

GMR Hyderabad International Airport Limited**CIN:U62100TG2002PLC040118****Unaudited Condensed Interim Consolidated Balance sheet as at December 31, 2020**

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

	As at December 31, 2020 (Unaudited)	As at March 31, 2020 (Audited)
Assets		
Non-current assets		
Property, plant and equipment	2,711.52	2,707.86
Capital work-in-progress	1,908.42	1,335.26
Right of use asset	76.00	74.47
Intangible assets	86.44	61.92
Intangible assets under development	3.75	1.24
Investment in joint venture	36.17	19.25
Financial assets		
- Loans	19.02	17.37
- Other financial assets	685.44	865.00
Non-current tax assets	54.51	51.88
Deferred tax asset (net)	252.00	252.83
Other non-current assets	799.93	739.30
	6,633.20	6,126.38
Current assets		
Inventories	85.97	81.85
Financial assets		
- Investments	880.95	1,241.10
- Trade receivables	157.08	178.77
- Cash and cash equivalents	349.16	270.98
- Bank balances other than cash and cash equivalents	195.83	680.93
- Loans	213.69	217.13
- Other financial assets	163.61	147.63
Current tax assets	0.01	1.71
Other current assets	77.66	55.33
	2,123.96	2,875.43
Assets held for sale	-	58.45
Total Assets	8,757.16	9,060.26
Equity and liabilities		
Equity		
Equity share capital	378.00	378.00
Other equity		
- Capital reserve	107.00	107.00
- Retained earnings	982.08	1,214.29
- Cash flow hedge reserve	155.49	165.06
	1,622.57	1,864.35
Liabilities		
Non-current liabilities		
Financial liabilities		
- Borrowings	5,523.58	5,685.81
- Lease liabilities	87.49	83.05
- Other financial liabilities	220.24	229.92
Government grants	31.62	35.59
Long-term provisions	6.62	1.47
Deferred tax liability (net)	7.26	6.54
Other non-current liabilities	92.66	68.43
	5,969.47	6,110.81

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	As at December 31, 2020 (Unaudited)	As at March 31, 2020 (Audited)
Current liabilities		
Financial liabilities		
- Short-term borrowings	231.62	19.92
- Lease liabilities	0.05	-
- Trade payables		
-Total outstanding dues of micro and small enterprises	9.80	11.58
-Total outstanding dues of creditors other than micro and small enterprises	163.20	157.17
- Other financial liabilities	608.97	731.60
Government grants	5.27	5.27
Other current liabilities	91.48	59.35
Short-term provisions	23.87	22.99
Current tax liability (net)	30.86	35.87
	1,165.12	1,043.75
Liabilities classified as held for sale	-	41.35
Total liabilities	7,134.59	7,195.91
Total Equity and Liabilities	8,757.16	9,060.26

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

As per our review 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: February 26, 2021

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Unaudited Condensed Interim Consolidated Statement of Profit and Loss for the nine months period ended December 31, 2020

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

	For the nine months period ended December 31, 2020 (Unaudited)	For the nine months period ended December 31, 2019 (Unaudited)
Income		
Revenue from operations	537.71	1,547.16
Other income	131.62	89.68
	669.33	1,636.84
Expenses		
Concession fee	14.46	50.28
Purchase of traded goods	(3.54)	60.72
Changes in inventory of traded goods	11.81	(9.81)
Employee benefits expense	164.21	166.86
Finance costs	207.10	196.11
Depreciation and amortization expenses	176.66	158.97
Other expenses	329.97	388.53
Total expenses	900.67	1,011.66
Profit / (loss) before share of profit in joint ventures and tax	(231.34)	625.18
Share of profit/(loss) in joint ventures	(0.16)	3.35
Profit / (loss) before tax	(231.50)	628.53
Tax expense		
Current tax	(0.57)	102.37
Deferred tax expense/ (credit)	1.90	(16.48)
Minimum alternate tax credit entitlement	(0.17)	(50.44)
Total tax expense	1.16	35.45
Profit / (loss) for the period	(232.66)	593.08
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Re-measurement losses on defined benefit plans	0.43	(1.86)
Share of other comprehensive income in joint ventures	(0.02)	0.00
Income tax relating to items that will not be reclassified to profit or loss	0.04	0.04
Items that will be reclassified to profit or loss		
Cash flow hedge reserve	(10.93)	119.20
Income tax relating to items that will be reclassified to profit or loss	1.36	9.08
Total other comprehensive income / (loss) for the period	(9.12)	126.46
Total comprehensive income / (loss) for the period, net of tax	(241.78)	719.54
Profit attributable to		
Equity holders of the parent	(232.66)	593.08
Other comprehensive income attributable to		
Equity holders of the parent	(9.12)	126.46
Total comprehensive income attributable to		
Equity holders of the parent	(241.78)	719.54
Earnings per equity share		
Basic and diluted (non-annualised)	(6.16)	15.69
Nominal value per share	10.00	10.00

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

As per our review 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: February 26, 2021

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Unaudited Condensed Interim Consolidated Cash Flow Statement for the nine months period ended December 31, 2020

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

	For the period ended December 31, 2020 (Unaudited)	For the period ended December 31, 2019 (Unaudited)
Cash flow from operating activities		
Profit / (loss) before tax	(231.50)	628.53
<i>Adjustment to reconcile (loss)/ profit before tax to net cash flows</i>		
Share of (profit)/loss in joint ventures	0.16	(3.35)
Depreciation and amortization expenses	176.66	158.97
Bad debts written off	0.21	0.18
Income from straightlinig of lease revenue	(6.76)	(4.49)
Inventories written off	0.18	0.24
Amortisation of prepaid expenses	0.04	0.25
Amortisation of deferred income	(1.48)	(5.08)
Provision for doubtful advances / debts	-	0.24
Unrealised foreign exchange loss / (gain)	2.91	(0.18)
Loss / (gain) on sale of property, plant and equipment	0.47	-
Interest income	(95.77)	(60.20)
Gain on sale of financial assets (mutual funds)	(4.96)	(12.32)
Provision no longer required, written back	(5.43)	(2.12)
Finance costs	207.10	194.89
Income from government grants	(3.97)	(3.97)
Loss/(gain) on fair valuation of financial assets (mutual funds)	(0.35)	(0.36)
Operating (loss) / profit before working capital changes	37.51	891.23
<i>Working capital adjustments:</i>		
Changes in trade payables	6.88	29.46
Changes in other liabilities	57.62	29.75
Changes in other financial liabilities	15.20	(27.49)
Changes in provisions	6.46	4.19
Changes in trade receivables	46.48	20.58
Changes in inventories	(4.30)	(19.63)
Changes in other assets	(96.80)	(118.21)
Changes in other financial assets	(44.06)	(60.29)
Changes in loans	2.01	0.79
Cash (used in) / generated from operations	27.00	750.38
Direct taxes paid (net)	(4.15)	(98.66)
Net cash (used in) / generated from operating activities (A)	22.85	651.72
Cash flows from investing activities		
Purchase of property plant and equipment, including capital work in progress, capital advances and intangible assets under development	(700.75)	(752.39)
Proceeds from sale of property, plant and equipment	2.09	0.45
Loans to group companies	-	(199.68)
Purchase of current investments	(4,226.12)	(8,081.69)
Proceeds from sale of current investments	4,591.58	7,735.29
Interest received	116.09	96.90
Movement in other bank balances	485.10	(654.76)
Net cash generated from / (used in) investing activities (B)	267.99	(1,855.88)

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Unaudited Condensed Interim Consolidated Cash Flow Statement for the nine months period ended December 31, 2020

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

	For the period ended December 31, 2020 (Unaudited)	For the period ended December 31, 2019 (Unaudited)
Cash flows from financing activities		
Proceeds from long-term borrowings	18.96	2,067.15
Repayment of long-term borrowings	(7.42)	(13.30)
Proceeds/(repayment)of short term borrowings, net	211.70	(8.46)
Interest paid including borrowing cost	(430.68)	(428.49)
Payment of lease rentals	(5.32)	(1.18)
Net cash (used in) / generated from financing activities (C)	(212.76)	1,615.71
Net increase / (decrease) in cash and cash equivalents (A + B + C)	78.08	411.55
Cash and cash equivalents at the beginning of the year	329.42	395.08
Effects of exchange differences on cash & cash equivalents held in foreign currency	0.10	-
Adjustment on loss of control in subsidiary (refer note: 23)	(58.44)	-
Cash and cash equivalents at the end of the period	349.16	806.63
Components of cash and cash equivalents		
Cash on hand	0.68	0.96
Balances with banks		
- in current account	36.32	32.45
- in exchange earner foreign currency account	13.16	7.15
- in deposit account	299.00	766.00
- in escrow account	-	0.02
Cash in transit	-	0.05
Total cash and cash equivalents	349.16	806.63

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

As per our review report of even date.

For GMR Hyderabad International Airport Limited

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

Place: Hyderabad

Date: February 26, 2021

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Unaudited Condensed Interim Consolidated Statement of Changes in Equity for the nine months period ended December 31, 2020

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

a. Equity share capital:

Equity shares of Rs.10 each issued, subscribed and fully paid

As at April 1, 2019 (Audited)

Issue of shares

As at December 31, 2019 (Unaudited)

As at April 1, 2020 (Audited)

Issue of shares during the period

As at December 31, 2020 (Unaudited)

No.	Amount
378,000,000	378.00
-	-
378,000,000	378.00
378,000,000	378.00
-	-
378,000,000	378.00

b. Other equity

Attributable to the equity holders of the parent				
Reserves and surplus		Other reserves		Total
Capital reserve*	Retained earnings	Cash flow hedge reserve		
As at April 1, 2019 (Audited)	107.00	668.43	31.72	807.15
Profit for the period	-	593.08	-	593.08
Other comprehensive income	- -	1.82	128.28	126.46
As at December 31, 2019 (Unaudited)	107.00	1,259.69	160.00	1,526.69
As at April 1, 2020 (Audited)	107.00	1,214.29	165.06	1,486.35
Loss for the period	-	(232.66)	-	(232.66)
Other comprehensive income	-	0.45	(9.57)	(9.12)
As at December 31, 2020 (Unaudited)	107.00	982.08	155.49	1,244.57

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

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

As per our review 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: February 26, 2021

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 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 31 December 2020, 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 "Unaudited Condensed Interim Consolidated Financial Statements").

These Unaudited 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 Unaudited 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 2020.

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

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

2.2 Significant accounting policies

The accounting policies followed in preparation of these Unaudited 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 2020.

The Group has followed the same accounting judgments, estimates and assumptions in preparation of these Unaudited Condensed Interim Consolidated Financial Statements as those followed in preparation of the annual consolidated financial statements as at the year ended March 31, 2020.

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

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020

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

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	
			December 31, 2020	March 31, 2020
GMR Hyderabad Aerotropolis Limited (GHAL)##	Development of commercial property	Hyderabad, India	100%	100%
GMR Hyderabad Aviation SEZ Limited (GHASL)	Development of SEZ	Hyderabad, India	100%	100%
GMR Air Cargo and Aerospace Engineering Limited (GACAEL)	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 Airport Assets Limited (GHAAL)*	Development of commercial property	Hyderabad, India	100%	-
GMR Logistics Park Private Limited (GLPPL)##	Development of logistics park	Hyderabad, India	-	100%

Information about joint ventures

Name	Principal activities	Country of Incorporati	% equity interest as at	
			December 31,	March 31,

GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020

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

		on	2020	2020
Laqshya Hyderabad Airport Media Private Limited (LHAMPL)	Advertisement	India	49%	49%
GMR Logistics Park Private Limited (GLPPL) ##	Development of logistic park	India	30%	-

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

*On 25th November 2020, GHAL has incorporated a wholly owned subsidiary GMR Hyderabad Airport Assets Limited.

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

Considering the rapid development of the COVID-19 outbreak, there have been travel restrictions and quarantine measures to contain the spread of the virus. As a precautionary measure, Government of India had also imposed a countrywide lockdown from March 25, 2020 to May 24, 2020. Restrictions on operation of domestic flights were partially lifted from May 25, 2020 and international flights with countries having the bubble arrangement were allowed from July 16, 2020 and are being ramped up in a phased manner, in accordance with the Government directives. As a result, the airport's operations (including the duty free and hotel operations) were closed from March 25, 2020 to May 24, 2020 except for cargo and evacuation / rescue flights for passengers, which in turn has materially impacted the business of the Group. The MRO and air cargo business remains relatively less affected from the demand point of view. Presently, the Group has resumed majority of the operations and are adhering to strict safety measures and the Government guidelines.

Initially in the month of June 2020, the Group had made a detailed assessment of its liquidity position for the next one year wherein it is expected to meet all its obligations pertaining to debt repayments, the ongoing capital expansion and any other financial obligations. The management has re-visited the original assessment and believes that there would not be any change in the original conclusion. During the original assessment and while revisiting, Management believes that it had taken into account the possible impact of known events arising from the COVID-19 pandemic. The unprecedented nature of the pandemic makes the future business environment uncertain, however, the Group will continue to carry out the impact assessment on its assets and closely monitor any material changes to future economic conditions.

2.5 Estimates

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

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

3. Earnings per Share (EPS)

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

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

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

Particulars	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Profit attributable to equity holders for basic and diluted earnings	(236.17)	593.08
Weighted average number of equity shares used for computing earnings per share (Basic and diluted)	37.80	37.80
Earnings per share (Basic and diluted) (Rs.)	(6.25)	15.69
Face value per share (Rs.)	10.00	10.00

4. Details of transactions with Related Parties:**A. Names of related parties and description of relationship:**

Nature of relationship	Name of the related party
Holding company	GMR Airports Limited (GAL)
GAL's holding company	GMR Infrastructure Limited (GIL)
Ultimate holding company	GMR Enterprises Private Limited (GEPL)
Fellow Subsidiary Companies	GMR Aviation Private Limited
	Delhi International Airport Limited
	GMR Energy Trading Limited
	GMR Highways Limited
	GMR Corporate Affairs Private Limited
	GMR Airport Developers Limited
	Kakinada SEZ Limited
	GMR Aerostructure Services Limited
	GMR Hyderabad Vijayawada Expressways Private Limited
	GMR Business Process and Services Private Limited
	GMR Vemagiri Power Generation Limited
	GMR Goa International Airport Limited
	Raxa Security Services Limited
Shareholders having significant influence	Government of Telangana
	Airports Authority of India
	Malaysia Airports Holdings Berhad
	MAHB (Mauritius) Private Limited, Mauritius
Key Management Personnel (KMP)	Mr. G M Rao, Executive Chairman
	Mr. GBS Raju – Managing Director
	Mr. SGK Kishore – Chief Executive Officer (till June 14, 2020)
	Mr. Pradeep Panicker – Chief Executive Officer (w.e.f June 15, 2020)
	Mr. Rajesh Arora – Chief Financial Officer (till May 31, 2019)
	Mr. Anand Kumar Polamada - Chief Financial Officer (w.e.f June 1, 2019)
	Mr. Anup Kumar Samal - Company Secretary

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

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

B. Remuneration paid to key managerial personnel:

Particulars	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Short term employee benefits*	4.73	11.52
Sitting fee	0.17	0.21

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

C. Summary of transactions with related parties during the period is as follows:

Particulars	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
<i>Services received:</i>		
GMR Infrastructure Limited	7.25	6.86
GMR Airports Limited	18.68	23.22
Raxa Security Services Limited	18.75	19.72
GMR Aviation Private Limited	-	5.84
GMR Airport Developers Limited	19.88	22.60
GMR Corporate Affairs Private Limited	-	0.17
GMR Family Fund Trust	-	0.21
Delhi International Airport Limited	0.55	0.59
Laqshya Hyderabad Airport Media Private Limited	0.24	0.53
Government of Telangana	-	2.82

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

Airports Authority of India	0.01	0.02
Sri Vara Lakshmi Jute Twine Mills Private Limited	-	0.15
<i>Security Deposit (paid) / received):</i>		
GMR Logistics Park Private Limited	18.11	-
<i>Income from operations:</i>		
GMR Infrastructure Limited	0.01	0.01
GMR Airports Limited	0.00	0.27
GMR Aviation Private Limited	0.00	0.05
Kakinada SEZ Limited	0.18	0.18
GMR Airport Developers Limited	0.20	0.18
Raxa Security Services Limited	0.01	0.01
Geokno India Private Limited	0.04	0.08
GMR Highways Limited	0.06	0.18
Laqshya Hyderabad Airport Media Private Limited	5.41	25.66
GMR Business Process and Services Private Limited	2.37	2.37
Delhi International Airport Limited	0.01	0.01
Airports Authority of India	0.19	2.21
GMR Varalakshmi Foundation	0.30	0.30
<i>Interest on delayed payments from customers</i>		
GMR Airports Limited	0.00	0.00
Laqshya Hyderabad Airport Media Private Limited	-	0.00
GMR Aviation Private Limited	0.00	-
<i>Purchase of Asset (including additions to CWIP)</i>		
GMR Airport Developers Limited	31.05	35.83
<i>CSR Expenditure</i>		
GMR Varalakshmi Foundation	8.25	8.27
<i>Reimbursement of expenses claimed by the Group during the year from its related parties:</i>		
GMR Infrastructure Limited	0.00	0.01
GMR Airports Limited	0.02	0.18
Kakinada SEZ Limited	0.05	0.04
Delhi International Airport Limited	0.01	0.13
GMR Airport Developers Limited	1.80	0.72
GMR Highways Limited	0.08	0.04
Geokno India Private Limited	0.00	0.00
Laqshya Hyderabad Airport Media Private Limited	0.33	0.78
Airports Authority of India	2.23	2.63
GMR Varalakshmi Foundation	0.03	0.06
Raxa Security Services Limited	0.01	0.00
GMR Business Process and Services Private Limited	0.19	0.47
GMR Goa International Airport Limited	-	0.02
<i>Reimbursement of expenses claimed from the Group during the year by its related parties:</i>		
GMR Airports Limited	-	(0.13)
Delhi International Airport Limited	0.01	-
Laqshya Hyderabad Airport Media Private Limited	-	0.18
GMR Airport Developers Limited	-	0.22

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

<i>Income on amortisation of deposit received:</i>		
Laqshya Hyderabad Airport Media Private Limited	0.03	0.04
GMR Varalakshmi Foundation	0.01	0.02
GMR Infrastructure Limited	0.00	0.00
<i>Interest expense on amortisation of deposit received:</i>		
Laqshya Hyderabad Airport Media Private Limited	0.03	0.03
GMR Infrastructure Limited	0.00	(0.00)
GMR Varalakshmi Foundation	0.01	0.01
<i>Lease rental income</i>		
Laqshya Hyderabad Airport Media Private Limited	(0.00)	0.01
GMR Business Process and Services Private Limited	0.03	0.03
GMR Highways Limited	(0.00)	0.00
GMR Airport Developers Limited	0.00	0.01
GMR Varalakshmi Foundation	0.01	0.03
Raxa Security Services Limited	(0.00)	0.00
<i>Unsecured loan given:</i>		
GMR Infrastructure Limited	9.95	200.00
GMR Infra Developers Limited	-	20.00
<i>Interest on unsecured loan:</i>		
GMR Infrastructure Limited	16.85	2.41
GMR Infra Developers Limited	-	0.02
<i>Unsecured loan received back:</i>		
GMR Infrastructure Limited	9.95	-
<i>Interest expense on lease liabilities</i>		
GMR Family Fund Trust	0.11	0.05
Government of Telangana	5.35	5.12
Sri Varalakshmi Jute Twine Mills Private Limited	0.08	0.03
<i>Amortization of expense on deposit paid:</i>		
GMR Airport Developers Limited	-	0.62
Raxa Security Services Limited	0.12	0.11
<i>Interest income on amortization of deposit paid:</i>		
GMR Airport Developers Limited	-	0.93
Raxa Security Services Limited	0.12	0.11
Sri Varalakshmi Jute Twine Mills Private Limited	0.01	0.01
GMR Family Fund Trust	0.02	0.02
<i>Rent:</i>		
Ramadevi Bommidala	0.17	0.16

D. Outstanding balances at the end of the period/year:

Particulars	December 31, 2020		March 31, 2020	
	Non-Current	Current	Non-Current	Current
<i>Balance Recoverable / (Payable):</i>				
GMR Enterprises Private Limited	-	0.01	-	0.01
GMR Infrastructure Limited	-	0.71	-	(2.31)
GMR Airports Limited	-	(5.97)	-	(7.93)
Raxa Security Services Limited	-	(6.00)	-	(5.31)

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

Particulars	December 31, 2020		March 31, 2020	
	Non-Current	Current	Non-Current	Current
Delhi International Airport Limited	-	(0.07)	-	1.56
GMR Rajahmundry Energy Limited	-	0.04	-	0.04
GMR Hyderabad Vijayawada Expressways Private Limited	-	0.01	-	0.01
GMR Aviation Private Limited	-	0.00	-	0.03
GMR Airport Developers Limited	-	(15.84)	-	(12.33)
Kakinada SEZ Limited	-	0.59	-	0.69
GMR Energy Trading Limited	-	0.00	-	0.00
GMR Highways Limited	-	0.25	-	0.26
Geokno India Private Limited	-	0.84	-	0.81
GMR Aerostructure Services Limited	-	0.03	-	0.03
GMR Goa International Airport Limited	-	-	-	0.02
GMR Vemagiri Power Generation Limited	-	0.00	-	0.00
GMR Business Process and Services Private Limited	-	1.02	-	1.66
Laqshya Hyderabad Airport Media Private Limited	-	2.00	-	0.77
Airports Authority of India	-	4.78	-	5.02
GMR Varalakshmi Foundation	-	(1.26)	-	(0.03)
<i>Security deposit receivable / (payable) to related parties recognised at amortised cost:</i>				
GMR Infrastructure Limited	-	(0.04)	-	(0.04)
Raxa Security Services Limited	-	1.65	-	1.70
Laqshya Hyderabad Airport Media Private Limited	(0.37)	(0.02)	(0.34)	(0.02)
Delhi International Airport Limited	0.25	-	-	-
GMR Varalakshmi Foundation	(0.10)	-	(0.10)	-
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.09	0.09	-
GMR Family Fund trust	-	0.35	0.33	-
Ramadevi Bommidala	(0.03)	-	(0.00)	-
GMR Airport Developers Limited	4.65	4.77	4.64	8.92
<i>Deferred income on deposits received recognized at amortised cost</i>				
Laqshya Hyderabad Airport Media Private Limited	0.08	0.04	0.12	0.04
GMR Varalakshmi Foundation	0.02	0.01	0.03	0.01
<i>Prepaid expenses on deposits paid recognized at amortized cost:</i>				
Raxa Security Services Limited	-	0.10	-	0.05
GMR Airport Developers Limited	0.22	0.90	0.90	0.89
<i>Loans given (including accrued interest):</i>				
GMR Infrastructure Limited	-	200.00	-	207.90
Borrowings:				
Government of Telangana	(315.05)	-	(315.05)	-

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

5. Operating segments are reported in such a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The entity has only a single geographical segment operating in Hyderabad, India. As per the evaluation carried out by CODM, the Group has only one reportable business segment, i.e. operation of airport and providing allied services. Accordingly, the amounts appearing in the Unaudited Condensed Interim Consolidated Financial Statements relate to the Group's single business segment.

Major Customers: Revenue from one customer of the Group is approximately Rs. 163.20 out of total revenue of the Group (December 31, 2019: Rs. 300.88) for the period ended December 31, 2020.

6. Revenue from operations

The information relating to different products and services regarding revenue from operations is:

Nature of revenue	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Aeronautical		
Landing and parking charges	45.66	107.14
User development Fee and Passenger service fee	44.33	555.38
Information, Communication & Technology charges	14.42	-
Common Infrastructure Charges	0.27	48.12
Fuel farm income	28.19	113.56
Ground handling charges	5.88	26.52
Cargo revenues	56.99	69.90
Others	19.15	21.00
Revenue from aeronautical(A)	214.89	941.62
Non-aeronautical		
Duty Free	17.95	138.01
Retail	7.85	35.99
Advertisement	7.84	28.72
Food and beverages	7.49	38.47
Parking	13.41	56.74
Land and space – rentals	28.23	54.03
MRO services and others	201.37	183.59
Revenue from non-aeronautical(B)	284.14	535.55
Commercial property development	26.01	19.47
Hospitality services	12.67	50.52
Revenue from Non-airport services(C)	38.68	69.99
Revenue from operations (D=A+B+C)	537.71	1,547.16

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

Particulars	For the nine months period ended December 31, 2020			
	Aeronautical	Non-aeronautical	Non-airport	Total
Services transferred at a point in time	132.87	-	-	132.87
Services transferred over time	82.02	284.14	38.68	404.84
Total	214.89	284.14	38.68	537.71

Particulars	For the nine months period ended December 31, 2019			
	Aeronautical	Non-aeronautical	Non-airport	Total
Services transferred at a point in time	824.20	-	-	824.20
Services transferred over time	117.42	535.55	69.99	722.96
Total	941.62	535.55	69.99	1,547.16

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

7. Leases**Group as lessee:**

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

Following are the changes in the carrying value of right of use assets as at December 31, 2020:

Particulars	Category of ROU asset		Total
	Land	Building	
Balance as at April 1, 2019	-	-	-
Reclassification on account of adoption of Ind AS 116	67.43	9.94	77.37
Depreciation	(1.38)	(1.52)	(2.90)
Balance as at March 31, 2020	66.05	8.42	74.47
Additions on accounts of modification in terms of contract	-	3.67	3.67
Depreciation	(1.03)	(1.11)	(2.14)
Balance as at December 31, 2020	65.02	10.98	76.00

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

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

Particulars	December 31, 2020	March 31, 2020
Current lease liabilities	0.05	-
Non-Current lease liabilities	87.49	83.05
Total	87.54	83.05

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

Particulars	December 31, 2020	March 31, 2020
Opening Balance	83.05	76.94
Additions on accounts of modification in terms of contract	3.67	-
Finance cost accrued during the year	6.14	7.79
Payment of lease liabilities	(5.32)	(1.68)
Balance at the end of the period/year	87.54	83.05

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

Particulars	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Depreciation/amortisation on right to use asset	2.14	2.06
Interest on lease liability	6.14	1.95
Expenses related to short term lease (included under other expenses)	2.02	3.49
Total amount recognized in the statement of profit and loss	10.30	7.50

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

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

	December 31, 2020	March 31, 2020
Within one year	5.74	9.41
After one year but not more than five years	25.80	23.55
More than five years	731.07	727.57

Operating lease commitments: Group as lessor

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

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

	December 31, 2020	March 31, 2020
Within one year	62.10	49.55
After one year but not more than five years	218.83	184.72
More than five years	457.89	450.88

8. Commitments and Contingencies**I. Litigation and contingent liabilities****A. Direct taxes:**

- a) During the previous years, the Revenue have filed Appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by Income Tax Appellate Authority (ITAT), Bengaluru dated October 13, 2017 knocking down the assessment orders passed under section 143(3) read with section 153A thereby deleting certain disallowances amounting to Rs. 34.87 & Rs. 16.65 confirmed by Commissioner of Income tax (Appeals) [CIT (A)], Bengaluru in relation to assessment years (AY's) 2008-09 & 2009-10 respectively, resulting in a reduction in carry forward of tax losses.
- b) During the previous year, the ITAT, Bengaluru, in an appeal filed by the GHIAL against the order passed by the CIT (A), Bengaluru dated October 31, 2016 confirming certain disallowances amounting to Rs. 6.85 in relation to AY 2009-10 resulting in a reduction in tax losses has passed an order dated July 10, 2019 setting aside the order passed by the CIT (A) and restoring the matters back to the assessing officer for fresh verification.
- c) During the previous years, the Revenue have filed Appeals before the Hon'ble High Court of Karnataka against GHIAL on the orders passed by ITAT, Bengaluru dated October 13, 2017 deleting certain disallowances amounting to Rs. 7.34, Rs. 11.25, Rs. 18.27 & Rs. 20.04, resulting in a reduction in tax losses, confirmed by CIT (A), Bengaluru in relation to AY's 2010-11, 2011-12, 2012-13 and 2013-14 respectively.
- d) During the previous years, GHIAL had filed appeals before ITAT, Bengaluru against the orders passed by the CIT (A), Bengaluru dated December 29, 2016 confirming certain disallowances amounting to Rs. 13.00, Rs. 9.14, Rs. 0.86 and Rs. 4.29 resulting in a reduction in tax losses in relation to AY's 2010-11, 2011-12, 2012-13 and 2013-14 respectively.
- e) During the previous years, GHIAL had filed appeal before ITAT, Bengaluru against the orders passed by the CIT (A), Bengaluru dated July 10, 2018 confirming certain disallowances amounting to Rs. 3.38, resulting in a reduction in tax losses in relation to AY 2014-15.
- f) During the previous years, the Revenue have filed appeals before the ITAT, Bengaluru against GHIAL on the orders passed by CIT(A), Bengaluru dated July 10, 2018 deleting certain disallowances amounting to Rs. 22.03 & Rs. 22.23 resulting in a reduction in tax losses in relation to AY's 2014-15 & 2015-16 respectively.

Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020

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

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

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

- j) GACAEL had received assessment order during previous years for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 1.54 (including interest of Rs 0.22), Rs.2.73 (including interest of Rs 0.69), Rs. 3.03 (including interest of Rs.0.75) and Rs. 2.54 (including interest of Rs 0.66) for the respective assessment years. GACAEL had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid the amount demanded under protest. During the previous years, the said appeals were dismissed by the Commissioner of Income - Tax (Appeals), Hyderabad against which GACAEL had filed an appeal with the Income Tax Appellate Tribunal, Hyderabad. During FY 2016-17, GACAEL has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for all the assessment years. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. GACAEL has applied for Vivad Se Vishwas scheme for settlement of disputed taxes for AY 2009-10 to AY 2012-13 on December 30, 2020 and awaiting department's confirmation
- k) GACAEL had received an order during previous years for the assessment year 2013-14 and 2014-15 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to GACAEL has reduced by Rs. 4.18 for A.Y. 2013-14 and Rs. 3.11 for A.Y 2014-15. Aggrieved by the reduction in refund and the demand, GACAEL has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. During previous year, GACAEL has received a favorable order from Commissioner of Income-Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the current year GACAEL has received a favorable order from Income-Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961. The Department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. GACAEL has applied for Vivad Se Vishwas scheme for settlement of disputed taxes for AY 2013-14 to AY 2014-15 on December 30, 2020 and awaiting department's confirmation.
- l) GACAEL had received an order during the previous year for the assessment years 2015-16 & 2016-17 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, GACAEL filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 4.17 & Rs.0.16 for AY 2015-16 & AY 2016-17 respectively. During Assessment Year 2019-20 the department has issued a refund order advice stating that the refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of 3.77. Aggrieved by the demand GACAEL has filed an appeal with the Commissioner of Income-Tax (Appeals), Hyderabad which matter is pending
- m) GACAEL had received an order from Deputy Commissioner of Income tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 0.85. GACAEL has filed an appeal with Commissioner of Income – Tax (Appeals), Hyderabad on May 5, 2015. GACAEL has received an order on January 06, 2020 dated December 13, 2019 partially allowing the expense. Aggrieving by the order, GACAEL has filed an appeal with ITAT, Hyderabad for which matter is pending.

Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020

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

- n) GHRL during the previous year has received an order from Income Tax Officer for the AY 2016-17 demanding income tax of Rs. 0.05 on account of disallowance. GHRL has filed an appeal with CIT (Appeals). The CIT(Appeals) has passed an order dated February 20, 2020 dismissing the appeal of GHRL. During the period GHRL has filed an appeal against the said order with Income Tax Appellate Tribunal.

B. Other matters under dispute are as follows:

- i. GHIAL had received an order dated March 14, 2019 from the Central Excise & Service tax Appellate Tribunal (CESTAT), Hyderabad against the order from the Office of Commissioner of Customs, Central Excise and Service Tax dated January 29, 2010 on irregular availment of the cenvat amounting to Rs. 24.54 excluding penalty of Rs. 31.11. The said Order has allowed the cenvat credit of Rs. 12.12, disallowed and remanded credit totaling to Rs. 12.42 (includes remanded cenvat credit of Rs. 4.01) and accordingly, penalty amount got reduced to Rs. 12.42. In addition, the order also allowed cenvat credit of Rs. 6.56 which was capitalized earlier. However, the same has not been given effect to in the financial statements pending final outcome since during the previous year the department has filed an appeal against the above order from the CESTAT. Apart from this, GHIAL has also filed an appeal against the disallowance of Rs. 8.41, with the Hon'ble High Court of Telangana on September 09, 2019.
- ii. GHIAL had filed an appeal with CESTAT against the order of the Commissioner of Customs, Central Excise and Service Tax dated October 28, 2009, demanding the Company to pay an amount of Rs. 7.43 crores towards penalty on delay in payment of service tax on user development fee pertaining to the period from April, 2008 to December, 2008. GHIAL had received favourable order from CESTAT, Hyderabad on September 16, 2019 and subsequently, received refund of Rs. 22.19 (including interest of Rs. 4.74 and Rs.10.02 tax paid for the period January 2009 to October 2009) service tax paid under protest. The department has filed an appeal with the Hon'ble Supreme Court against the order of CESTAT.
- iii. GHIAL had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated November 25, 2013 on non-payment of service tax on recovery of electricity and water charges from its concessionaires and irregular availment of Cenvat amounting to Rs. 1.53, including penalty of Rs 1.67. GHIAL had received stay order from CESTAT subject to pre-deposit of Rs. 0.15 and accordingly, GHIAL had deposited same with the service tax department within the stipulated time.
- iv. During the period, GHIAL has received a show cause notice (SCN) dated August 07, 2020 highlighting a variation in the input tax credit (ITC) claimed by GHIAL in GSTR 3B viz-a-viz ITC available as per GSTR 2A aggregating to Rs. 166.74 for the financial year ended March 31, 2020. GHIAL has filed their response to the aforesaid SCN on September 10, 2020 justifying the variance which was predominantly on account of the ITC claimed on civil work (refer note 24) and timing difference.
- v. GHIAL had received a notice from the office of the Joint Commissioner of Labour for payment of Building and other construction workers' Welfare Cess @ 1% of the cost of construction of Airport Metropolitan amounting to Rs. 25.20. The GHIAL had received the stay order from Hon'ble High Court of Telangana against the said order in the earlier years.
- vi. GHIAL had received notice dated January 19, 2013, from Hyderabad Metropolitan Water Supply & Sewerage Board for disconnection of water connection for non-payment of sewerage cess arrears. GHIAL had received the stay order against the said order in the earlier years. The sewerage cess outstanding including interest as at December 31, 2020 amounts to Rs. 5.22 (March 31, 2020: Rs. 4.96).
- vii. During the period, GHIAL has received a show cause notice (SCN) dated December 28, 2020 towards non-payment of service tax on Corporate guarantee, notice pay and irregular availment of input tax credit totalling to Rs. 0.45 (March 31, 2020: Rs. NIL) in respect of period from April 16 to June 17. GHIAL is in the process of submitting the reply to the SCN
- viii. 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.

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- ix. 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.
- x. The Assistant Commissioner of Central tax and Customs, Hyderabad has filed appeals on May 31, 2019 before the Commissioner (appeals) against the service tax refund orders in respect of service tax charged by GHIAL on renting of immovable property for Duty free shop located beyond custom frontier of India for an amount of Rs. 3.77 issued to GHRL pertaining to the period from October 2016 to June 2017. GHRL has filed cross-objections on October 14, 2019 against the appeals and personal hearing is awaited. GHRL has submitted the reply to show cause notice asking to show cause as to why the refunded amount erroneously should not be recovered u/s 73A of the Finance Act, 1994.
- xi. GACAEL has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT) against the order of Commissioner of Service Tax for the rejection of service tax refund claim amounting to Rs. 1.03.
- xii. 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.

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

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

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

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

demand. Subsequently, GACAEL has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019.

- xv. During the previous year, GACAEL has received an order from Regional PF Commissioner – I, Regional Office II, Hyderabad, regarding the payment of contributions to International Worker under Employees Provident Funds and Miscellaneous Provisions Act, 1952 demanding an amount of Rs. 0.14. GACAEL has filed writ petition before the High Court of Telangana.
- xvi. GACAEL has received a SCN No. 31/2019-20 dated 23 July 2019 along with corrigendum to SCN dated 25 July 2019 from DGGI (Directorate General of GST Intelligence) on following points:
 - i. Non reversal of CENVAT Credit against sale of goods for Rs. 0.03.
 - ii. Proposing disallowance of Export of Services on the ground that 'Place of supply' for MRO Services of Aircraft going out of India after being put to use India can't be said to be outside India. Hence it does not qualify 'Export of Service' and hence subject to Service Tax for Rs. 2.08 along with applicable interest and penalty.GACAEL has filed a writ petition on August 21, 2019 and received interim relief on August 22, 2019 staying the proceedings. Department has filed its reply and requested for stay vacation. GACAEL is in the process of filing rejoinder
- xvii. During the current period, GACAEL has received a show cause notice from the Office of Commissioner of Customs & Central taxes requiring GACAEL to show cause as to why CENVAT credit of Rs 0.25 along with applicable interest and penalty should not be paid on irregular availment of CENVAT credit for the capital goods which are included in the Improvements to Concession Assets. GACAEL is in the process of responding to the notice.
- xviii. During the current period, GACAEL has received an order from District Consumer Forum (RR District), regarding the compensation for short delivery of cargo to M/s. Excell Media Pvt.Ltd. amounting to 0.01 along with applicable interest. GACAEL is in the process of filing appeal against the order.
- xix. In case of GHRL, during the current period one of the customer has filed the complaint against GHRL for an amount of Rs.0.05 under Consumer Protection Act, 2019.
- xx. GHAL has preferred an appeal with CESTAT against Order-in-Appeal passed by The Commissioner of Central Tax (Appeals) confirming the demand of Rs. 1.47 in the matter of short payment of service tax under RCM on purchase of designs and drawings under Architecture service. GHAL has filed an appeal with CESTAT against the order and reversed cenvat credit of Rs. 0.11 in FY 17-18 and paid Rs 0.04 during the year towards pre-deposit. GHAL has filed an appeal with CESTAT against the order.
- xxi. GHASL had received Show Cause Notice dated July 17, 2015 from the Office of the Assistant Commissioner of Customs, Central Excise and Service Tax wherein service tax refund of Rs. 0.0078 has been denied.

xxii. Recovery from PSF (SC) Escrow account:

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

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

- b) As per the advice from the Ministry of Home Affairs and the SOP's issued by the MoCA on March 06, 2002,

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GHIAL, through its erstwhile wholly owned subsidiary, Hyderabad Airport Security Services Limited (HASSL) constructed the residential quarters for Central Industrial Security Force (CISF) deployed at the airport. After completion of such construction, the total construction cost including the cost of land and related finance cost amounting to Rs. 113.73 was debited to the Passenger Service Fee (Security Component) Fund [PSF (SC) Fund] with intimation to the MoCA. The Comptroller & Auditor General, during their audits of PSF (SC) Fund, observed that, GHIAL had not obtained prior approval from the MoCA for incurring such cost from the PSF (SC) Fund as required by the guidelines dated January 8, 2010 and April 16, 2010 issued by the MoCA. However, Management of GHIAL is of the opinion that these guidelines were issued subsequent to the construction of the said residential quarters and approached the MoCA for approval of such debit notes to the PSF (SC) Fund account. Alternatively, GHIAL had requested the MoCA to advise the Airport Economic Regulatory Authority (AERA) for considering the cost of construction, land and other related costs with regard to the aforesaid residential quarters in determination of Aeronautical Tariff for the Airport. Pending final instructions from the MoCA, residential quarters continue to be accounted under the PSF (SC) Fund and no adjustments have been made to these Unaudited Condensed Interim Consolidated Financial Statements.

- xxiii. Fuel surcharge adjustment (FSA) of GHIAL for the period from April 2008 to March 2010 amounting to Rs. 2.05 (March 31, 2020: Rs. 2.05).
- xxiv. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution the Group has amended the pay structure and made the consequent payment of provident fund on a prospective basis from the date of the SC order.

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

II. Guarantees excluding financial guarantee:

In case of GHIAL, Bank guarantees outstanding in respect of customs and others Rs. 49.02 (March 31, 2020: Rs. 48.95).

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

III. Commitments**a) Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) amounting to Rs. 2,310.35 (March 31, 2020: Rs. 2,642.68).

b) Other commitments

- (i) As per the terms of the Concession Agreement, GHIAL is required to pay concession fees to the Ministry of Civil Aviation (MoCA) @ 4% on the gross revenue (as defined in 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 has also entered into "Call Spread (CS)" arrangement in order to hedge principal portion of 5.375% senior secured notes (2024 SSN) for USD 300 million which is repayable in April 2024 and "Coupon Only Swap" (COS) to hedge the payment of interest liability on semi-annually basis.

9. Significant accounting judgments, estimates and assumptions:

The preparation of the Group's Unaudited 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 Unaudited 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.

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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 Unaudited Condensed Interim Consolidated Financial Statements.

Defined benefit plans (gratuity benefits)

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

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

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

Contingent liabilities

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

Fair value measurement of financial instruments

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

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.

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.

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10. Fair values:

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

Break up of financial assets

Particulars	Carrying value		Fair value	
	December 31, 2020	March 31, 2020	December 31, 2020	March 31, 2020
Financial Assets				
At fair value through Profit or loss				
Investments in mutual funds	369.90	310.74	369.90	310.74
At Fair Value through Other Comprehensive Income				
Cross currency swap	530.72	702.08	530.72	702.08
Coupon only swap	6.98	31.92	6.98	31.92
Call spread option	147.69	131.00	147.69	131.00
At amortized cost				
Investments in commercial papers	511.05	930.36	511.05	930.36
Loans	232.71	234.50	232.71	234.50
Cash and cash equivalents	349.16	270.98	349.16	270.98
Bank balances other than cash and cash equivalents	195.83	680.93	195.83	680.93
Other financial assets	163.66	147.63	163.66	147.63
Trade receivables	157.08	178.77	157.08	178.77
Total	2,664.78	3,618.91	2,664.78	3,618.91
Financial liabilities				
At amortized cost				
Borrowings	5,755.20	5,705.73	5,758.20	4,636.61
Other financial liabilities	829.21	961.36	829.02	961.06
Lease liabilities	87.54	83.05	87.54	83.05
Trade payables	173.00	168.75	173.00	168.75
Total	6,844.95	6,918.89	6,847.76	5,849.47

The management assessed the cash and cash equivalent, trade receivables trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. In case of long-term borrowings, all borrowings carry fixed rate of interest and hence, the carrying value is considered to the same as its fair value.

Assumptions used in estimating the fair values:

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

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. As at December 31, 2020, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.
- The fair values of quoted mutual funds and commercial paper are based on price quotations at the reporting date.
- The fair value of borrowings is based on the traded price of the bond and the prevailing exchange rate.

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11. Fair Value Hierarchy:

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

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

Particulars	Date of Valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level-1	Level-2	Level-3
Assets measured at fair value					
At FVTPL					
Investments in mutual funds	December 31, 2020	369.90	369.90	-	-
	March 31, 2020	310.74	310.74	-	-
At FVTOCI					
Derivatives designated as Cash flow hedge	December 31, 2020	685.39	-	685.39	-
	March 31, 2020	865.00	-	865.00	-

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

12. Cash flow hedges

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

Particulars	December 31, 2020 (Unaudited)		March 31, 2020 (Audited)	
	Assets	Liabilities	Assets	Liabilities
Cross Currency Swap	530.72	-	702.08	-
Coupon only swap	6.98	-	31.92	-
Call spread option	147.69	-	131.00	-

13. The Holding Company has recognized, Minimum Alternate Tax (MAT) credit entitlement (i.e. deferred tax asset) of Rs. 457.28 (March 31, 2020: Rs. 457.11) as at December 31, 2020. The Holding Company based on the future taxable income expects to adjust this amount after expiry of the tax holiday period. The ultimate realisation of MAT assets is dependent upon the generation of future taxable income projected by considering the anticipated tariff orders for the control period commencing from April 1, 2021, estimated revenues and expenses of the business, scheduled reversals of deferred tax liabilities and tax planning strategy. As the recoverability of deferred tax assets is based on estimates of future taxable income, any changes in such future taxable income could impact its recoverability. However, management, based on sensitivities performed, believes that any reasonable possible change in the key assumptions would not effect the Company's ability to recover the MAT Credit asset within the specified period as per the provisions of Income Tax Act, 1961.

14. Minimum Alternative Tax (MAT) Credit Entitlement claimed by GACAEL in the income tax returns aggregating Rs. 37.01 have not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

15. 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 from April 01, 2021.

In relation to determination of tariff for the Second Control Period ("SCP"), commencing from April 1, 2016 to March

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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 with the Hon'ble High Court at Hyderabad on February 6, 2018 and obtained a stay order from the High Court vide order dated February 7, 2018 in respect of further proceedings in determination of tariff order for the SCP. Pending determination of Aeronautical Tariff, AERA vide its order no. 48 dated March 25, 2019, has allowed GHIAL to continue to charge the aeronautical tariff as prevailed on March 31, 2016 till September 30, 2019 or till determination of tariff for the aforesaid period whichever is later. In view of the above, GHIAL has applied aeronautical tariff as prevailed on March 31, 2016 during the year ended March 31, 2020.

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

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

16. As detailed in note 9, to these Unaudited Condensed Interim Consolidated Financial Statements, certain incomes/credits are not considered by GHIAL for computation of concession fee payable to MoCA basis a legal opinion obtained. Accordingly, the following sources of income have not been considered for accrual of the concession fee:

Description	Incomes forming part of	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Discounting on fair valuation of deposit received from concessionaries	Revenue from operations	5.97	4.42
Income recognized under Ind AS 116		1.24	1.57
Income recognized on advance from customers		0.82	0.82
Income arising from fair valuation of financial guarantee #	Other income	0.95	0.62
Income from government grant		3.97	3.97
Discounting on fair valuation of deposit paid vendor		0.19	1.10
Amortisation of deferred income		0.19	0.40

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

17. In case of GACAEL, the Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the Airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Investigative Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 0.36 (March 31, 2020: Rs. 0.36). With effect from July 1, 2019 vide AIC No. 15/2019 dated June 19, 2019, the collection of Passenger Service Fee (Security Component) is replaced with Aviation Security Fee (ASF). ASF will be collected and remitted by airlines to the National Aviation Security Fee Trust (NASFT). All expenses relating to CISF will be met through NASFT directly. Accordingly, the Group has discontinued recognition of salary provision of CISF personnel deputed at cargo terminal from July 1, 2019. The Management is confident that there would be no additional liability other than the amount accrued in the books of account.
18. The Group has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the international and domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the Unaudited Condensed Interim Consolidated Financial Statements.

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19. Reimbursement of expenses claimed by GHIAL from its customers (i.e., concessioners and other parties) in accordance with the respective arrangement have been reduced from the respective expense head as mentioned in the table below:

Expense head	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Electricity and water charges	11.89	20.33
Salaries, wages and bonus	1.21	0.33
Staff welfare expenses	0.84	0.44
Repairs and maintenance - IT Services	2.94	-
Miscellaneous expense	4.99	0.20

20. Capital work in progress:

	December 31, 2020	March 31, 2020
Capital expenditure incurred on property, plant and equipment	1,455.46	1,063.76
Legal and professional expense	171.63	145.78
Employee benefits expense	1.81	0.75
Finance costs*	386.14	216.60
Other expenses	9.32	5.94
Total (i)	2,024.36	1,432.83
Less:- Other income		
Interest income from bank deposit	(113.25)	(95.76)
Interest income on security deposit	(2.12)	(1.24)
Temporary lease rentals	(0.57)	(0.57)
Total (ii)	(115.94)	(97.57)
Net Capital work in progress (i+ii)	1,908.42	1,335.26

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

Particulars	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Opening Balance (A)	271.50	121.57
Revenue expense:		
Legal and professional expense	25.87	77.01
Employee benefits expense	1.06	0.24
Finance cost	169.58	175.20
Other expenses	1.69	3.42
Total (B)	198.20	255.87
Less: Other income		
Interest income from bank deposit	(17.50)	(82.08)
Interest income on security deposit	(0.88)	-
Total (C)	(18.38)	(82.08)
Less: Capitalized during the year(D)	(1.64)	(0.31)
Net (E=A+B+C+D)	452.96	295.05

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

Class of the asset	For the nine months period ended December 31, 2020	For the nine months period ended December 31, 2019
Leasehold improvements	8.35	2.24
Buildings on leasehold land	74.58	20.65
Electrical installations	15.56	14.08
Runways	66.44	40.74
Plant and machinery	24.36	9.54
Office equipments	1.45	3.84
Computers	5.51	23.42
Furniture and fixtures	3.16	3.52
Vehicles	1.93	0.26
Total	201.34	118.29

22. The Hon'ble Orissa High Court vide Judgement in W.P. No.20463/2018, in the case of Safari Retreats Private Limited, observed that the GST provisions w.r.t input tax credit allowability in respect of Civil work are not in line with the objective of the Act, and accordingly, held that if an assessee is required to discharge GST on the rental income, it is eligible to avail the Input Tax Credit (ITC) of GST w.r.t. civil work. GHIAL is engaged in rendering output supplies which is in the nature of letting out space/ facilities to various airline operators and other parties/concessionaires, in return for consideration, known by different nomenclatures and are given that the same is leviable to GST. Hence, GHIAL has availed the GST ITC in respect of the costs for civil work incurred as part of the expansion project and regular operations, upon application of the said judicial pronouncement. Further, department has filed an appeal in Hon'ble Supreme Court of India against the judgement of Hon'ble Orissa High Court. Pending outcome of judgement of Hon'ble Supreme Court of India, considering the judgement of Hon'ble Orissa High Court and based on the opinion obtained by GHIAL in this regard, the GHIAL's Management is of the view that GST ITC in respect of such civil work is eligible to be availed by GHIAL. Having regard to the same, GST ITC amounting to Rs. 331.63 (including Rs. 256.71 pertaining to earlier years) has been claimed in GST returns. Further, GHIAL has filed a writ petition (10367/2020) with Hon'ble High Court of Telangana requesting to strike down the relevant provisions of GST which denies ITC in respect of works contract services or goods and services received for construction of immoveable property (other than plant & machinery). The Hon'ble High Court had passed interim order directing the Respondents to not take any coercive action against the petitioner.

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

For the year ended 31 March 2020, pending completion of legal formalities which were consummated in the month of April 2020, the arrangement was classified as investment in subsidiary held for sale as of 31 March 2020.

Details of assets and liabilities classified as held for sale as of 31 March 2020 are as under:

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

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

GMR Hyderabad International Airport Limited**CIN: U62100TG2002PLC040118****Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020**

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

24. In May 2020, GHAL entered into an arrangement with GLPPL to sub-lease a parcel of land for a period of 18 years which can be further extended by additional 30 years at the option of GLPPL. While, the arrangement is effective from 11 May 2020, however since compliances with certain mandatory conditions of the said arrangement by both the parties is pending and the underlying asset (i.e., Land) has not been made available for use by GLPPL, currently lease income resulting from the terms of this arrangement has not been accounted and the amounts received by GHAL pursuant to the said arrangement aggregating to Rs.30.71, has been presented as other non-current liabilities in the accompanying Unaudited Condensed Interim Consolidated Financial Statements.

25. During the financial year ended 2019, the Company had entered into a term loan facility arrangement with Yes Bank Limited ("YBL" or "Bank"), to avail a 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 21 April 2020 the arrangement was terminated. Further YBL vide their letter dated June 9, 2020 acknowledged the receipt of request from the Company for refund of the aforesaid up-front fees and to present the Company's request to the appropriate committees for approvals. Further, management has obtained legal opinion from an independent lawyer regarding the Company'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 Interim Consolidated Financial Statements for the nine months period ended December 31, 2020.

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

In April 2019, GHIAL had raised USD 300 million (INR 2,067.15) through issue of 5.375% Senior Secured Notes (SSN) from overseas market to fund the airport expansion plan. Details of utilization of funds raised are as under:

	For the period ended December 31, 2020	For the year ended March 31, 2020
Unutilised amount at the beginning of the year	749.23	-
Amount raised during the year	-	2,067.15
Less: Utilized for capital project works	(566.13)	(1,413.67)
Add: Income on idle funds	17.50	95.75
Unutilised amount at the end of the year / period	200.60	749.23

Details of temporary investments made from unutilized portion of SSN's:

	December 31, 2020	March 31, 2020
Funds parked in:		
- Current accounts	0.89	43.02
- Fixed deposits*	199.71	706.21
Total	200.60	749.23

* including interest accrued of Rs. 5.62 (March 31, 2020: Rs. 11.21)

27. Subsequent to the period ended 31 December 2020, on 2 February 2021, the Company has issued 4.75% senior secured notes (SSN) through the overseas market equivalent to USD 300 million (INR 2,188.29), listed on the Singapore Exchange Securities Trading Limited and are repayable after five years from the date of issue. The proceeds of the SSN are proposed to be utilized for incurring capital expenditure towards airport expansion. The Company has entered into Call Spread (CS) arrangement in order to hedge principal portion and Coupon Only Swap (COS) in order to protect interest component of SSN.

28. Subsequent to the period ended 31 December 2020, the Board of the Holding Company, has approved a Scheme for Arrangement (the "Scheme") to demerge rent yielding warehousing business of GHAL into GMR Hyderabad Airport Assets Limited, a wholly owned subsidiary, incorporated on 25 November 2020. The said Scheme is drawn in accordance with the provisions of Section 233 of the Act and necessary regulatory approvals is awaited as on the date of adoption of these Unaudited Condensed Interim Consolidated Financial Statements.

GMR Hyderabad International Airport Limited

CIN: U62100TG2002PLC040118

Summary of significant accounting policies and other explanatory information for the nine months period ended 31 December 2020

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

29. Corresponding figures have been reclassified / regrouped wherever necessary.

This is the summary of significant accounting policies and other explanatory information referred to in our review 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: February 26, 2021.