

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Unaudited Condensed Interim Consolidated Balance Sheet as at September 30, 2022

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

	As at September 30, 2022 (Reviewed)	As at March 31, 2022 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	3,811.88	3,059.81
Capital work-in-progress	2,569.21	3,071.84
Right of use asset	71.70	73.29
Goodwill	36.27	36.27
Other intangible assets	67.30	49.57
Intangible assets under development	2.84	13.55
Investment in joint ventures and others	75.78	60.19
Financial assets		
- Loans	0.18	200.14
- Other financial assets	947.15	703.31
Non current tax assets (net)	83.75	84.87
Deferred tax asset (net)	539.43	452.51
Other non-current assets	617.55	619.48
	8,823.04	8,424.83
Current assets		
Inventories	124.65	83.82
Financial assets		
- Investments	892.21	887.14
- Trade receivables	88.08	105.60
- Cash and cash equivalents	662.90	74.97
- Bank balances other than cash and cash equivalents	293.82	1,258.03
- Loans	240.02	40.57
- Other financial assets	264.14	213.42
Other current assets	98.18	103.15
	2,664.00	2,766.70
Assets held for sale	118.69	-
Total assets	11,605.73	11,191.53
Equity and Liabilities		
Equity		
Equity share capital	378.00	378.00
Other equity		
- Capital reserve	107.00	107.00
- Retained earnings	1,047.98	936.44
- Cash flow hedge reserve	(217.63)	(44.26)
Total equity	1,315.35	1,377.18
Liabilities		
Non-current liabilities		
Financial liabilities		
- Borrowings	8,530.01	8,027.64
- Lease liabilities	91.49	92.08
- Other financial liabilities	168.91	171.12
Government grants	22.41	25.05
Long-term provisions	16.32	13.63
Deferred tax liability (net)	6.45	11.05
Other non-current liabilities	113.66	104.28
	8,949.25	8,444.85

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

	As at September 30, 2022 (Reviewed)	As at March 31, 2022 (Audited)
Current liabilities		
Financial liabilities		
- Borrowings	310.06	314.34
- Lease liabilities	0.31	0.65
- Trade payables		
-Total outstanding dues of micro and small enterprises	17.06	16.99
-Total outstanding dues of creditors other than micro and small enterprises	195.12	156.89
- Other financial liabilities	615.07	731.32
Government grants	5.27	5.27
Other current liabilities	90.51	110.41
Short-term provisions	38.18	33.63
	1,271.58	1,369.50
Liabilities classified as held for sale	69.55	-
Total liabilities	10,290.38	9,814.35
Total equity and liabilities	11,605.73	11,191.53

The accompanying notes are an integral part of these 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 14, 2022

GMR Hyderabad International Airport Limited**CIN:U62100TG2002PLC040118****Unaudited Condensed Interim Consolidated Statement of Profit and Loss for the six months period ended September 30, 2022**

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

	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Income		
Revenue from operations	870.84	476.81
Other income	81.53	54.17
Total income	952.37	530.98
Expenses		
Concession fee	24.68	11.89
Purchase of traded goods	85.67	4.86
Changes in inventory of traded goods	(51.38)	6.56
Employee benefits expense	135.35	111.38
Finance costs	174.22	155.53
Depreciation and amortization expenses	139.51	134.89
Other expenses	290.47	240.23
Total expenses	798.52	665.34
Profit/(Loss) before tax and share of profit in joint ventures	153.85	(134.36)
Share of profit/(loss) in joint ventures	3.58	0.49
Profit/(Loss) before tax	157.43	(133.87)
Tax expense		
Current tax	-	(5.51)
Deferred tax expense/ (income)	44.73	(44.89)
Total tax expense	44.73	(50.40)
Profit/(loss) after tax	112.70	(83.47)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement losses on defined benefit plans	(1.17)	0.34
Share of other comprehensive income in joint ventures	0.01	0.16
Income tax relating to items that will not be reclassified to profit or loss	-	-
Items that will be reclassified to profit or loss		
Cash flow hedge reserve (net of tax)	(290.28)	12.77
Deferred tax credit/(expense)	116.91	(4.75)
Total other comprehensive income/ (loss)	(174.53)	8.52
Total comprehensive loss	(61.83)	(74.95)
Attributable to equity holders of the parent		
Profit/(loss) after tax	112.70	(83.47)
Other comprehensive (loss)/income	(174.53)	8.52
Total comprehensive loss	(61.83)	(74.95)
Earnings per equity share		
Basic and diluted (in Rs.)	2.98	(2.21)
Weighted average number of equity shares	37,80,00,000	37,80,00,000
Nominal value per share	10.00	10.00

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Anand Kumar P
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Place: Hyderabad
 Date: November 14, 2022

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the six months period ended September 30, 2022

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

Equity share capital:*Equity shares of Rs.10 each issued, subscribed and fully paid***As at April 1, 2021 (Audited)**

Issue of shares during the period

As a September 30, 2021 (Unaudited/ unreviewed)**As at April 1, 2022 (Audited)**

Issue of shares during the period

As a September 30, 2022 (Reviewed)

Number	Amount
37,80,00,000	378.00
-	-
37,80,00,000	378.00
37,80,00,000	378.00
-	-
37,80,00,000	378.00

Other equity**As at April 1, 2021 (Audited)**

Loss for the period

Other comprehensive income

As a September 30, 2021 (Unaudited/ unreviewed)

Attributable to the equity holders of the parent			
Reserves and surplus		Other reserves	Total
Capital reserve*	Retained earnings	Cash flow hedge reserve	
107.00	1,214.29	165.06	1,486.35
-	(83.47)	-	(83.47)
-	0.50	8.02	8.52
107.00	1,131.32	173.08	1,411.40

As at April 1, 2022 (Audited)

Profit for the period

Other comprehensive income

As a September 30, 2022 (Reviewed)

Attributable to the equity holders of the parent			
Reserves and surplus		Other reserves	Total
Capital reserve*	Retained earnings	Cash flow hedge reserve	
107.00	936.44	(44.26)	999.18
-	112.70	-	112.70
-	(1.16)	(173.37)	(174.53)
107.00	1,047.98	(217.63)	937.35

*GMR Hyderabad International Airport Limited ("the Holding Company") had 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 Holding Company.

The accompanying notes are an integral part of these Unaudited Condensed Interim Consolidated Financial Statements.

For GMR Hyderabad International Airport Limited

Sd/-
Pradeep Panicker
 Chief Executive Officer
 Date: November 14, 2022

Sd/-
Anand Kumar P
 Chief Financial Officer

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Unaudited Condensed Interim Consolidated Cash Flow Statement for the period ended September 30, 2022

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

	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Cash flow from operating activities		
Profit/(loss) before tax	157.43	(133.87)
<i>Adjustment to reconcile profit/(loss) before tax to net cash flows</i>		
Share of profit in joint ventures	(3.58)	(0.49)
Depreciation and amortization expenses	139.51	134.89
Dividend income	(4.90)	-
Inventories written off	0.82	0.27
Amortisation of prepaid expenses	0.04	0.04
Amortisation of deferred income	9.36	(11.66)
Unrealised foreign exchange loss / (gain)	2.99	-
(Gain)/ loss on sale of property, plant and equipment	(0.06)	0.05
Interest income	(45.44)	(39.65)
Interest expense	174.22	155.53
Gain on sale of financial assets (mutual funds)	(8.89)	(4.27)
Provision no longer required, written back	(0.92)	(1.91)
Income from government grants	(2.64)	(2.64)
Operating profit before working capital changes	417.94	96.29
<i>Working capital adjustments:</i>		
Changes in trade payables	37.18	6.26
Changes in other liabilities	(7.54)	(28.22)
Changes in other financial liabilities	(15.16)	9.68
Changes in provisions	6.07	7.03
Changes in trade receivables	16.72	20.00
Changes in inventories	(41.65)	20.12
Changes in other assets	(52.16)	(68.13)
Changes in other financial assets	(57.17)	(8.24)
Changes in loans	0.51	2.27
Cash generated from operations	304.74	57.06
Direct taxes paid (net)	(14.19)	(3.44)
Net cash generated from operating activities (A)	290.55	53.62
Cash flows from investing activities		
Purchase of property plant and equipment, including CWIP, capital advances and intangible assets under development	(384.84)	(386.31)
Proceeds from sale of property, plant and equipment including CWIP	0.05	0.23
Investment in joint venture	(12.01)	(4.66)
Purchase of current investments	(1,058.76)	(843.97)
Proceeds from sale of current investments	1,062.58	1,056.22
Movement in other bank balances	963.27	(44.93)
Dividend income	4.90	-
Interest received	47.13	54.16
Net cash generated from/ (used in) investing activities (B)	622.32	(169.26)

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Unaudited Condensed Interim Consolidated Cash Flow Statement for the period ended September 30, 2022

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

	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Cash flows from financing activities		
Proceeds from long-term borrowings	117.00	351.24
Repayment of long-term borrowings	(93.52)	(307.57)
Proceeds/(repayment) of short term borrowings, net	(4.28)	73.57
Payment of lease rentals	(5.42)	(5.37)
Interest paid including borrowing cost	(337.18)	(358.63)
Net cash generated used in financing activities (C)	(323.40)	(246.76)
Net change in cash and cash equivalents (A + B + C)	589.47	(362.40)
Cash and cash equivalents at the beginning of the period	74.97	693.83
Effects of exchange differences on cash & cash equivalents held in foreign currency	0.67	0.01
Cash and cash equivalents at the end of the period	665.11	331.44
Components of cash and cash equivalents		
Cash on hand	0.78	0.44
With banks		
- on current accounts	506.76	31.65
- in foreign currency account	2.36	12.96
- on deposit accounts	153.00	286.39
Cash and cash equivalents classified under asset held for sale	2.21	-
Total cash and cash equivalents	665.11	331.44

The accompanying notes are an integral part of these 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
Date: November 14, 2022	

1. Corporate information

GMR Hyderabad International Airport Limited ('GHIAL', 'Company' or 'the Holding Company') is a Public Limited Company domiciled in India. The Holding Company along with its subsidiaries and joint ventures herein are collectively referred as "the Group". GHIAL was incorporated in 2002 under the provisions of the erstwhile Companies Act, 1956, having its 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. GMR Airports Limited ("GAL") a subsidiary of GMR Airports Infrastructure Limited (*formerly GMR Infrastructure Limited*) ("GIL"), holds majority shareholding in GHIAL.

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.

2.1 Basis of preparation

These Unaudited Condensed Interim Consolidated Financial Statements comprises of the Unaudited Condensed Interim Consolidated Balance sheet as at 30 September 2022, the Unaudited Condensed Interim Consolidated Statement of Profit and Loss (including other comprehensive income), Unaudited Condensed Interim Consolidated Cash Flow Statement, Unaudited Condensed Interim Consolidated Statement of Changes in Equity and a summary of significant accounting policies and other explanatory notes (collectively the "Condensed Interim Consolidated Financial Statements").

These Condensed Interim Consolidated Financial Statements for the period ended 30 September 2022 have been prepared by the management for the purpose of proposed fund raising by the Holding Company.

These Condensed Interim Consolidated Financial Statements have been prepared as per the recognition and measurement principles of Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" issued by the Institute of Chartered Accountants of India (ICAI) and applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") and other accounting principles generally accepted in India. These Condensed Interim Consolidated Financial Statements do not include all the information and disclosures that would otherwise be required in a full set of financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2022.

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 ("Rupees" or "Rs." or "INR") and all the values are rounded to the nearest crore upto two decimal places, except per share data and when otherwise indicated.

2.2 Significant accounting policies

The accounting policies followed in preparation of these Condensed Interim Consolidated Financial Statements are consistent with those followed in the most recent annual consolidated financial statements of the Group, i.e. for the year ended 31 March 2022.

The Group has followed the same accounting judgments, estimates and assumptions in preparation of these Condensed Interim Consolidated Financial Statements as those followed in preparation of the annual consolidated financial statements as at the year ended 31 March 2022.

2.3 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.

(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 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 these financial statements as Subsidiaries are listed below:

Name	Principal activities	Place and Country of operation	% equity interest as	
			September 30, 2022	March 31, 2022
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)	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)	Consulting related to MRO Operations	Hyderabad, India	100%	100%

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the six months period ended 30 September 2022

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

GMR Hyderabad Airport Assets Limited (GHAAL)	Development and designing of airport properties	Hyderabad, India	100%	100%
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Information about joint ventures

Name	Principal activities	Country of Incorporation	% equity interest as at	
			September 30, 2022	March 31, 2022
Laqshya Hyderabad Airport Media Private Limited (LHAMPL)	Advertisement	India	49%	49%
GMR Logistics Park Private Limited (GLPPL)	Development of logistic park	India	30%	30%

2.4 Uncertainties relating to COVID-19 pandemic:

The Company has witnessed significant recovery in demand for air travel during the period under review with removal of all restrictions on inter-state and international travel, relaxations by the State Governments, increase in the vaccination drive, in addition to the mild impact witnessed during third wave of Covid-19 in India during the fourth quarter of FY 2022. During the current period, the Company has witnessed recovery of 94% in domestic air traffic, which comprises the significant portion of the total air traffic at the airport operated by the Company, in the current period compared to the comparative period of FY 2019-20 (pre-pandemic period).

Currently, while the number of new Covid-19 cases have reduced significantly and the Government of India has withdrawn most of the Covid-19 related restrictions, the future trajectory of the pandemic may have an impact on the results of the Company.

2.5 Estimates

While preparing the 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 2022. The only exceptions are the estimate of income tax liabilities which is determined in these Condensed Interim Consolidated Financial Statements using the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

3. Significant accounting judgments, estimates and assumptions:

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

a. Judgments

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

Non applicability of Service Concession Agreement (SCA)

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 and there is no control over determination of prices for the Airport activities, while 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) entered into by GHIAL with the 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 of the Company is of the view that the certain income/credits arising on adoption of Ind-AS 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, the Company, basis above and Legal Opinion, has provided the concession fee to MoCA based on Revenue as per the Ind AS financial statements after adjusting such incomes/credits.

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 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 for all the deposits given/received post March 31, 2018; and impact has been duly accounted in these Condensed Interim Consolidated Financial Statements.

Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the 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 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.

Contingencies

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. 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.

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.

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.

Assets held for sale

Non-current assets and disposal group are classified as “Held for Sale” if their carrying amount is intended to be recovered principally through sale rather than through continuing use. The condition for classification of “Held for Sale” is met when the non-current asset or the disposal group is available for immediate sale and the same is highly probable of being completed within one year from the date of classification as “Held for Sale”.

Non-current assets and disposal group held for sale are measured at the lower of carrying amount and fair value less cost to sell. Non-current assets and disposal group that ceases to be classified as “Held for Sale” shall be measured at the lower of carrying amount before the noncurrent asset and disposal group was classified as “Held for Sale” adjusted for any depreciation/ amortization and its recoverable amount at the date when the disposal group no longer meets the “Held for sale” criteria.

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.

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

4 Capital work-in-progress

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
Capital expenditure incurred on property, plant and equipment	1,818.67	2,222.25
Legal and professional expense	42.24	157.57
Employee benefits expense	2.12	1.77
Finance costs	842.34	866.77
Other expenses	12.23	6.38
Total (i)	2,717.60	3,254.74
Less:-		
Interest income from bank deposit	(144.65)	(179.16)
Interest income on security deposit paid	(3.17)	(3.17)
Temporary lease rentals earned net of taxes	(0.57)	(0.57)
Total (ii)	(148.39)	(182.90)
Net capital work-in-progress (i-ii)	2,569.21	3,071.84

During the period ended September 30, 2022, 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.

	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Opening balance (A)	849.59	518.03
<i>Expense:</i>		
Legal and professional expense	3.70	19.41
Employee benefit expense	0.35	0.38
Finance cost	203.00	219.06
Other expenses	1.79	1.32
Total (B)	208.84	240.17
<i>Less:</i>		
Interest income from bank deposit	(1.91)	(33.48)
Interest income on security deposit paid	-	(0.22)
Total (C)	(1.91)	(33.70)
Less: Capitalised during the period (D)	(215.89)	(40.40)
Less: Adjustments (E)*	-	-
Closing balance (E=A+B-C-D)	840.63	684.10

5 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 are given in Note 16.

Major Customers: Revenue from one customer of the Group is approximately Rs.207.61 out of revenue from operations of the Group for the period ended September 30, 2022 (September 30, 2021: Rs.140.12).

GMR Hyderabad International Airport Limited

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Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

6 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 Airports Infrastructure Limited (GIL) <i>(Formerly GMR Infrastructure Limited)</i>
Ultimate holding company	GMR Enterprises Private Limited (GEPL)
Group Company	GMR Power and Urban Infra Limited (GPUIL)
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 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. Pradeep Panicker – Chief Executive Officer Mr. Anand Kumar Polamada - Chief Financial Officer Mr. Anup Kumar Samal - Company Secretary (till April 06,2022) Mr. Kiran Kumar Manikwar - Company Secretary (w.e.f April 06,2022) Mr. Srinivas Bommidala – Director Mr. HJ Dora – Director Mr. Grandhi Kiran Kumar– Director Mr. C Prasanna – Director Mr. K Ramakrishna Rao IAS – Director Mr. Jayesh Ranjan IAS – Director Mr. Iskandar Mizal Bin Mahmood – Director Mr. NC Sarabeswaran- Independent Director (till September 15,2021) MRs.Siva Kameswari Vissa - Independent Director (till August 20,2022) MRs.Bijal Tushar Ajinkya - Independent Director (w.e.f September 15,2022) Mr. Madhu Ramachandra Rao – Independent Director Mr. Antoine Crombrez - Director Mr. Camilo Perez Perez - Director Mr. Dharmendra Bhojwani - Director Mr. A. Subba Rao - Independent Director Dr. M. Ramachandran - Independent Director
Joint Venture	Laqshya Hyderabad Airport Media Private Limited ESR 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

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Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

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

	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Services received		
Raxa Security Services Limited	13.12	10.93
Airports Authority of India	0.02	0.13
GMR Airport Developers Limited	13.17	10.62
GMR Airports infrastructure Limited	5.38	5.59
GMR Airports Limited	16.46	15.46
Laqshya Hyderabad Airport Media Private Limited	0.07	0.06
GMR Family Fund Trust	0.16	-
Sri Varalakshmi Jute Twine Mills Private Limited	0.12	-
Government of Telangana	2.18	-
Delhi International Airport Limited	0.28	0.33
Income from operations		
Airports Authority of India	0.28	0.28
GMR Infrastructure Limited	-	0.01
Geokno India Private Limited	0.02	0.02
GMR Varalakshmi Foundation	0.22	0.25
Laqshya Hyderabad Airport Media Private Limited	18.02	5.39
GMR Airport Developers Limited	0.09	0.12
GMR Airports Limited	0.29	-
Raxa Security Services Limited	-	0.01
GMR Business Process and Services Private Limited	1.71	1.70
GMR Kannur Duty Free Services Limited	4.18	1.42
ESR GMR Logistics Parks Private Limited	2.33	-
GMR Goa International Airport Limited	-	1.00
GMR School of Business	0.02	-
GMR Family fund Trust	0.69	-
GMR Hyderabad Vijayawada Expressways Private Limited	0.01	-
Delhi International Airport Limited	0.24	0.06
Dividend Income from Joint Venture		
Laqshya Hyderabad Airport Media Private Limited	4.90	-
Investment in Joint Venture		
ESR GMR Logistics Parks Private Limited	12.00	4.50
Interest on unsecured loan given		
GMR Infrastructure Limited	7.79	11.03
GMR Goa International Airport Limited	2.01	2.00
GMR Power And Urban Infra Limited	3.24	-
Interest income on optionally convertible debentures		
ESR GMR Logistics Parks Private Limited	1.56	1.10
Purchase of capial asset / services for Capital work-in-progress:		
GMR Airport Developers Limited	18.15	20.80
CSR expenditure		
GMR Varalakshmi Foundation	4.09	4.00
Straight lining of lease rental income		
Laqshya Hyderabad Airport Media Private Limited	-	(0.01)
GMR Business Process Services Private Limited	(0.07)	0.02
GMR Varalakshmi Foundation	(0.01)	-
Raxa Security Services Limited		
Depreciation and Interest cost as per Ind AS 116		
GMR Family Fund Trust	0.24	0.24
Government of Telangana	4.58	4.42
Sri Varalakshmi Jute Twine Mills Private Limited	0.17	0.17
Delhi International Airport Limited	0.26	0.32
Income on amortization of deposit received		
Laqshya Hyderabad Airport Media Private Limited	0.02	0.02
Sri Varalakshmi Jute Twine Mills Private Limited	0.01	-
ESR GMR Logistics Park Private Limited	0.38	-

GMR Hyderabad International Airport Limited

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Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

(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, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Interest income on amortization of deposit paid:		
Raxa Security Services Limited	0.06	0.09
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.02
GMR Family Fund Trust	-	0.02
Interest expense on amortization of deposit received:		
Laqshya Hyderabad Airport Media Private Limited	0.02	0.02
ESR GMR Logistics Park Private Limited	0.02	-
Delhi International Airport Limited	0.01	-
GMR Varalakshmi Foundation	0.01	-
Amortisation of expense on deposit paid		
Raxa Security Services Limited	0.06	0.06
Reimbursement of expenses claimed by the Group during the period from its related parties		
Laqshya Hyderabad Airport Media Private Limited	0.19	0.31
GMR Airports Limited	-	0.01
GMR Airport Developers Limited	-	0.86
Raxa Security Services Limited	-	0.01
GMR Energy Trading Limited		
GMR Varalakshmi Foundation	0.03	0.03
Geokno India Private Limited	-	0.17
GMR Business Process and Services Private Limited	0.29	0.01
Reimbursement of expenses claimed from the Group during the period by its related parties		
GMR Airports Limited	0.02	-
Delhi International Airport Limited		0.14
GMR Airport Developers Limited	0.11	0.60
GMR Infrastructure Limited		0.08
Geokno India Private Limited	0.01	-
Rent		
Ramadevi Bommidala	0.10	0.11
Remuneration paid to Key managerial personnel		
Short term employee benefits	5.31	6.01
Sitting fees	0.11	0.10

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Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

c) Outstanding balances at the end of the period

	As at September 30, 2022 (Reviewed)		As at March 31, 2022 (Audited)	
	Non-Current	Current	Non-Current	Current
Balance recoverable/(payable)				
Raxa Security Services Limited	-	5.74	-	(4.97)
Airports Authority of India	-	4.86	-	4.13
GMR Airports infrastructure Limited	-	7.42	-	0.29
Delhi International Airport Limited	-	(0.10)	-	(0.23)
GMR Rajahmundry Energy Limited	-	0.04	-	0.04
GMR Airports Limited	-	(8.19)	-	(74.94)
GMR Aviation Private Limited	-	-	-	0.01
GMR Hyderabad Vijayawada Expressways Private Limit	-	0.01	-	0.01
GMR Enterprises Private Limited	-	-	-	0.01
GMR Airport Developers Limited	-	(3.29)	-	(8.87)
Laqshya Hyderabad Airport Media Private Limited	-	2.47	-	(3.78)
GMR Varalakshmi Foundation	-	(0.41)	-	0.16
GMR Highways Limited	-	0.12	-	0.25
GMR Family Fund Trust	-	1.05	-	-
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.08	-	-
GMR School of Business	-	0.02	-	-
Geokno India Private Limited	-	0.91	-	0.88
GMR Business Process and Services Private Limited	-	2.50	-	2.84
GMR Kannur Duty Free Services Limited	-	2.16	-	0.74
ESR GMR Logistics Parks Private Limited	33.79	0.76	-	0.28
GMR Power and Urban Infra Limited	-	0.72	-	2.26
Security deposit receivable /(payable)				
GMR Infrastructure Limited	-	(0.04)	-	(0.04)
Laqshya Hyderabad Airport Media Private Limited	(0.26)	-	(0.42)	-
GMR Varalakshmi Foundation	(0.13)	-	(0.12)	-
Raxa Security Services Limited	-	1.75	-	1.69
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.10	-	0.10
GMR Family Fund Trust	-	0.39	-	0.38
Delhi International Airport Limited	-	0.24	0.23	-
Ramadevi Bommidala	0.03	-	0.03	-
GMR Airports Limited	0.12	-	-	-
ESR GMR Logistics Parks Private Limited	0.34	-	-	-
Loans given				
GMR Airports Infrastructure Limited	-	141.20	-	141.20
GMR Goa International Airport Limited	-	40.00	-	40.00
GMR Power and Urban Infra Limited	-	58.80	-	58.80
Investment in optionally convertible debentures				
ESR GMR Logistics Parks Private Limited	16.35	-	16.35	-
Investment in Non-convertible debentures				
ESR GMR Logistics Parks Private Limited	16.50	-	4.50	-
Lease Liabilities				
GMR Family Fund Trust	(2.37)	-	(2.41)	-
Sri Varalakshmi Jute Twine Mills Private Limited	(1.70)	-	(1.75)	-
Government of Telanagana	(78.22)	-	(81.13)	-
Delhi International Airport Limited	-	(0.36)	-	(0.65)
Borrowings				
Government of Telangana	(315.05)	-	(315.05)	-

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

7 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, 2021	64.67	11.92	76.59
Additions	-	-	-
Deletion	-	-	-
Depreciation	(1.38)	(1.92)	(3.30)
Balance as at March 31, 2022 (Audited)	63.29	10.00	73.29
Additions	-	-	-
Additions on account of modification in the terms of contract	-	-	-
Depreciation	(0.69)	(0.90)	(1.59)
Balance as at September 30, 2022 (Reviewed)	62.60	9.10	71.70

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

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
Current lease liabilities	0.31	0.65
Non-current lease liabilities	91.49	92.08
	91.80	92.73

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

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
Balance as at the beginning of the period/year	92.73	90.38
Movement:		
Additions	-	-
Additions on account of modification in the terms of contract	-	-
Finance cost accrued during the period/year	4.49	8.75
Payment of lease liabilities	(5.42)	(6.40)
Balance at the end of the period/year	91.80	92.73

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

	September 30, 2022 (Reviewed)	September 30, 2021 (Unaudited/ unreviewed)
Depreciation/amortisation on right to use asset	1.59	1.65
Interest on lease liability	4.49	4.39
Expenses related to short term lease (included under other expenses)	0.87	1.22
Total amount recognized in the statement of profit and loss	6.95	7.26

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

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
Within one year	6.85	11.02
After one year but not more than five years	29.33	28.14
More than five years	711.19	717.92

(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, 2022 (Reviewed)	March 31, 2022 (Audited)
Within one year	87.70	87.05
After one year but not more than five years	317.26	320.87
More than five years	720.71	823.10

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

8 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 interim consolidated financial statements are reasonable approximation of fair values.

	Carrying value		Fair value	
	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
Financial assets				
I. At fair value through Profit or loss				
Investments in mutual funds	337.65	430.36	337.65	430.36
II. At fair value through Other comprehensive income				
<i>Cash flow hedges (refer note V(a))</i>				
Cross currency swap	516.92	457.18	516.92	457.18
Coupon only swap	21.72	(3.09)	21.72	(3.09)
Call spread option	369.18	216.53	369.18	216.53
III. At amortized cost				
Investments in commercial paper	554.56	456.78	554.56	456.78
Loans	240.20	240.71	240.20	240.71
Trade receivables	88.08	105.60	88.08	105.60
Cash and cash equivalents	662.90	74.97	662.90	74.97
Bank balances other than cash and cash equivalents	293.82	1,258.03	293.82	1,258.03
Other financial assets	303.47	246.11	303.47	246.11
	3,388.50	3,483.18	3,388.50	3,483.18
Financial liabilities				
IV. At amortized cost				
Borrowings	8,840.07	8,341.98	8,087.39	8,128.55
Other financial liabilities	783.98	902.44	784.14	902.16
Lease liabilities	91.80	92.73	91.80	92.73
Trade payables	212.08	173.88	212.08	173.88
	9,927.93	9,511.03	9,175.41	9,297.32

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, 2022, 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 be the same as its fair value.

9 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, 2022 (Reviewed)			
Investment in mutual funds	337.65	-	-
Derivatives designed as Cash flow hedge	-	907.82	-
	337.65	907.82	-
Assets measured at fair value as at March 31, 2022 (Audited)			
Investment in mutual funds	430.36	-	-
Derivatives designed as Cash flow hedge	-	670.62	-
	430.36	670.62	-

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

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

10 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, 2022 (Reviewed)		March 31, 2022 (Audited)	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments				
Cross currency swap	516.92	-	457.18	-
Coupon only swap	21.72	-	-	3.09
Call spread option	369.18	-	216.53	-

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

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
In respect of income tax matters [refer (a) below]	21.32	21.32
In respect of indirect tax matters [refer (b) below]	35.66	35.66
Claim against the GHIAL not acknowledged as debt [refer (d), (e) and (f) below]	149.85	149.75
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, 2022 (Reviewed)	March 31, 2022 (Audited)
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]	4.76	4.76
A.Y.2018-19 [Disallowed under 115]B]	6.34	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, 2022 (Reviewed)	March 31, 2022 (Audited)
Pending with the Supreme Court of India	Note	Note
A.Y 2008-09 to A.Y 2013-14	109.04	-
Pending with the Assessing Officer		
A.Y 2009-10	5.25	5.25
Pending with CIT (A)		
A.Y 2009-10	4.01	4.01
A.Y 2013-14 to A.Y 2018-19	13.27	13.27
A.Y 2014-15 to A.Y 2016-17	72.10	72.10
A.Y 2016-17**	0.80	0.80

** Orders u/s 147 passed in case of AY 2015-16 & 2016-17 disallowing capital expenditure of Rs.15.11 thereby reducing depreciation claim by Rs.0.80. Demand of Rs.34.70 (including interest of Rs.16.06) is wrongly raised as against refund of Rs.0.46. The Company had filed an application for rectification of demand and appeal with Commissioner of Income Tax (Appeals).

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

(b) Disputed service tax matters

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
Irregular availment of the cenvat credit, pending with Hon'ble High Court of Telangana*	24.84	24.84
Penalty equivalent to service tax levy on delay in payment of service tax on the user development fee, pending with	7.43	7.43
Non-payment of service tax on Corporate guarantee, notice pay. OIO passed, appeal to be filed with	0.19	0.19
Commissioner of Central Tax (Appeals)		
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, 2022: 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, 2022 amounts to Rs.5.80 (March 31, 2022: Rs.5.70).

(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, 2022: Rs.2.05).

GACAEL

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
In respect of income tax matters [refer (g) below]	46.17	46.17
In respect of indirect tax matters [refer (h) below]	11.51	11.51
Claim against GACAEL not acknowledged as debt [refer (i) to (m) below]	14.88	14.88

- (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, 2022 (Reviewed)	March 31, 2022 (Audited)
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
A.Y.2017-18 [Un explained Cash Credits]	23.98	23.98
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.2018-19 [Disallowed under 80IA]	0.72	0.72

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

(h) Disputed service tax matters

	September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
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	1.17	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 FY 2018-19, 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 FY 2016-17, 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. The Company has filed an appeal vide. FA. No.821/2020 before the Telangana State District Consumer Redressal Commission challenging the final order passed by the Ranga Reddy District Consumer Redressal Forum.
- (l) During the previous year, the GACAEL has received an order from Sub Registrar, Shamshabad regarding the payment of fine of Rs.69.09 Lakhs equal to five times of Registration fee of Rs.13.82 Lakhs. The company has filed writ petition before the High Court of Telangana and received Stay Interim Order dated September 27, 2021. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.
- (m) During the previous year, the Customs has issued a penalty of Rs.1.50 Lakhs on M/s GMR Air cargo and Aerospace Engineering Limited for their role in irregular import of aircraft vide Order dated 26th October, 2021. The Company is in the process of filing Appeal with Customs, Excise and Service Tax Appellate Tribunal. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Financial Statements.
- (n) As per the terms of issuance of Compulsory Convertible Cumulative Preference Shares (Series A and Series B), the Company shall pay preference dividends at a coupon rate of 11.97% on the paid up value of compulsorily convertible cumulative preference shares (Series A and Series B). the Company has not declared preference dividend on Compulsorily Convertible Cumulative Preference Shares ("CCCPS") which is amounting to Rs.7.01 and tax thereon as on September 30, 2022 (March 31, 2022: Rs.5.93).

In respect of other subsidiaries:

- (o) During the previous year GHRL had received an order for AY 2018-19 disallowing unpaid GST of Rs.0.0001/-. The Company had filed an appeal against the said order with the Commissioner of Income Tax - Appeals. Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.
- (p) 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 - Appels.
- (q) 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.
- (r) GHAL has preferred an appeal with CESTAT against Order-in-Appeal 17/2017-18 dated February 28, 2018 passed by The Commissioner of Central Tax (Appeals) confirming the demand of Rs.1.47 in the matter of short payment of service tax under RCM on purchase of designs and drawings under Architecture service. The company has filed an appeal with CESTAT against the order. Further, based on the internal assessment the management is confident that no further provision is required to be made as at September 30, 2022.
- (s) 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.

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

- (t) 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.
- (u) 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 filing an appeal with CESTAT.
- (v) During the previous year, the Assistant Commissioner of Central tax, Hyderabad has filed appeals before the Commissioner (Appeals) against the service tax refund orders of Rs.13.48 (31 March 2022: Rs.3.77) issued to the GHRL pertaining to October 2016 to June 2017. During the year, GHRL is in receipt of Order in Appeal passed by the Commissioner (Appeals) dismissing the appeals filed by the Assistant Commissioner of Central tax, Hyderabad. The Assistant Commissioner of Central tax, Hyderabad has filed appeals with the CESTAT against the of Order in Appeal passed by the Commissioner (Appeals). The Company is in the process of filing counter against the Appeal.
- (w) 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 (y) above, no further provision is required to be made as at September 30, 2022.

II 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.1041.53 (March 31, 2022: Rs.1,122.63).

b) *Other commitments :*

i) As per the terms of Concession Agreement, GHIAL is required to pay concession fees to MoCA @ 4% on its gross revenue (as defined in the Concession Agreement) 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 and 4.75% senior secured notes (2024 SSN) for USD 300 million which are repayable in April 2024 and February 2026 respectively and "Coupon Only Swap" (COS) to hedge the payment of interest liability on semi-annually basis on 2024 SSN for USD 300 million and 2026 SSN for USD 300 million.

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

12 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.

12 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.

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

- 12 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 September 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 on-going 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, 2022.

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, 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 previous year, AERA vide its Order dated 31 August 2021, has issued Tariff Order for the TCP effective from 1 October 2021 and accordingly GHIAL has applied aeronautical tariff for determination of aeronautical revenue as per the aforesaid order for the period effective 1 October 2021.

Alternatively, GHIAL has also filed an appeal against the Tariff Order for the TCP 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.

- 14 GHIAL has recognized, deferred tax asset comprising of Minimum Alternate Tax (MAT) credit entitlement and unabsorbed business losses aggregating to Rs.549.14 (March 31, 2022: Rs.560.92) as at September 30, 2022. GHIAL based on the future taxable income expects to adjust these amounts against the projected taxable profits. The ultimate realisation of the deferred tax asset is dependent upon the generation of future taxable income projected by considering the tariff orders for the TCP and anticipated tariff orders for the subsequent control periods, 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 11 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.

- 15 As detailed in Note 3(a), to these Financial Statements, certain incomes/ credits are not considered by the Holding Company 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 fees:

	Income forming part of	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Discounting on fair valuation of deposit received from concessionaries	Revenue from operations	2.79	3.67
Income recognised on advance from customers under Ind AS 115	Revenue from operations	0.27	0.55
Impact on account of straight lining of lease rentals	Revenue from operations	2.25	2.36
Income arising from fair valuation of financial guarantee	Other income	1.29	0.52
Discounting on fair valuation of deposit paid to vendors	Other income	0.08	0.13
Income from government grant	Other income	2.64	2.64
Amortisation of deferred income	Other income	0.05	0.14

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

16 Revenue from operations

Nature of Revenue	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Aeronautical		
Landing and parking charges	74.71	38.75
User development fee (UDF)	205.71	47.60
Information communication and technology charges (ICT Charges)	1.16	15.16
Fuel farm	41.36	23.14
Ground handling	16.99	5.55
Cargo	44.51	41.54
Others	17.69	11.92
Revenue from Aeronautical services (A)	402.13	183.66
Non-aeronautical		
Duty Free	87.20	27.59
Retail	32.80	10.55
Advertisement	20.01	6.95
Food and beverages	31.96	9.02
Parking	43.46	16.20
Land and space - Rentals	22.68	21.83
MRO services and others	171.41	157.08
Revenue from Non-aeronautical services (B)	409.52	249.22
Commercial property development	25.77	29.06
Hospitality services	33.42	14.87
Revenue from Non-airport services (C)	59.19	43.93
Revenue from operations (A+B+C)	870.84	476.81

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

	At a point in time		Over time	
	September 30, 2022 (Reviewed)	September 30, 2021 (Unaudited/ unreviewed)	September 30, 2022 (Reviewed)	September 30, 2021 (Unaudited/ unreviewed)
Aeronautical services	367.45	162.00	34.68	21.66
Non-aeronautical services	212.52	156.60	197.00	92.62
Non-airport services	5.65	5.46	53.54	38.47
Total revenue from operations	585.62	324.06	285.22	152.75

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

Class of asset	For the period ended September 30, 2022 (Reviewed)	For the period ended September 30, 2021 (Unaudited/ unreviewed)
Leasehold improvements	0.06	4.50
Buildings on leasehold land	456.76	97.57
Electrical installations	56.53	63.89
Runways	102.27	168.36
Plant and machinery	338.97	29.55
Office equipments	1.65	0.51
Computers	1.61	26.18
Furniture and fixtures	17.40	4.29
Vehicles	1.54	0.05
Total	976.79	394.90

Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

- 18** 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.505.54 (including Rs.476.71 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.

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

Details of utilization of funds raised are as under:

Unutilised amount at the beginning of the year
Amount raised during the period/year
Less: Utilized for capital project works
Add: Income on temporary cash investment
Unutilised amount at the end of the period/year

September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
973.73	2,027.96
-	-
(499.46)	(1,111.07)
1.90	56.84
476.17	973.73

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

Funds parked in:

Current accounts
Fixed deposits*

September 30, 2022 (Reviewed)	March 31, 2022 (Audited)
476.17	0.39
-	973.34
476.17	973.73

* including accrued interest of Rs.Nil (March 31, 2022: 8.52)

- 20** For the six months period ended September 30, 2022, the Holding Company has identified certain group of assets and its directly associated liabilities to be disposed off and hence the same has been classified as "Held for sale".

Details of assets and liabilities classified as held for sale as of 30 September 2022 are as under:

Property, plant and equipment
Other non-current assets
Trade receivables
Cash and cash equivalents
Other current assets

Assets classified as held for sale

Borrowings (including current maturities of long term borrowings)
Other non-current liabilities
Other current liabilities

Liabilities directly associated with assets classified as held for sale

Amount
86.78
18.23
0.80
2.21
10.67
118.69
57.85
8.14
3.56
69.55

GMR Hyderabad International Airport Limited

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Summary of significant accounting policies and other explanatory information for the six months period ended September 30, 2022

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

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

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

For GMR Hyderabad International Airport Limited

Sd/-
Pradeep Panicker
Chief Executive Officer

Sd/-
Anand Kumar P
Chief Financial Officer

Place: Hyderabad
Date: November 14, 2022