

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2021

(All amounts in Rupees crores, except per share data and when otherwise stated)

4 Capital work-in-progress

	September 30, 2021	March 31, 2021
Capital expenditure incurred on property, plant and equipment	2,000.24	1,805.28
Legal and professional expense	160.98	165.64
Employee benefits expense	1.76	1.38
Finance costs	677.60	473.62
Other expenses	6.81	5.68
Total (i)	2,847.39	2,451.60
Less:-		
Interest income from bank deposit	(159.91)	(125.37)
Interest income on security deposit paid	(2.57)	(2.35)
Temporary lease rentals earned net of taxes	(0.57)	(0.57)
Total (ii)	(163.05)	(128.29)
Net capital work-in-progress (i-ii)	2,684.34	2,323.31

During the period ended September 30, 2021, the following expenses of revenue nature are capitalized to the capital work-in-progress (CWIP). Consequently, expenses disclosed under the other expenses are net of amounts capitalized by the Group.

	September 30, 2021	September 30, 2020
Opening balance (A)	518.03	271.49
<i>Expense:</i>		
Legal and professional expense	19.41	18.59
Employee benefit expense	0.38	0.20
Finance cost	219.06	112.77
Other expenses	1.32	1.06
Total (B)	240.17	132.62
<i>Less:</i>		
Interest income from bank deposit	(33.48)	(15.06)
Interest income on security deposit paid	(0.22)	(0.66)
Total (C)	(33.70)	(15.72)
Less: Capitalised during the period (D)	(40.40)	(0.35)
Less: Adjustments (E)*	-	-
Closing balance (F=A+B-C-D-E)	684.10	388.04

*Represents write off of expenditure related to ongoing project of the Group.

- 5 Reimbursement of expenses claimed by the Group from the concessionaries and other vendors based on the contractual arrangements have been reduced from the respective expense head as mentioned in the table below:

	For the period ended September 30, 2021	For the period ended September 30, 2020
Expense head		
Electricity and water charges	6.49	6.51
Salaries, wages and bonus	0.34	0.26
Staff welfare expenses	0.24	0.24
Repairs & Maintenance	0.30	1.15
Miscellaneous expenses	4.41	6.30
	11.78	14.46

6 Segment reporting

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

Major Customers: Revenue from one customer of the Group is approximately Rs. 140.12 out of revenue from operations of the Group for the period ended September 30, 2021 (September 30, 2020: Rs. 80.17).

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7 Related party transactions**a) Names of related parties and nature 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)
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 Raxa Security Services Limited GMR Warora Energy Limited GMR Infra Developers Limited GMR Business Process and Services Private Limited GMR Vemagiri Power Generation Limited GMR Kannur Duty Free Services Limited GMR Goa International Airport Limited GMR Pochanpalli Expressways Limited
Shareholders having significant influence	Government of Telangana Airports Authority of India Malaysia Airports Holdings Berhad MAHB (Mauritius) Private Limited.
Key Management Personnel (KMP)	Mr. G M Rao, Executive Chairman Mr. GBS Raju – Managing Director Mr. SGK Kishore – Chief Executive Officer (till June 14, 2020) Mr. Pradeep Panicker – Chief Executive Officer (w.e.f June 15, 2020) Mr. Anand Kumar Polamada - Chief Financial Officer 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. Antoine Crombrez - Additional Director (wef April 28, 2021) Mr. Camilo Perez Perez - Additional Director (wef April 28, 2021) Mr. Mohd Shukrie bin Mohd Salleh- Additional Director w.e.f June 15, 2020 Mr. RSSLN Bhaskarudu- Independent Director Mr. Joyanta Chakraborty -Director (w.e.f March 16, 2021) 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
Joint Venture of GHAL	GMR Logistics Park Private Limited #
Associate of GIL	GMR Rajahmundry Energy Limited
Relative of KMP	Ramadevi Bommidala
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

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

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(All amounts in Rupees crores, except per share data and when otherwise stated)

7 Related party disclosures (continued)**b) Transactions with related parties**

	For the period ended September 30, 2021	For the period ended September 30, 2020
Services received		
Raxa Security Services Limited	10.93	13.26
Airports Authority of India	0.13	0.01
GMR Aviation Private Limited	-	
GMR Airport Developers Limited	10.62	14.82
GMR Infrastructure Limited	5.59	4.65
GMR Airports Limited	15.46	13.48
Laqshya Hyderabad Airport Media Private Limited	0.06	0.14
GMR Corporate Affairs Private Limited	-	
Delhi International Airport Limited	0.33	0.36
Security deposit (paid) /received		
Laqshya Hyderabad Airport Media Private Limited	-	-
GMR Logistics Parks Private Limited	-	18.11
GMR Airport Developers Limited	-	-
Income from operations		
Airports Authority of India	0.28	0.12
GMR Aviation Private Limited	0.00	0.00
GMR Infrastructure Limited	0.01	0.01
Laqshya Hyderabad Airport Media Private Limited	5.39	2.52
Kakinada SEZ Limited	-	0.12
GMR Airport Developers Limited	0.12	0.13
GMR Airports Limited	0.00	0.00
Raxa Security Services Limited	0.01	0.01
Geokno India Private Limited	0.02	0.02
GMR Highways Limited	0.00	0.06
GMR Varalakshmi Foundation	0.25	0.20
GMR Business Process and Services Private Limited	1.70	1.58
GMR Kannur Duty Free Services Limited	1.42	-
GMR Goa International Airport Limited	1.00	
Delhi International Airport Limited	0.06	0.01
Unsecured loans given		
GMR Infrastructure Limited	-	9.95
Unsecured loan received back		
GMR Infrastructure Limited	-	9.95
Investment in Joint Venture		
GMR Logistics Parks Private Limited	4.50	-
Interest on unsecured loan given		
GMR Infrastructure Limited	11.03	11.30
GMR Goa International Airport Limited	2.00	
Interest income on optionally convertible debentures		
GMR Logistics Parks Private Limited	1.10	-
Purchase of capital asset / services for Capital work-in-progress:		
GMR Airport Developers Limited	20.80	17.24
Delhi International Airport Limited	-	0.01
CSR expenditure		
GMR Varalakshmi Foundation	4.00	5.51
Straight lining of lease rental income		
Laqshya Hyderabad Airport Media Private Limited	(0.01)	(0.00)
GMR Business Process Services Private Limited	0.02	0.02
GMR Highways Limited	-	(0.00)
GMR Airport Developers Limited	(0.00)	0.00
GMR Varalakshmi Foundation	0.00	0.01
Raxa Security Services Limited	-	(0.00)

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(All amounts in Rupees crores, except per share data and when otherwise stated)

b) Transactions with related parties (continued)

	For the period ended September 30, 2021	For the period ended September 30, 2020
Depreciation and Interest cost as per Ind AS 116		
GMR Family Fund Trust	0.24	0.14
Government of Telangana	4.42	4.26
Sri Varalakshmi Jute Twine Mills Private Limited	0.17	0.10
Delhi International Airport Limited	0.32	0.32
Income on amortization of deposit received		
GMR Infrastructure Limited	-	0.00
Laqshya Hyderabad Airport Media Private Limited	0.02	0.09
GMR Varalakshmi Foundation	0.00	0.00
Interest income on amortization of deposit paid:		
Raxa Security Services Limited	0.09	0.09
Sri Varalakshmi Jute Twine Mills Private Limited	0.02	-
GMR Family Fund Trust	0.02	-
Interest expense on amortization of deposit received:		
GMR Infrastructure Limited	-	0.00
Laqshya Hyderabad Airport Media Private Limited	0.02	0.02
GMR Varalakshmi Foundation	0.00	0.01
GMR Logistics Parks Private Limited	-	
Amortisation of expense on deposit paid		
Raxa Security Services Limited	0.06	-
Reimbursement of expenses claimed by the Group during the period from its related parties		
GMR Infrastructure Limited	0.00	0.00
Laqshya Hyderabad Airport Media Private Limited	0.31	0.21
Kakinada SEZ Limited	-	0.02
Delhi International Airport Limited	-	0.01
GMR Airports Limited	0.01	0.01
Airports Authority of India	0.00	1.41
GMR Airport Developers Limited	0.86	0.50
GMR Highways Limited	-	0.01
Raxa Security Services Limited	0.01	0.00
GMR Varalakshmi Foundation	0.03	0.02
Geokno India Private Limited	0.00	0.00
GMR Business Process and Services Private Limited	0.17	0.11
GMR Pochanpalli Expressways Limited	0.01	-
Reimbursement of expenses claimed from the Group during the period by its related parties		
GMR Airports Limited	0.00	-
Delhi International Airport Limited	0.14	0.01
GMR Airport Developers Limited	0.60	0.36
GMR Infrastructure Limited	0.08	-
GMR Goa International Airport Limited	-	-
Rent		
Ramadevi Bommidala	0.11	0.11
Remuneration paid to Key managerial personnel		
Short term employee benefits	6.01	3.22
Sitting fees	0.10	0.13

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(All amounts in Rupees crores, except per share data and when otherwise stated)

c) Outstanding balances at the end of the period

	September 30, 2021		March 31, 2021	
	Non-Current	Current	Non-Current	Current
Balance recoverable/(payable)				
GMR Aerostructure Services Limited	-	0.03	-	0.03
Raxa Security Services Limited	-	(4.37)	-	(4.87)
Airports Authority of India	-	2.44	-	3.46
GMR Infrastructure Limited	-	2.51	-	(0.86)
Delhi International Airport Limited	-	(0.06)	-	(0.12)
GMR Rajahmundry Energy Limited	-	0.00	-	0.04
GMR Airports Limited	-	(6.85)	-	(6.61)
GMR Hyderabad Vijayawada Expressways Private Limited	-	-	-	0.01
Government of Telangana	-	(2.18)	-	-
GMR Enterprises Private Limited	-	-	-	0.01
GMR Aviation Private Limited	-	0.00	-	-
GMR Airport Developers Limited	-	(10.15)	-	(7.76)
Laqshya Hyderabad Airport Media Private Limited	-	(5.75)	-	(5.60)
Kakinada SEZ Limited	-	0.00	-	0.01
GMR Varalakshmi Foundation	-	0.25	-	0.59
GMR Vemagiri Power Generation Limited	-	0.00	-	-
GMR Highways Limited	-	0.25	-	0.25
Geokno India Private Limited	-	0.85	-	0.84
GMR Business Process and Services Private Limited	-	2.09	-	1.05
GMR Pochanpalli Expressways Limited	-	-	-	0.00
GMR Goa International Airport Limited	-	0.05	-	0.41
GMR Kannur Duty Free Services Limited	-	1.83	-	0.97
GMR Logistics Parks Private Limited	-	-	-	0.16
Security deposit receivable /(payable)				
GMR Infrastructure Limited	-	(0.02)	-	(0.04)
Laqshya Hyderabad Airport Media Private Limited	(0.40)	-	(0.39)	-
GMR Varalakshmi Foundation	(0.11)	-	(0.11)	-
Raxa Security Services Limited	-	1.61	-	1.69
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.10	-	0.10
GMR Family Fund Trust	-	0.37	-	0.36
Delhi International Airport Limited	0.20	-	0.20	-
Ramadevi Bommidala	0.03	-	0.03	-
GMR Airport Developers Limited	-	4.88	-	4.65
GMR Logistics Parks Private Limited	-	-	(0.29)	-
Loans given				
GMR Infrastructure Limited	-	200.00	-	200.00
GMR Goa International Airport Limited	-	40.00	-	40.00
Investment in optionally convertible debentures				
GMR Logistics Parks Private Limited	20.85	-	16.35	-
Lease Liabilities				
GMR Family Fund Trust	(2.44)	-	(2.46)	-
Sri Varalakshmi Jute Twine Mills Private Limited	(1.77)	-	(1.77)	-
Government of Telangana	(77.40)	-	(76.98)	-
Delhi International Airport Limited	(0.25)	(0.72)	(0.60)	(0.50)
Borrowings				
Government of Telangana	(315.05)	-	(315.05)	-

(All amounts in Rupees crores, except per share data and when otherwise stated)

8 Leases**(a) Group as a lessee**

Group 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 (i.e., March 23, 2008) 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:

	Category of ROU asset		Total
	Land	Building	
Recognition on account of adoption of Ind AS 116 effective April 1, 2020	66.05	8.42	74.47
Additions	-	1.95	1.95
Additions on account of modification in the terms of contract	-	3.67	3.67
Deletion	-	-	-
Depreciation	(1.38)	(2.12)	(3.50)
Balance as at March 31, 2021	64.67	11.92	76.59
Additions	-	-	-
Additions on account of modification in the terms of contract	-	-	-
Depreciation	(0.69)	(0.96)	(1.65)
Balance as at September 30, 2021	63.98	10.96	74.94

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

	September 30, 2021	March 31, 2021
Current lease liabilities	0.72	0.62
Non-current lease liabilities	88.68	89.76
	89.40	90.38

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

	September 30, 2021	March 31, 2021
Balance as at the beginning of the year	90.38	83.05
Movement:		
Additions	-	1.95
Additions on account of modification in the terms of contract	-	3.67
Finance cost accrued during the period/year	4.39	8.39
Payment of lease liabilities	(5.37)	(6.68)
Balance at the end of the period/year	89.40	90.38

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

	September 30, 2021	September 30, 2020
Depreciation/amortisation on right to use asset	1.65	1.44
Interest on lease liability	4.39	4.04
Expenses related to short term lease (included under other expenses)	1.22	1.40
Total amount recognized in the statement of profit and loss	7.26	6.88

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

	September 30, 2021	March 31, 2021
Within one year	6.68	10.59
After one year but not more than five years	27.24	27.43
More than five years	724.37	725.47

(b) Group as a lessor

The 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, 2021	March 31, 2021
Within one year	73.04	72.00
After one year but not more than five years	263.47	245.40
More than five years	628.16	566.85

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2021

(All amounts in Rupees crores, except per share data and when otherwise stated)

9 Fair values

The carrying amount of all financial assets and liabilities (except for certain other financial assets and liabilities, i.e. "Instruments carried at fair value") appearing in these standalone financial statements are reasonable approximation of fair values.

	Carrying value		Fair value	
	September 30, 2021	March 31, 2021	September 30, 2021	March 31, 2021
Financial assets				
I. At fair value through Profit or loss				
Investments in mutual funds	234.68	495.67	234.68	495.67
II. At fair value through Other comprehensive income				
<i>Cash flow hedges (refer note V(a))</i>				
Cross currency swap	518.85	466.25	518.85	466.25
Coupon only swap	(0.07)	0.00	(0.07)	0.00
Call spread option	222.57	155.93	222.57	155.93
III. At amortized cost				
Investments in commercial paper	581.88	528.87	581.88	528.87
Loans	242.69	245.18	242.69	245.18
Trade receivables	140.65	160.65	140.65	160.65
Cash and cash equivalents	331.44	693.83	331.44	693.83
Bank balances other than cash and cash equivalents	1,517.91	1,472.98	1,517.91	1,472.98
Other financial assets	201.55	174.15	201.55	174.15
	3,992.15	4,393.51	3,992.15	4,393.51
Financial liabilities				
IV. At amortized cost				
Borrowings	8,149.45	7,912.31	8,172.23	7,953.09
Other financial liabilities	1,051.94	954.50	1,052.08	954.24
Lease liabilities	89.40	90.38	89.40	90.38
Trade payables	166.32	160.46	166.32	160.46
	9,457.11	9,117.65	9,480.03	9,158.17

V. Assumption 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 assumption were used to estimate the fair values:

(a) 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, 2021, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

(b) The fair values of quoted mutual funds are based on price quotations at the reporting date.

(c) The fair value of borrowings is based on the traded price of the bond and the prevailing exchange rate.

(d) Management has assessed that cash and cash equivalent, trade receivables, trade payables, other bank balances and other current liabilities balances approximate their carrying amounts largely due to the short-term maturities of these instruments, hence the carrying value is considered to the same as its fair value.

10 Fair Value Hierarchy

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

	Fair value measurement using		
	Market prices in active markets	Significant observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value as at September 30, 2021			
Investment in mutual funds	234.68	-	-
Derivatives designed as Cash flow hedge	-	741.35	-
	234.68	741.35	-
Assets measured at fair value as at March 31, 2021			
Investment in mutual funds	495.67	-	-
Derivatives designed as Cash flow hedge	-	622.18	-
	495.67	622.18	-

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

11 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.

	September 30, 2021		March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments				
Cross currency swap	518.85	-	466.25	-
Coupon only swap	-	0.07	0.00	-
Call spread option	222.57	-	155.93	-

12 Commitments and Contingencies**I Contingent liabilities not provided for:****GHIAL**

	September 30, 2021	March 31, 2021
In respect of income tax matters [refer (a) below]	26.39	24.70
In respect of service tax matters [refer (b) below]	35.66	35.47
Claim against the GHIAL not acknowledged as debt [refer (d), (e) and (f) below]	149.35	149.35
In respect of other matters [refer (c) below]	25.20	25.20

- (a) Pursuant to the income tax assessment for the years mentioned below, GHIAL had received various demands from the income tax authorities in relation to the inadmissibility of certain expenditure in accordance with the provisions of the income tax law. The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, the history of judgements made by the various appellate authorities, including favourable judgements received by GHIAL from lower appellate authorities and the necessary advice received from the independent expert engaged in this regard, is of the view that the probability of the case being settled against GHIAL is remote and accordingly do not foresee any adjustment to these consolidated financial statements in this regard. The details of the relevant financial year which is subject to the dispute and the amount of demanded is as follows:

Disputed tax amount

	September 30, 2021	March 31, 2021
Pending with the Hon'ble High Court of Karnataka		
A.Y.2013-14 [Disallowed under 115]B]	3.38	3.38
Pending with Income Tax Appellate Tribunal, Bangalore ("ITAT")		
A.Y.2014-15 [Disallowed under 115]B]	3.76	3.76
A.Y.2016-17 [Disallowed under 115]B]	6.46	6.46
Pending with Commissioner of Income Tax (Appeals) ("CIT(A)")		
A.Y.2017-18 [Disallowed under 115]B]	5.30	4.76
A.Y.2018-19 [Disallowed under 115]B]	7.49	6.34

Disputed disallowance of expenses, resulting in reduction in carry forward of tax losses and accordingly no tax demand has been received

	September 30, 2021	March 31, 2021
Pending with the Hon'ble High Court of Karnataka	Note	Note
A.Y 2008-09 to A.Y 2013-14	109.04	109.04
Pending with the Assessing Officer		
A.Y 2009-10	-	6.85
Pending with ITAT		
A.Y 2009-10 to A.Y 2016-17	96.33	96.33
Pending with CIT (A)		
A.Y 2009-10	4.01	-
A.Y 2013-14 to A.Y 2018-19	41.99	41.99

Note: Tax liability on aforementioned disputed disallowance of expenses is currently not ascertainable.

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(b) Disputed service tax matters

	September 30, 2021	March 31, 2021
Irregular availment of the cenvat credit, pending with Hon'ble High Court of Telangana*	24.84	24.84
with Hon'ble Supreme Court	7.43	7.43
Non-payment of service tax on Corporate guarantee, notice pay. OIO passed, appeal to be filed with Commissioner of Central Tax (Appeals)	0.19	-
Irregular availment of cenvat credit and non-payment of service tax on recovery of electricity and water charges from its concessionaires, pending with CESTAT Hyderabad*	3.20	3.20

*including penalty amount.

(c) 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, 2021: Rs. 25.20). GHIAL had received the stay order from Hon'ble High Court of Telangana against the said order in the earlier years.

(d) 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 September 30, 2021 amounts to Rs. 5.50 (March 31, 2021: Rs. 5.30).

(e) Utilization of funds from Passenger Service Fee (Security Component) Fund ("PSF(SC) Fund"):

(i) The Ministry of Civil Aviation (MoCA) had issued orders in 2014, requiring the Airport Operators to reverse the expenditure incurred from PSF (SC) towards (a) procurement and maintenance of security systems/equipment; (b) construction of other long lived assets (refer note (ii) below) and (c) payment of interest etc. The Group had used approximately Rs.142.00 towards the above expenses, excluding related maintenance expense, other costs and interest thereon till March 31, 2018 which is presently unascertainable. Management is of the opinion that the utilisation of funds from PSF(SC) escrow account is consistent with the Standard Operating Procedures, guidelines and clarification issued by the MoCA from time to time on the subject of utilization of PSF (SC) funds.

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

Based on the internal assessment, Management of GHIAL is of the view that no further adjustments are required to be made to the GHIAL financial statements, in this regard.

(ii) 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 PSF (SC) Fund with corresponding 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 GHIAL financial statements.

(f) Fuel surcharge adjustments (FSA) for the period from April 2008 to March 2010 amounting to Rs. 2.05 (March 31, 2021: Rs. 2.05).

GACAEL

	September 30, 2021	March 31, 2021
In respect of income tax matters [refer (g) below]	47.01	22.31
In respect of service tax matters [refer (h) below]	10.34	10.58
Claim against GACAEL not acknowledged as debt [refer (i), (j) and (k) below]	14.17	14.17

(g) Pursuant to the income tax assessment for the years mentioned below, GACAEL had received various demands from the income tax authorities in relation to the inadmissibility of certain expenditure in accordance with the provisions of the income tax law. The management, on the basis of its internal assessment of the facts of the case, the underlying nature of transactions, the history of judgements made by the various appellate authorities, including favourable judgements received by GACAEL from lower appellate authorities and the necessary advice received from the independent expert engaged in this regard, is of the view that the probability of the case being settled against GACAEL is remote and accordingly do not foresee any adjustment to these consolidated financial statements in this regard. The details of the relevant financial year which is subject to the dispute and the amount of demanded is as follows:

Disputed tax amount

	September 30, 2021	March 31, 2021
Pending with the Hon'ble High Court of Telangana		
A.Y.2009-10 to A.Y.2012-13 [Disallowed under 80IA]	9.84	9.84
A.Y.2013-14 and A.Y.2014-15 [Disallowed under 80IA]	7.29	7.29
Pending with Income Tax Appellate Tribunal, Hyderabad ("ITAT")		
A.Y.2008-09 [Disallowed under 80IA]	0.85	0.85
Pending with Commissioner of Income-Tax (Appeals), Hyderabad ("CIT")		
A.Y.2015-16 [Disallowed under 80IA]	4.17	4.17
A.Y.2016-17 [Disallowed under 80IA]	0.16	0.16
A.Y.2017-18 [Disallowed under 80IA]	23.98	-
A.Y.2018-19 [Disallowed under 80IA]	0.72	-

(h) Disputed service tax matters

	September 30, 2021	March 31, 2021
Rejection of service tax refund claim, pending with CESTAT, Hyderabad	1.03	1.03
Service tax on export cargo handling services from March 2008 to June 2010, pending with CESTAT, Hyderabad*	5.92	5.92
Irregular availment of the cenvat credit, pending with CESTAT, Hyderabad*	1.28	1.28
Irregular availment of the cenvat credit on capital goods, pending with Hon'ble High Court of Telangana	-	0.24
Non reversal of CENVAT credit and disallowance of export of service from DGGI	2.11	2.11

*including penalty amount.

- (i) 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 for the period from March 23, 2008 to March 31, 2012 during the earlier years.

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.

- (j) During the previous year, GACAEL had 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.
- (k) 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.
- (l) During the current period, GACAEL has received an order for the assessment year 2017-18 denying the deduction u/s 80-IA of the Income Tax Act, 1961, disallowing the credits made in bank statement during the demonetisation period (i.e. from 09th Nov, 2016 to 31st Dec, 2016) and the same has been added to income as "Unexplained cash credits". As per the order there is a tax demand amounting to Rs. 23.97 for AY 2017-18. Aggrieved by the demand GACAEL is in the process of filing an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in such regard.
- (m) During the current period, GACAEL has received an order for the assessment year 2018-19 denying the deduction u/s 80-IA of the Income Tax Act, 1961. As per the order there is a tax demand amounting to Rs. 0.72 for AY 2018-19. Aggrieved by the demand GACAEL has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in such regard.

In respect of other subsidiaries:

- (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 and received Order from ITAT deleting the disallowance in favour of GHRL.
- (o) During the previous year, GHRL had received an order for AY 2018-19 disallowing unpaid GST of Rs. 0.001. GHRL had filed an appeal against the said order with the Commissioner of Income Tax - Appeals.
- (p) 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 under Consumer Protection Act, 2019.
- (q) 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 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.
- (r) GHASL had received Show Cause Notice dated July 17, 2015 from the Office of the Assistant Commissioner of Customs, Central Excise and Service Tax wherein service tax refund of Rs. 0.01 has been denied.
- (s) GHRL has filed appeal with Appellate Tribunal against the orders of Deputy Commissioner and Appellate Joint Commissioner against the order confirming the demand of 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.

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2021

(All amounts in Rupees crores, except per share data and when otherwise stated)

- (t) 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.

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2021

(All amounts in Rupees crores, except per share data and when otherwise stated)

- (u) 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 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.
- (v) There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, 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) to (t) above, no further provision is required to be made as at September 30, 2021.

II Guarantees including financial guarantees

- a) In case of the Group, bank guarantees outstanding in respect of Customs Duty and others Rs. 59.63 (March 31, 2021: Rs. 60.42).

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

- b) Corporate guarantees amounting to Rs. 643.14 (March 31, 2021: Rs. 604.43) have been extended by the Group.

III Commitments

- a) *Capital commitments:*

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounting to Rs. 1,506.43 (March 31, 2021: Rs. 1,998.41).

- b) *Other commitments :*

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

ii) During previous years, GHIAL had entered into "Cross Currency Swap" with various banks in order to hedge principal portion and to protect interest component of 4.25% senior secured notes (2027 SSN) of USD 350 million which is repayable in October 2027, with interest payable on semi-annually basis. Further GHIAL had also entered into "Call Spread (CS)" arrangements in order to hedge principal portion of 5.375% senior secured notes (2024 SSN) for USD 300 million which is repayable in April 2024 and "Coupon Only Swap" (COS) to hedge the payment of interest liability on semi-annually basis. GHIAL has also entered into "Call Spread (CS)" arrangements in order to hedge principal portion of 4.75% senior secured notes (2026 SSN) for USD 300 million which is repayable in February 2026 and "Coupon Only Swap" (COS) to hedge the payment of interest liability on semi-annually basis.

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2021

(All amounts in Rupees crores, except per share data and when otherwise stated)

13 Significant accounting judgments, estimates and assumptions

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

a) Judgements

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 these consolidated financial statements:

Discounting rate

Group has considered incremental borrowing rate of Airport sector as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost till March 31, 2018. From period starting from April 01, 2018, management has considered revised incremental borrowing rate of airport sector i.e. 10.73% for all the deposits given/received post March 31, 2018; and impact has been duly accounted in these consolidated financial statements.

Non applicability of Service Concession Agreement (SCA)

GHIAL had entered into Concession agreement with the Ministry of Civil Aviation ("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. 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, up gradation, modernization, finance and management of the Airport and to perform services and activities at the airport constituting 'Airport activities' (regulated services) and 'Non-Airport Activities' (non-regulated services). Airport Activities are regulated while there is no control over determination of prices for Non-Airport activities. Charges for Non-Airport activities are determined at the sole discretion of GHIAL.

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

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

Concession fee:

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

Management of GHIAL is of the view that certain income / credits arising on adoption of Ind-AS, mark to market gain on valuation of derivative instruments and gain on restatement of long-term borrowings 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 along with interest income on investment of part proceeds from borrowings earmarked for airport expansion project and adjusted from the value of capital work-in-progress, do not represent actual receipts from business operations, from any external sources and therefore, these incomes/ credits should not be treated as "Revenue" for calculation of concession fee payable. Accordingly, GHIAL, basis above and Legal Opinion obtained in this regard, has provided the concession fee payable to MoCA after adjusting such incomes/credits.

13 Significant accounting judgments, estimates and assumptions (continued)

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. Group based its assumptions and estimates on parameters available when these consolidated financial statements were prepared, existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and its present value 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, 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.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal, contractor 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 judgement 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. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements 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.

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 period.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounting cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets on unused tax losses and minimum alternate tax credit entitlement are recognised to the extent that it is probable that taxable profit will be available against which these amounts 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.

- 14** The accompanying consolidated financial statements of the Group do not include Accounts for Passenger Service Fee - Security Component [PSF- (SC)] as the same are maintained separately in the fiduciary capacity by the Group on behalf of Government of India and are governed by the Standard Operating Procedure issued vide letter number AV/13024/047/2003-SS/AD dated January 19, 2009 issued by Ministry of Civil Aviation, Government of India.

As per the MOCA notification, the PSF(SC) is replaced by Aviation Security Fee, effective July 1, 2019 and will be governed by the National Aviation Security Fee Trust.

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2021

(All amounts in Rupees crores, except per share data and when otherwise stated)

- 15 During the financial year ended 2019, GHIAL had entered into a term loan facility arrangement with Yes Bank Limited ("YBL" or "Bank"), to avail term loan of Rs. 4,200, and had incurred an up-front processing fee of Rs. 63. However, in view of certain developments, the Bank expressed its inability to extend the loan, and accordingly on April 21, 2020, the arrangement was terminated. Further YBL vide their letter dated June 9, 2020 acknowledged the receipt of request from GHIAL for refund of the aforesaid up-front fees and to present GHIAL's request to the appropriate committees for approvals. Further, management has obtained legal opinion from an independent lawyer regarding GHIAL's right to receive the refund of upfront fee. In view of the above and on the basis of ongoing discussions with the Bank officials, management is confident of the recovery of the said amount in full, and accordingly, no adjustment were considered necessary in the accompanying Unaudited condensed consolidated financial statements for the period ended September 30, 2021.

16 Determination of aeronautical tariff

GHIAL had filed an appeal, challenging the disallowance of pre-control period losses, foreign exchange loss on external commercial borrowings, classification of revenues from ground handling, cargo and fuel farm as aeronautical revenues and other issues for determination of aeronautical tariff for the First Control Period ("FCP") 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 ("TCP") from April 01, 2021.

In relation to determination of tariff for the Second Control Period ("SCP"), 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 FCP, including true up for shortfall of receipt vis-a-vis entitlement for the FCP, GHIAL had filed a writ petition and obtained a stay order from the Hon'ble High Court at Hyderabad in the month of February 2018 in respect of further proceedings in determination of tariff order for the SCP.

Consequent to the Order passed by TDSAT dated March 06, 2020, AERA, in respect of the remainder of the SCP, i.e. from April 1, 2020 to March 31, 2021, had determined the Aeronautical tariff vide its Order dated March 27, 2020. Accordingly, GHIAL has applied aeronautical tariff for determination of aeronautical revenue as per the aforesaid order for the year ended 31 March 2021 and for the period ended 30 September 2021, pending finalization of aeronautical tariff for the TCP.

During the month of August 2021, AERA has issued Tariff Order ("the Order") effective from October 01, 2021 for the Third Control Period commencing from April 1, 2021 to March 31, 2026. GHIAL in the month of September 2021, has filed an appeal against the Order with TDSAT, as the management is of the view that AREA has not considered the outstanding issues of FCP and SCP in determination of aeronautical tariff for the TCP as directed by TDSAT vide its ordered dated March 06, 2020.

- 17 GHIAL has recognized, deferred tax asset comprising of Minimum Alternate Tax (MAT) credit entitlement and unabsorbed business losses aggregating to Rs.571.99 (March 31, 2021: Rs. 531.33) as at June 30, 2021. GHIAL based on the future taxable income expects to adjust these amounts after expiry of the tax holiday period. The ultimate realisation of the deferred tax asset is dependent upon the generation of future taxable income projected by considering the anticipated tariff orders for the control period commencing from April 1, 2021, estimated revenues and expenses of the business, scheduled reversals of deferred tax liabilities and tax planning strategy. As the recoverability of deferred tax assets is based on estimates of future taxable income including projected aeronautical tariff revenue which involved determination by AERA and being a subject matter of litigations as detailed in note 51 above, any changes in such future taxable income could impact its recoverability. However, basis the sensitivity analysis performed, management believes that any reasonable possible change in the key assumptions would not effect GHIAL's ability to recover the deferred tax asset within the specified period as per the provisions of Income Tax Act, 1961.
- 18 Minimum Alternative Tax (MAT) Credit Entitlement claimed by GACAEL in the income tax returns aggregating Rs. 37.01 has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.
- 19 These Unaudited condensed consolidated financial statements, certain incomes/credits recognised on adoption of Ind-AS are not considered for computation of concession fee payable to MoCA basis a legal opinion obtained. Accordingly, the following sources of income have not been considered for accrual of the concession fee:

	Income forming part of	For the period ended September 30, 2021	For the period ended September 30, 2020
Discounting on fair valuation of deposit received from concessionaries	Revenue from operations	3.67	4.33
Income recognised on advance from customers under Ind AS 115	Revenue from operations	0.55	0.55
Impact on account of straight lining of lease rentals	Revenue from operations	2.36	0.82
Income arising from fair valuation of financial guarantee*	Other income	0.52	0.72
Discounting on fair valuation of deposit paid to vendors	Other income	0.13	0.17
Income from government grant	Other income	2.64	2.64
Amortisation of deferred income	Other income	0.14	0.12

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

20 Revenue from operations

Nature of Revenue	For the period ended September 30, 2021	For the period ended September 30, 2020
Aeronautical		
Landing and parking charges	38.75	24.07
User development fee (UDF) and Passenger service fee (PSF)	47.60	15.96
Information communication and technology charges (ICT Charges)	15.16	5.18
Common infrastructure charges	-	0.27
Fuel farm	23.14	13.61
Ground handling	5.55	3.28
Cargo	41.54	34.64
Others	11.92	10.90
Revenue from Aeronautical services (A)	183.66	107.91
Non-aeronautical		
Duty Free	27.59	6.07
Retail	10.55	2.77
Advertisement	6.95	4.19
Food and beverages	9.02	4.07
Parking	16.20	4.94
Land and space - Rentals	21.83	19.76
MRO services and others	157.08	122.36
Revenue from Non-aeronautical services (B)	249.22	164.16
Commercial property development	29.06	16.38
Hospitality services	14.87	2.98
Revenue from Non-airport services (C)	43.93	19.36
Revenue from operations (A+B+C)	476.81	291.43

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	At a point in time		Over time	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Aeronautical services	162.00	88.62	21.66	19.29
Non-aeronautical services	156.60	120.92	92.62	43.24
Non-airport services	5.46	1.63	38.47	17.73
Total revenue from operations	324.06	211.17	152.75	80.26

21 Details of additions to Property, Plant and Equipment is as below:

Class of asset	For the period ended September 30, 2021	For the period ended September 30, 2020
Leasehold improvements	4.50	-
Buildings on leasehold land	97.57	4.24
Electrical installations	63.89	0.25
Runways	168.36	-
Plant and machinery	29.55	4.89
Office equipments	0.51	0.17
Computers	26.18	3.30
Furniture and fixtures	4.29	0.42
Vehicles	0.05	0.16
Total	394.90	13.43

22 The disclosure on nature of revenue from contracts as required under Ind AS 115 is part of note 26. Further, the additional disclosure on trade receivable and contract assets, contract liabilities are as below:

Contract balances	September 30, 2021	March 31, 2021
Trade receivables *	140.65	160.65
Contract assets**	41.76	41.50
Contract liabilities***	99.70	114.62

* Trade receivables, beyond the credit period as per the contracts with the customers, are interest bearing. In September 30, 2021: Rs. Nil (March 31, 2021: Rs. 1.83) was recognized as provision for expected credit losses on trade receivables.

** Contract asset includes unbilled revenue.

*** Contract liabilities includes advance received from customers (current and non-current)

Details of movement in provision for trade receivable is as below:

Particulars	September 30, 2021	March 31, 2021
Opening balance	1.83	1.03
Add: Provision made during the year	-	1.21
Less: Bad debts written off	(0.27)	(0.41)
Closing balance	1.56	1.83

23 GMR Air Cargo and Aerospace Engineering Limited

During June 2020, management had assessed impairment in the carrying value of its investment in GACAEL, owing to the significant accumulated losses reported by GACAEL. While, determining the recoverable amount, the management had reckoned the fair value attributed to the said investment on the basis of an independent valuation of the Airport business carried out as part of a definitive agreement entered by the GMR Group dated February 20, 2020, with Aeroports De Paris ("ADP") for acquisition of 49% stake by ADP in GMR Airports Limited (the holding company of GHIAL, which is the holding company of the GACAEL) on fully diluted basis. Since the assigned recoverable value on the basis of an independent valuation for the foresaid sale stake transaction with ADP was higher than its carrying value, no impairment charge was provided as at and for the year ended 31 March 2021. The management has re-visited the original assessment and believes that there would not be any change in the original conclusion as of 30 September 2021.

- 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. The Group 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, the Group 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 the Group in this regard, the Management is of the view that GST ITC in respect of such civil work is eligible to be availed by the Group. Having regard to the same, GST ITC amounting to Rs.439.04 (including Rs.395.06 pertaining to earlier years) has been claimed in GST returns and disclosed under balance with government authorities in the Unaudited condensed consolidated financial statements

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

During the previous year, GHIAL has raised USD 300 million (INR 2,188.29) through issue of 4.75% SSN from overseas market to fund the airport expansion plan. The coupon rate is fixed through the tenor and payable semi-annually. The Notes are repayable after 5 years i.e. February 02, 2026. Details of utilization of funds raised are as under:

	September 30, 2021	March 31, 2021
Unutilised amount at the beginning of the year	2,027.96	749.23
Amount raised during the period/year	-	2,188.29
Less: Utilized for capital project works	(337.24)	(939.18)
Add: Income on temporary cash investment	33.46	29.62
Unutilised amount at the end of the period/year	1,724.18	2,027.96

Details of temporary cash investment made from unutilized proceeds of SSN is as follows:

	September 30, 2021	March 31, 2021
Funds parked in:		
Current accounts	0.10	12.53
Fixed deposits*	1,724.08	2,015.43
	1,724.18	2,027.96

* including accrued interest of Rs. 14.78 (March 31, 2021: 9.14)

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2021

(All amounts in Rupees crores, except per share data and when otherwise stated)

26 Corresponding figures have been reclassified /regrouped wherever necessary.

This is the summary of significant accounting policies and other explanatory information.

For GMR Hyderabad International Airport Limited

Sd/-

Pradeep Panicker

Chief Executive Officer

Sd/-

Anand Kumar P

Chief Financial Officer

Place: Hyderabad

Date: November 26, 2021