 0.19 on recovery from the Employee on serving the Short Notice Period which is subject to Service Tax under declared service 'To tolerate an Act' u/s 66E (e.) of the Finance Act, 1994 should not be demanded under the provisions of Section 73 of Finance Act, 1994 along with interest under Section 75 and penalty under Section 78 of Finance Act, 1994.

GACAEL has filed a written response on August 19, 2019. Personal hearing held on January 23, 2020 and waiting for the final order. On similar issue, GHIAL has gone for appeal and got the favorable order

- xvii. During the current period, GACAEL has received a show cause notice from the Office of Commissioner of Customs & Central taxes requiring GACAEL to show cause as to why CENVAT credit of Rs 0.25 along with applicable interest and penalty should not be paid on irregular availment of CENVAT credit for the capital goods which are included in the Improvements to Concession Assets. GACAEL is in the process of responding to the notice.
- xviii. During the current period, GACAEL has received an order from District Consumer Forum (RR District), regarding the compensation for short delivery of cargo to M/s. Excell Media Pvt.Ltd. amounting to 0.01 along with applicable interest. GACAEL is in the process of filing appeal against the order.
- xix. In case of GHRL, during the current period one of the customer has filed the complaint against GHRL for an amount of Rs.0.05 (March 31,2020: Rs. Nil) under Consumer Protection Act, 2019.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

- xx. GHAL has preferred an appeal with CESTAT against Order-in-Appeal passed by The Commissioner of Central Tax (Appeals) confirming the demand of Rs. 1.47 (March 31, 2020: Rs. 1.47) in the matter of short payment of service tax under RCM on purchase of designs and drawings under Architecture service. GHAL has filed an appeal with CESTAT against the order and reversed cenvat credit of Rs. 0.11 in FY 17-18 and paid Rs 0.04 during the year towards pre-deposit. GHAL has filed an appeal with CESTAT against the order.
- xxi. GHASL had received Show Cause Notice dated July 17, 2015 from the Office of the Assistant Commissioner of Customs, Central Excise and Service Tax wherein service tax refund of Rs. 0.0078 has been denied.

xxii. Recovery from PSF (SC) Escrow account:

- a) The Ministry of Civil Aviation (MoCA) had issued orders in 2014, requiring the Airport Operators to reverse the expenditure incurred from PSF (SC) escrow account opened and maintained by the Airport Operator in a fiduciary capacity, towards procurement and maintenance of security systems/equipment and on creation of fixed assets, together with interest, since inception. GHIAL had incurred Rs.142.00 towards capital expenditure (including the cost of land, construction cost and related finance cost as mentioned in note b below), excluding related maintenance expense, other costs and interest thereon till March 31, 2018 which is unascertainable, out of PSF (SC) escrow account as per SOPs, guidelines and clarification issued by the MoCA from time to time on the subject of utilization of PSF (SC) funds.

As the above order, in management's opinion, is contrary to and inconsistent with SOPs, guidelines and clarification issued by the MoCA from time to time in this regard, GHIAL had challenged the said order before the Hon'ble High court of Andhra Pradesh. The Hon'ble High Court, vide its order dated March 3, 2014 followed by further clarifications dated April 28, 2014 and December 24, 2014, stayed the MoCA order with an undertaking that, in the event the decision of the writ petition goes against GHIAL, it shall restore the PSF (SC) Fund to this extent.

PSF (SC) is replaced with Aviation Security Fee (ASF) with effect from July 1, 2019 vide AIC No.15/2019 dated June 19, 2019 in this connection, MoCA has formed a Trust for operating and maintenance of the ASF Fund namely National Aviation Security Fee Trust (NASFT). Further, NASFT has issued detailed Standard Operating Procedures (SOP) dated November 21, 2019 for operation and maintenance of the ASF. As per the SOPs, billing of ASF would be under the name of NASFT and accordingly all the risk and rewards would remain with the NASFT. In respect of expenses, cost of deployment of Central Industrial Security Force (CISF) would be paid directly by the NASFT. However, the other security related expenses for CISF are primarily to be incurred by the Airport Operator which would be reimbursed through a tax invoice raised on the NASFT. Accordingly, PSF (SC) Fund ceased to operate with effect from July 1, 2019.

- b) As per the advice from the Ministry of Home Affairs and the SOP's issued by the MoCA on March 06, 2002, GHIAL, through its erstwhile wholly owned subsidiary, Hyderabad Airport Security Services Limited (HASSL) constructed the residential quarters for Central Industrial Security Force (CISF) deployed at the airport. After completion of such construction, the total construction cost including the cost of land and related finance cost amounting to Rs. 113.73 was debited to the Passenger Service Fee (Security Component) Fund [PSF (SC) Fund] with intimation to the MoCA. The Comptroller & Auditor General, during their audits of PSF (SC) Fund, observed that, 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. Further, GHIAL had requested the MoCA to advice the Airport Economic Regulatory Authority (AERA) for considering the cost of construction, land and other related costs with regard to the aforesaid residential quarters in determination of Aeronautical Tariff for the Airport. Pending final instructions from the MoCA, residential quarters continue to be accounted under the PSF (SC) Fund and no adjustments have been made to these Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements.
- xxiii. Fuel surcharge adjustment (FSA) of GHIAL for the period from April 2008 to March 2010 amounting to Rs. 2.05 (March 31, 2020: Rs. 2.05).

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

- xxiv. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution the Group has amended the pay structure and made the consequent payment of provident fund on a prospective basis from the date of the SC order.

Based on the internal assessment and / or legal opinion, the Management is confident that, for the aforesaid mentioned contingent liabilities under paragraph (A) and (B) above, no further provision is required to be made as at September 30, 2020.

III. Guarantees excluding financial guarantee:

In case of GHIAL, Bank guarantees outstanding in respect of customs and others Rs. 48.92 (March 31, 2020: Rs. 48.95).

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

IV. Commitments

a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 2,386.40 (March 31, 2020: Rs. 2,642.68).

b) Other commitments

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

7. Significant accounting judgments, estimates and assumptions:

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

a. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which has the effect on the amounts recognised in the Special Purpose Unaudited Consolidated Interim Condensed Ind AS 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.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

GHIAL's management conducted detailed analysis to determine applicability of Appendix D of Ind AS 115. The concession arrangement has significant non-regulated revenues, which are apparently not ancillary in nature, as these are important from GHIAL, MoCA and users/passengers perspective. Further, the regulated and non-regulated services are substantially interdependent and cannot be offered in isolation. Airport premises is being used both for providing regulated services and for providing non-regulated services. Based on GHIAL's proportion of regulated and non-regulated activities, the directors have determined that over the concession period, the unregulated business activities drives the economics of the arrangement and contributes substantially to the profits of GHIAL and hence concluded that SCA does not apply in its entirety to GHIAL.

Applicability of Service Concession Agreement (SCA) to GACAEL

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

Concession Fee:

As per the Concession Agreement (CA) entered into by GHIAL with the Ministry of Civil Aviation (MoCA) in December 2004, 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 derivative contracts and gain on reinstatement of 4.25% & 5.375% Senior Secured Notes (SSNs) was not in contemplation of parties in December 2004 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent receipts from business operations, from any external sources and therefore, are not treated as "Gross Revenue" for calculation of Concession fee payable to MoCA. Also, incomes generated on investment of part proceeds of SSNs earmarked for airport expansion project and adjusted from the value of capital work-in-progress amounting to Rs. 15.06 (September 30, 2019: Rs. 62.52) do not represent receipts from business operations and the same is also not considered for computation of concession fee to MoCA. Accordingly, GHIAL, based on Legal Opinion, has provided the concession fee to MoCA based on Gross Revenue as per their Standalone Financial Statements after adjusting such incomes/credits (Refer note 14).

b. Estimates and assumptions

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

Discounting rate

The Group has considered incremental borrowing rate of Airport sector i.e. 11.44% as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost. However, for the transactions undertaken from April 1, 2020 incremental borrowing rate of Airport sector i.e. 10.83% has been considered.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

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.

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.

Fair value measurement of financial instruments

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

Tax

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

Impairment of Cash Generating Unit (CGU):

The Group reviews its carrying value of CGU, annually, or more frequently when there is an indication for impairment. For the purpose of impairment testing, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets for assessing the value in use. The recoverable amount of an asset is greater of its value-in-use and its fair value less costs to sell (also refer note 17).

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.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

7. Fair values:

A comparison of the carrying amount of all financial assets and liabilities appearing in the financial information as against the reasonable approximation of their fair values is as below:

Break up of financial assets

Particulars	Carrying value		Fair value	
	September 30, 2020	March 31, 2020	September 30, 2020	March 31, 2020
Financial Assets				
At fair value through Profit or loss				
Investments in mutual funds	175.02	310.74	175.02	310.74
At Fair Value through Other Comprehensive Income				
Cross currency swap*	587.18	702.08	587.18	702.08
Coupon only swap*	12.00	31.92	12.00	31.92
Call spread option*	148.63	131.00	148.63	131.00
At amortized cost				
Investments in Commercial paper	512.12	930.36	512.12	930.36
Loans	232.85	234.50	232.85	234.50
Cash and cash equivalents	421.12	270.98	421.12	270.98
Bank balances other than cash and cash equivalents	418.89	680.93	418.89	680.93
Other financial assets	165.66	147.63	165.66	147.63
Trade receivables	122.02	178.77	122.02	178.77
Total	2,795.49	3,618.91	2,795.49	3,618.91
Financial liabilities				
At amortized cost				
Borrowings	5,614.98	5,705.73	5,351.43	4,636.61
Other financial liabilities	821.63	961.36	821.48	961.06
Lease liabilities	85.82	83.05	85.82	83.05
Trade payables	178.48	168.75	178.48	168.75
Total	6,700.81	6,918.89	6,437.21	5,849.47

* includes interest accrued of Rs.37.43 (March 31, 2020: Rs. 36.27), Rs. 4.22 (March 31, 2020: Rs. 2.83) and Rs. 18.13 (March 31, 2020: Rs. 18.13) for cross currency swap, coupon only swap and call option spread, respectively.

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. In case of long-term borrowings, all borrowings carry fixed rate of interest and hence, the carrying value is considered to the same as its fair value.

Assumptions used in estimating the fair values:

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

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at September 30, 2020, the marked-to-market value

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

- ii. The fair values of quoted mutual funds and commercial paper are based on price quotations at the reporting date.
- iii. The fair value of loans is computed using the current applicable discounting rate (10.83%) and the carrying value is measured at the initial rate of 11.44%.
- iv. The fair value of borrowings is based on the traded price of the bond and the prevailing exchange rate.
- v. The fair value of call spread option is based on foreign exchange spot and forward rates, currency basis spreads between currencies of the underlying commodity.

8. Fair Value Hierarchy:

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at:

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level-1	Level-2	Level-3
Assets measured at fair value					
At FVTPL					
Investments in mutual funds	September 30, 2020	175.02	175.02	-	-
	March 31, 2020	310.74	310.74	-	-
At FVTOCI					
Derivative	September 30, 2020	747.81	-	747.81	-
	March 31, 2020	865.00	-	865.00	-

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

***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 yield curves.
- iii. The fair value of 4.25% & 5.375% senior secured notes are based on the traded price of the bond and the prevailing exchange rate.
- iv. The fair value of call spread option is based on foreign exchange spot and forward rates, currency basis spreads between currencies of the underlying commodity.

9. Cash flow hedges

Foreign exchange derivative instruments measured at fair value through OCI are designated as hedging instruments in cash flow hedges to hedge the USD INR conversion rate volatility with reference to the cash outflows on settlement of its borrowings and related interest payments designated in USD. The fair value of derivative instruments varies with the changes in foreign exchange rates.

Particulars	September 30, 2020 (Unaudited)		March 31, 2020 (Audited)	
	Assets	Liabilities	Assets	Liabilities
Cross Currency Swap	587.18	-	702.08	-
Coupon only swap	12.00	-	31.92	-
Call spread option	148.63	-	131.00	-

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

10. GHIAL has recognized, Minimum alternate tax (MAT) credit entitlement of Rs. 457.11 (March 31, 2020: Rs. 457.11), 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 2017-18, 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.
11. GHASL continues to recognize, Minimum alternate tax (MAT) credit entitlement of Rs. 0.59 (March 31, 2020 Rs. 0.30), Management is confident that GHASL's normal tax liability will be more than the MAT payable as per the Income Tax, Act, 1961.
12. Minimum Alternative Tax (MAT) Credit Entitlement claimed by GACAEL in the income tax returns aggregating Rs. 37.01 have not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

13. Determination of aeronautical tariff:

GHIAL had filed an appeal, challenging the disallowance of pre-control period losses, foreign exchange loss on external commercial borrowings and other issues for determination of aeronautical tariff for the First Control Period commencing from April 1, 2011 to March 31, 2016 by Airport Economic Regulatory Authority ('AERA'). During the previous year, the Adjudicating Authority, Telecom Disputes Settlement Appellate Tribunal (TDSAT), in its disposal order dated March 06, 2020 has directed AERA to reconsider the issues afresh while determining the aeronautical tariff for the Third Control Period commencing from April 01, 2021.

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

Consequently, AERA, in respect of the remainder of the second control period, i.e. April 1, 2020 to March 31, 2021, has determined the Aeronautical tariff vide its Order no: 34/2019-20/HIAL dated March 27, 2020. Accordingly, GHIAL has applied aeronautical tariff as per the aforesaid order.

During the period on July 24, 2020, GHIAL has filed an application with the AERA for determination of Aeronautical tariff for the third control period commencing from April 1, 2021 to March 31, 2026.

14. 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, gain on restatement of SSN 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.

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.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

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
Lease revenue on account of Ind AS 116	Non aero revenue
Income from government grant	Finance income
Amortisation of deferred income	Other income

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

15. In case of GACAEL, the Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the Airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Investigative Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 0.36 (March 31, 2020: Rs. 0.36). With effect from July 1, 2019 vide AIC No. 15/2019 dated June 19, 2019, the collection of Passenger Service Fee (Security Component) is replaced with Aviation Security Fee (ASF). ASF will be collected and remitted by airlines to the National Aviation Security Fee Trust (NASFT). All expenses relating to CISF will be met through NASFT directly. Accordingly, the Group has discontinued recognition of salary provision of CISF personnel deputed at cargo terminal from July 1, 2019. The Management is confident that there would be no additional liability other than the amount accrued in the books of account.
16. 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 Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements.
17. **GMR Air Cargo and Aerospace Engineering Limited**
 - a) The Hon'ble National Company Law Tribunal, Hyderabad Bench vide its order dated July 26, 2019, has approved the Composite Scheme of Arrangement (the "Scheme") with Appointed Date of April 1, 2018, for merger of the Company's wholly-owned subsidiary GMR Hyderabad Air Cargo And Logistics Private Limited ("GHACL") into another wholly owned subsidiary GMR Aerospace Engineering Limited ("GAEL") and demerger of the MRO (Maintenance, Repair and Overhauling) division of GMR Aero Technic Limited ("GATL"), subsidiary of GAEL into GAEL with effective date of August 23, 2019. The name of the Combined Entity has been subsequently changed to GMR Air Cargo and Aerospace Engineering Limited ("GACAEL"), which will provide MRO and Cargo Handling services at the Rajiv Gandhi International Airport at Hyderabad. In consideration of merger order, GACAEL has allotted its equity shares to the Holding Company on October 4, 2019, in accordance with the share exchange ratio mentioned in the Scheme.
 - b) In August 2014, GHIAL has made additional investment of 5% stake in GACAEL, thereby making the shareholding from 50% to 55% making GACAEL and GATL from jointly controlled entities to subsidiaries. Subsequently in December'14, GHIAL has acquired the balance stake thereby making GACAEL 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.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

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

Particulars	GACAEL*
Net assets acquired on the date of acquisition (A)	(24.58)
Purchase consideration and investment by GHIAL (B)	11.69
Net Goodwill (A-B)	36.27

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

Note: These Special Purpose Unaudited Condensed Interim Consolidated Financial Statements include goodwill on additional investment by GHIAL during the financial year 2014-15 in subsidiary GACAEL. GACAEL has incurred a profit of Rs. 6.42 (September 30, 2019: profit of Rs. 5.64) for the period ended and has accumulated losses as at September 30, 2020 of Rs. 460.59 (March 31, 2020: 467.01) which exceeds its net worth. Further, GACAEL has incurred cash loss in the preceding financial years. 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 Directors 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 GACAEL that will lead to future economic benefits. Accordingly, these Special Purpose Unaudited Condensed Interim 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) managed through the above referred operating entity for impairment testing:

Carrying amount of goodwill allocated to MRO business:

Intangible Assets	September 30, 2020	March 31, 2020
Goodwill GACAEL MRO business	36.27	36.27

MRO:

The Management has assessed impairment of the carrying value of the MRO (Maintenance, Repair and Overhauling) Division. The assessment was done at Cash Generating Unit ("MRO CGU") level, which has past accumulated losses as at September 30, 2020. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations, which resulted in operating profits during the last 2 years.

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

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

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

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

The Management has also performed sensitivity analysis considering different scenarios to build in the uncertainties attached. Based on such valuation assessment done by the Management and approved by the Board of Directors, and other management initiatives as mentioned above, the Management is of the view that there is no impairment required in the value of MRO CGU as at September 30, 2020 in these Special Purpose Unaudited Condensed Interim Consolidated Financial Statements.

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

Expense Head	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Electricity and water charges	6.51	13.49
Salaries, wages and bonus	0.26	0.21
Staff welfare expenses	0.24	0.37
Repairs and maintenance - IT Services	1.15	0.19
Legal and professional expense	-	0.10
Miscellaneous expense	6.30	0.17

19. Break up of capital work-in-progress (CWIP) is below:

	September 30, 2020	March 31, 2020
Capital expenditure incurred on property, plant and equipment	1,324.59	1,063.76
Revenue items:		
Legal and professional expense	164.33	145.78
Employee benefits expense	0.95	0.75
Finance costs*	329.04	216.60
Others	7.00	5.94
Total (i)	1,825.91	1,432.83
Less:- Other income		
Interest income from bank deposit	(110.81)	(95.76)
Interest income on security deposit	(1.90)	(1.24)
Temporary lease rentals earned net of taxes	(0.57)	(0.57)
Total (ii)	(113.28)	(97.57)
Net Capital work in progress (i+ii)	1,712.63	1,335.26

During the six months period ended September 30, 2020 the Group has capitalized the following expenses of revenue nature to the capital work-in-progress (CWIP). Consequently, expenses disclosed under other expenses are net of amounts capitalized by the Group.

Particulars	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Opening Balance (A)	271.50	121.57
Revenue expense:		
Legal and professional expense	18.58	17.17
Employee benefits expense	0.20	-
Finance cost	112.77	114.96
Other expenses	1.06	2.61
Total (B)	132.61	134.74

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

Less: Other income		
Interest income from bank deposit	(15.06)	(62.52)
Interest income on security deposit	(0.66)	-
Total (C)	(15.72)	(62.52)
Less: Capitalized during the year(D)	(0.35)	(3.19)
Net (E=A+B+C+D)	388.04	190.60

20. During the previous year, GHIAL has issued 5.375% senior secured notes (2024 SSN) through overseas market equivalent to USD 300 million (Rs. 2,067.15). The 2024 SSN were listed on Singapore stock exchange in April 2019. The 2024 SSN are repayable after 5 years on April 10, 2024. The proceeds from 2024 SSN is proposed to be utilized for capital expenditure with respect to Airport Activities (as defined in concession agreement) as part of expansion.

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

The SSN have a fixed coupon rate of 5.375% p.a. on total amount of USD 300 million which has been swapped for 10.27% p.a. (weighted average of all Call Spread and COS contracts) on INR notional of Rs. 2,067.15 (total of all Call Spread and COS contracts).

21. During the prior period, GHIAL has issued 4.25% senior secured notes (2027 SSN) through overseas market equivalent to USD 350 million (Rs. 2,229.85). The 2027 SSN were listed on Singapore stock exchange in October 2017. The 2027 SSN are repayable after 10 years. The proceeds from 2027 SSN is proposed to be utilized for capital expenditure with respect to Airport Activities (as defined in concession agreement) as part of expansion.

GHIAL had entered into Cross Currency Swap (CCS) arrangement in order to hedge principal portion and to protect interest component of 4.25% 2027 SSN. CCS is 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. CCS involve interest rate payments on the two legs in different currencies and exchange of principal at maturity. GHIAL pays fixed interest on the INR notional as determined in the swap contract and receives fixed coupon on USD notional. GHIAL pays INR notional of the swap and receives the USD Notional of the CCS. Critical terms of the swap contract (tenor and USD/INR notional) match with the Hedged Item i.e. the stream of USD cash out flows, to effectively cover GHIAL from risk of movement in the foreign currency.

The fixed coupon of 4.25% p.a. on 2027 SSN has been swapped for 8.65% p.a. (weighted average of all Call Spread and COS contracts) on INR notional of Rs. 2,229.95 (total of all CCS contracts).

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

Revenue stream	For the six months period ended September 30, 2020	For the six months period ended September 30, 2019
Fuel farm	13.61	73.53
Ground Handling	3.28	17.06
Cargo	34.64	47.18
Rentals (including CAM) from Cargo and Ground Handling	10.73	10.48
Ground Power Unit	0.17	0.58

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

23. During the financial year ended 31 March 2019, GHIAL had paid a sum of INR 63.00 towards a processing fees for a loan facility duly sanctioned by Yes Bank Limited. However, in March 2020 GHIAL's management and Yes Bank Limited mutually agreed to terminate the aforesaid arrangement, and as a consequence thereof in May 2020 a refund of the loan processing fees was claimed by the GHIAL, which has been duly acknowledged and confirmed by the Bank that the GHIAL's request for refund is presently under consideration. Further, on the basis of discussions between senior management of the GHIAL and the group, with the senior officials of Yes Bank Limited the aforesaid amount is considered good and recoverable in full, with no adjustment considered necessary in the accompanying Special Purpose Unaudited Condensed Interim Consolidated Financial Statements for the six months period ended September 30, 2020
24. The Hon'ble Orissa High Court vide Judgement in W.P. No.20463/2018, in the case of Safari Retreats Private Limited, observed that the GST provisions w.r.t input tax credit allowability in respect of Civil work are not in line with the objective of the Act, and accordingly, held that if an assessee is required to discharge GST on the rental income, it is eligible to avail the Input Tax Credit (ITC) of GST w.r.t. civil work. GHIAL is engaged in rendering output supplies which is in the nature of letting out space/ facilities to various airline operators and other parties/concessionaires, in return for consideration, known by different nomenclatures and are given that the same is leviable to GST. Hence, GHIAL has availed the GST ITC in respect of the costs for civil work incurred as part of the expansion project and regular operations, upon application of the said judicial pronouncement. Further, department has filed an appeal in Hon'ble Supreme Court of India against the judgement of Hon'ble Orissa High Court. Pending outcome of judgement of Hon'ble Supreme Court of India, considering the judgement of Hon'ble Orissa High Court and based on the opinion obtained by GHIAL in this regard, the GHIAL's Management is of the view that GST ITC in respect of such civil work is eligible to be availed by GHIAL. Having regard to the same, GST ITC amounting to Rs. 307.39 (including Rs. 256.71 pertaining to earlier years) has been claimed in GST returns. Further, GHIAL has filed a writ petition (10367/2020) with Hon'ble High Court of Telangana requesting to strike down the relevant provisions of GST which denies ITC in respect of works contract services or goods and services received for construction of immoveable property (other than plant & machinery). The Hon'ble High Court had passed interim order directing the Respondents to not take any coercive action against the petitioner.
25. Subsequent to the current period, Air India Limited ("Air India"), in harmony with the Schedule of Airport Charges of GMR Hyderabad International Airport Limited, has agreed to settle the interest claim on delayed payments made by them during the period from 1 April 2008 to 31 March 2019 at Rs. 29.98 (including Rs. 4.77 in relation to payments towards the PSF (SC) Fund) vide their letter dated 29 October 2020 read in conjunction with previous correspondences. Accordingly, the GHIAL has recognised an income of Rs. 25.21 under the head "Other income".
26. Corresponding figures have been reclassified /regrouped wherever necessary.

GMR Hyderabad International Airport Limited
Notes to the Special Purpose Unaudited Consolidated Interim Condensed Ind AS Financial Statements for
the six months period ended September 30, 2020
(All amounts in Rupees Crores, except otherwise stated)

27. Utilization of money raised through issue of Senior Secured Notes (SSN)

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

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

	For the period ended September 30, 2020	For the year ended March 31, 2020
Unutilised amount at the beginning of the year	749.23	-
Amount raised during the year	-	2,067.15
Less: Utilized for capital project works	(375.05)	(1,413.67)
Add: Income on temporary cash investment	15.06	95.75
Unutilised amount at the end of the year	389.24	749.23

Details of temporary cash investment made from unutilized portion of Senior Secured Notes raised during the six months period ended as at September 30, 2020:

	September 30, 2020	March 31, 2020
Funds parked in:		
- Current accounts	2.53	43.02
- Fixed deposits*	386.71	706.21
Total	389.24	749.23

For GMR Hyderabad International Airport Limited

Sd/-	Sd/-
Pradeep Panicker	Anand Kumar P
Chief Executive Officer	Chief Financial Officer

Place: Hyderabad
Date: November 27, 2020.