Walker Chandiok & Co LLP
Chartered Accountants
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Hyderabad 500 016, India

K. S. Rao & Co.,
Chartered Accountants
2nd Floor, 10/2, Khivraj Mansion,
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Karnataka, India

Independent Auditor's Report

To the Members of GMR Hyderabad International Airport Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of GMR Hyderabad International Airport Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter – PSF (SC) Fund

4. We draw attention to Note 35(I)(B)(ix) to the standalone financial statements, which describes the uncertainty relating to outcome of litigation pertaining to the costs related to procurement of security equipment, construction of residential quarters for Central Industrial Security Force deployed at the Rajiv Gandhi International Airport, Hyderabad and other costs which have been adjusted from the PSF(SC) Fund up to 31 March 2018, pending final decision from the Hon'ble High Court of Telangana and the consequential instructions from the Ministry of Civil Aviation. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Covid-19

5. We draw attention to Note 2.1 of the accompanying standalone financial statements which describes the uncertainties due to the outbreak of Covid-19 pandemic and the management's evaluation of the impact on the standalone financial statements of the Company as at the balance sheet date. Our opinion is not modified in respect of this matter.

Key Audit Matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

7. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1. Utilisation of Minimum Alternate Tax (MAT) credit *Refer to Note 2.4(s) for the accounting policy and note 41 and 42 for the financial disclosures in the accompanying standalone financial statements.* The Company is under tax holiday period until financial year 2021-22 and has accumulated MAT credit asset of ₹457.11 crores (31 March 2019: ₹405.41 crores). Recognition of MAT credit asset requires significant judgement regarding the likelihood of its realization within the specified period through estimation of future taxable profits of the Company and consequently there is a risk that the MAT credit asset may not be realized within the specified period, if these future projections are not met. In order to assess the utilization of MAT credit, the Company has prepared revenue and profit projections which involved judgements and estimations such as estimating aeronautical tariff [which is	Our audit procedures in relation to assessment of MAT credit recognition and its utilization as at reporting date, included, but were not limited to the following: • Assessed and tested the design and operating effectiveness of the Company's controls over recognition of the MAT credit. • Understood the process and tested the internal controls over preparation of the taxable profit forecast based on reasonable and supportable assumptions and inputs to the model used to estimate the future taxable profits; • Understood and tested the controls surrounding management's evaluation of litigations and contingent liabilities; • Challenged the judgements exercised by the management and tested the key assumptions used including the impact of COVID-19 based on our knowledge of the industry, publicly available information and Company's strategic plans;

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determined by Airport Economic Regulatory Authority ("AERA")], revenue growth, passenger growth, profit margins, tax adjustments under the Income-tax Act, 1961. Further, as explained in note 41, the Company had filed an appeal, challenging various aspects of the aeronautical tariff order passed by AERA in respect of first control period from 1 April 2011 to 31 March 2016. During the current year, Telecom Disputes Settlement Appellate Tribunal (TDSAT) has directed AERA to reconsider the issues afresh while determining the aeronautical tariff for the Third Control Period commencing from 1 April 2021. We have identified this as a key audit matter for current year audit owing to the materiality of the amounts involved and inherent subjectivity involved in the determination of utilization of MAT credit through estimation of future taxable profits and projected aeronautical tariff revenue which involved determination by AERA and being a subject matter of litigations.	• Compared the prior year expected tax profits with the actual results to determine the efficacy of the management's budgeting process; • Tested the appropriateness of the forecasted tax liability computation as per the provisions of the IT Act, including assessment of the eligibility of various tax exemptions availed and MAT liability computation as per Section 115JB of the IT Act; • Obtained and evaluated sensitivity analysis performed by the management on aforesaid key assumptions and performed further independent sensitivity analysis to determine impact of estimation uncertainty on the future taxable profits; • Obtained and reviewed the correspondences with respect to the litigations during the year with AERA and the related order issued by TDSAT in relation to the aeronautical tariff; and • Assessed the appropriateness and adequacy of the related disclosures in the standalone financial statements in accordance with the applicable accounting standards.

Key audit matter	How our audit addressed the key audit matter
2. **Valuation of derivative financial instruments** *Refer to Note 2.4 (m)(B) for the accounting policy and note 38 for the financial disclosures in the accompanying standalone financial statements.* The Company has entered into derivative financial instruments, i.e. cross currency swap, coupon only swap and call spread options to hedge its foreign currency risks relation to the long-term debt issued in foreign currency. Management has designated these derivative financial instruments and the aforesaid debt at initial recognition as cash flow hedge relationship as per Ind AS 109, Financial Instruments. The valuation of hedging instrument is complex and necessitates a sophisticated system to record and track each contract and calculate the related valuations at	Our audit procedures to test the valuation of derivative financial instruments included, but were not limited to the following: • Assessed and tested the design and operating effectiveness of the Company's controls over derivative financial instruments and the related hedge accounting; • Reviewed the management documentation for the designated hedge instrument which defines the nature of hedge relationship; • Considered consistent application of the accounting policies and assessed the hedge accounting methodologies applied; and compared these to the Company's accounting policies and requirements under Ind AS 109, Financial Instruments. • Evaluated the management's valuation specialist's professional competence, expertise and objectivity;

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each financial reporting date. Since valuation of hedging instruments and consideration of hedge effectiveness involves both significant assumptions and judgements such as such as forward exchange spot, forward rates, currency yield curves, interest rate curves and forward rate curves and involvement of management's valuation specialist, and therefore, is subject to an inherent risk of error. We have identified valuation of hedging instruments as a key audit matter in view of the aforesaid significant judgements, estimates and complexity involved.	• Tested the accuracy of input data provided by the management to the external valuation specialist and assessed the reasonability of the assumptions used, while valuing the hedging instruments; • Involved our valuation specialists to test the fair values of derivative financial instruments and compared the results to the management's results; and • Assessed the appropriateness and adequacy of the related disclosures in the standalone financial statements in accordance with the applicable accounting standards.

Key audit matter	How our audit addressed the key audit matter
3. Testing of capital expenditure *Refer to Note 2.4(c) for the accounting policy and notes 3 and 30 for the financial disclosures in the accompanying standalone financial statements.* The Company is in the process of expansion of Rajiv Gandhi International Airport, Hyderabad. Determining whether expenditure meets the capitalization criteria in line with Ind AS 16, Property, Plant and Equipment and the Company's accounting policy, specifically with regard to whether they are operational or capital in nature, involves significant management judgement. Further, the tariff determination by AERA for different control periods with respect to the aeronautical services is linked to the Regulated Asset Base, which is based on the fixed asset balance and considering these additions are significant to the asset base of the Company, we have assessed inappropriate capitalization as a significant risk as part of our audit strategy. Such aforementioned capital expenditure has been funded from the specific borrowings raised for such purpose. Accordingly, the borrowing cost incurred on such borrowings have been included as a capital expenditure in accordance with the provisions of Ind AS 23, Borrowing Costs.	Our audit procedures to assess appropriate capitalisation of such expenditure included, but were not limited to the following: • Assessed the design and implementation and tested the operating effectiveness of key controls surrounding the capitalization of costs. • Reviewed management's capitalisation policy, including application of the aforesaid policy, to assess consistency with the requirements set out by Ind AS 16, Property, Plant and Equipment. • Compared the additions with the budgets and the orders given to the vendors. • Ensured that the borrowing cost capitalized is as per Ind AS 23 Borrowing Costs. • Tested the additions on a sample basis for their nature and purpose to ensure that the capitalization is as per company's accounting policy. • Assessed the appropriateness and adequacy of the related disclosures in the standalone financial statements in accordance with the applicable accounting standards.

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Owing to the above factors, we have identified this as a key audit matter for current year audit due to the significance of the capital expenditure incurred during the year.	

Key audit matter	How our audit addressed the key audit matter
4. Carrying value of investment in a subsidiary *Refer to Note 2.4 (m)(A)(v) for the accounting policy and note 45 for the disclosures in the accompanying standalone financial statements.* The Company has made investments in equity and preference shares of GMR Air Cargo and Aerospace Engineering Limited (GACAEL) amounting to Rs. 335.45 crores as at 31 March 2020. GACAEL is engaged in the business of Maintenance Repair and Overhaul and Cargo Handling services at the Rajiv Gandhi International Airport, Hyderabad. As at 31 March 2020, GACAEL has accumulated losses of Rs. 467.01 crores resulting in complete erosion of its net worth. Equity investments in subsidiaries are measured at cost less impairment. As at 31 March 2020, management has assessed that the recoverable amount is higher than the carrying value of the investment in GACAEL, based on the valuation derived with the help of management's valuation specialist and considered for the purpose of stake sale in GMR Airports Limited ("Holding Company") by the GMR Group during the current year ended 31 March 2020. Due to the impairment indicators present during the year ended 31 March 2020 and owing to the materiality of the amounts involved, this matter was identified as a key audit matter for the current year's audit. This matter was qualified by the predecessor auditor and joint auditor in the previous year ended 31 March 2019.	Our audit procedures in relation to assessing the carrying value of investment in the subsidiary included but were not limited to, the following: • Obtained an understanding of management's processes and controls for determining the value in use of investments; • Evaluated the design of and tested the operating effectiveness of the key controls around determining the value in use; • Evaluated the appropriateness of the valuation methodology including allocation to GACAEL used to arrive at the estimated fair value of the investments using auditor's valuation specialist; • Traced the valuation of GACAEL from the valuation report considered for the stake sale of GMR Airports Limited undertaken by the GMR Group during the current year; • Reviewed the key assumptions used in the cash flow projections, such as growth rates, discount rate, etc. considering our understanding of the business, industry and relevant market factors; and • Evaluated the appropriateness and adequacy of the related disclosures made in the standalone financial statements in accordance with the applicable accounting standards.

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Information other than the Financial Statements and Auditor's Report thereon

8. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

11. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

17. The financial statements of the Company for the year ended 31 March 2019 were audited by the Joint auditors K. S. Rao & Co., and predecessor auditor, S. R. Batliboi & Associates LLP, who have expressed a qualified opinion on those financial statements vide their audit report dated 29 April 2019. Our opinion is not modified in respect of this matter.

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Report on Other Legal and Regulatory Requirements

18. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

19. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

20. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the standalone financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated June 15, 2020 as per Annexure B expressed an unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 35(I) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2020;

        ii. the Company has made provision as at 31 March 2020, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2020; and

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iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 20207660AAAABN6657

Place: Hyderabad
Date: June 15, 2020

For K. S. Rao & Co.,
Chartered Accountants
Firm Registration No.: 003109S

Hitesh Kumar P
Partner
Membership No.: 233734
UDIN: 20233734AAAACW3088

Place: Bengaluru
Date: June 15, 2020

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Annexure I to the Independent Auditor's Report of even date to the members of GMR Hyderabad International Airport Limited, on the standalone financial statements for the year ended 31 March 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment ('PPE').

(b) The Company has a regular program of physical verification of its PPE under which PPE are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, physical verification was conducted during the year by engaging an outside expert, and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.

(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts of the principal amount and the interest are regular;

(c) there is no overdue amount in respect of loans granted to such companies.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Undisputed amounts payable in respect

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thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (₹ in crores)	Period to which the amount relates
Andhra Pradesh Municipalities Act, 1965	Penal interest on property tax	3.38	April 2013 to September 2017

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in crores)	Amount paid under Protest (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Reversal of Cenvat credit including penalty	24.84	8.28	Various dates	Hon'ble High Court of Telangana
	Penalty equivalent to service tax on User Development Fee	7.43	Nil	April 2008 to December 2008	Hon'ble Supreme Court
	Non-payment of service tax for supply of water and electricity to concessionaires and irregular availment of CENVAT	3.20	0.15	October 2008 to June 2010	CESTAT, Hyderabad
Income Tax Act, 1961	Disallowance of certain expenses	3.38	Nil	Assessment year (AY) 2013-14	Hon'ble Hight Court of Karnataka
		3.76	Nil	AY 2014-15	Income Tax Appellate Tribunal, Bengaluru
		6.46	Nil	AY 2016-17	
Building and Other Construction Workers' Welfare Cess Act, 1996	Cess on Building	25.20	Nil	Various dates	Hon'ble High of Telangana

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(viii) The Company has no loans or borrowings payable to a financial institution. The Company has not defaulted in repayment of loans or borrowings to any bank or government or any dues to bond holders during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid / provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 20207660AAAABN6657

Place: Hyderabad
Date: June 15, 2020

For K. S. Rao & Co.,
Chartered Accountants
Firm Registration No.: 003109S

Hitesh Kumar P
Partner
Membership No.: 233734
UDIN: 20233734AAAACW3088

Place: Bengaluru
Date: June 15, 2020

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Annexure II to the Independent Auditor's Report of even date to the members of GMR Hyderabad International Airport Limited, on the standalone financial statements for the year ended 31 March 2020

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of GMR Hyderabad International Airport Limited ('the Company') as at and for the year ended 31 March 2020, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of

K. S. RAO & CO. Chartered Accountants BENGALURU

unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660
UDIN: 20207660AAAABN6657

Place: Hyderabad
Date: June 15, 2020

For K. S. Rao & Co.,
Chartered Accountants
Firm Registration No.: 003109S

Hitesh Kumar P
Partner
Membership No.: 233734
UDIN: 20233734AAAACW3088

Place: Bengaluru
Date: June 15, 2020

K.S. RAO & CO.
Chartered Accountants
BENGALURU

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Balance Sheet as at March 31, 2020

(All amounts in Rupees Crores, except otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
I. ASSETS			
1. Non-current assets			
Property, plant and equipment	3	2,268.32	2,009.60
Capital work-in-progress	30	1,208.31	365.10
Right of use asset	4.1	74.41	-
Intangible assets	4.2	8.11	2.81
Investments in subsidiaries and joint venture	5.1	669.36	626.24
Financial assets			
- Loans	6	98.86	96.60
- Other financial assets	7	865.02	249.86
Non current tax assets (net)	8.1	9.81	0.26
Deferred tax asset (net)	27	251.30	252.23
Other non-current assets	9	719.26	547.27
		6,172.76	4,149.97
2. Current assets			
Inventories	10	6.36	5.95
Financial assets			
- Investments	5.2	1,162.41	454.15
- Trade receivables	11	119.00	143.55
- Cash and cash equivalents	12	247.99	380.68
- Bank balances other than cash and cash equivalents	13	655.65	77.34
- Loans	6	249.06	5.69
- Other financial assets	7	141.23	23.83
Current tax assets (net)	8.1	-	12.93
Other current assets	9	21.84	9.80
		2,603.54	1,113.92
Total Assets		8,776.30	5,263.89
II. EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	14	378.00	378.00
Other equity	14.1		
- Capital reserve		107.00	107.00
- Retained earnings		1,671.08	1,149.09
- Cash flow hedge reserve		165.06	31.72
Total equity		2,321.14	1,665.81
LIABILITIES			
1. Non-current liabilities			
Financial liabilities			
- Borrowings	15	5,168.24	2,691.98
- Lease liabilities	34	82.70	-
- Other financial liabilities	16	230.06	248.48
Government grants	17	35.59	40.87
Other non-current liabilities	18	16.99	18.78
		5,533.58	3,000.11
2. Current liabilities			
Financial liabilities			
- Short term borrowings	15	19.92	9.94
- Trade payables	19		
- Total outstanding dues of micro and small enterprises		10.78	-
- Total outstanding dues of creditors other than micro and small enterprises		95.19	72.06
- Other financial liabilities	16	700.14	431.82
Government grants	17	5.27	5.27
Other current liabilities	18	36.03	27.57
Provisions	20	18.38	14.57
Current tax liability (net)	8.2	35.87	36.74
		921.58	597.97
Total liabilities		6,455.16	3,598.08
Total equity and liabilities		8,776.30	5,263.89
Significant accounting policies	2.3		

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

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place: Hyderabad
Date: June 15, 2020

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

Hitesh Kumar P
Partner
Membership No.: 233734

Place: Bengaluru
Date: June 15, 2020

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

GBS Raju
Managing Director
DIN: 00061686

H.J Dora
Director
DIN: 02385290

Pradeep Panicker
Chief Executive Officer

Anand Kumar P
Chief Financial Officer

Anup Kumar Samal
Company Secretary
Place: Hyderabad
Date: June 15, 2020

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Statement of Profit and Loss for the year ended March 31, 2020

(All amounts in Rupees Crores, except otherwise stated)

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from contracts with customers	21	1,525.76	1,452.25
Other income	22	114.30	117.18
Total income		1,640.06	1,569.43
EXPENSES			
Concession fee	44	64.95	61.53
Employee benefits expense	23	117.93	96.82
Depreciation and amortization expenses	24	170.71	139.01
Finance costs	25	240.53	198.09
Other expenses	26	351.81	301.38
Total expenses		945.93	796.83
Profit before tax		694.13	772.60
Tax expense	27		
Current tax - Minimum alternate tax		118.18	162.95
Minimum alternate tax credit entitlement		(51.70)	(136.31)
Deferred tax expense/(credit)		(9.16)	13.21
Total tax expense		57.32	39.85
Profit after tax for the year		636.81	732.75
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurement (loss) / gain on defined benefit plans	28	(1.23)	(0.68)
Items that will be reclassified to profit or loss			
Cash flow hedge reserve	28	195.12	34.02
Less: Deferred tax expense	28	(61.78)	(17.04)
Total Other Comprehensive income for the year		132.11	16.30
Total Comprehensive income for the year		768.92	749.05
Earnings per equity share:			
Basic and diluted (in Rs.)	29	16.85	19.38
Significant accounting policies	2.3		

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

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place: Hyderabad
Date: June 15, 2020

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

Hitesh Kumar P
Partner
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Place: Bengaluru
Date: June 15, 2020

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

GBS Raju
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DIN: 00061686

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Pradeep Panicker
Chief Executive Officer

Anand Kumar P
Chief Financial Officer

Anup Kumar Samal
Company Secretary
Place: Hyderabad
Date: June 15, 2020

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

a. Equity share capital:

	No.	Amount
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2018	378,000,000	378.00
Issue of shares	-	-
As at March 31, 2019	378,000,000	378.00
As at April 1, 2019	378,000,000	378.00
Issue of shares	-	-
As at March 31, 2020	378,000,000	378.00

b. Other equity

	Reserves and surplus		Other reserves	Total
	Capital reserve*	Retained earnings	Cash flow hedge reserve	
As at April 1, 2018	107.00	622.68	14.74	744.42
Depreciation charge to retained earnings	-	(21.11)	-	(21.11)
Adjustment in retained earnings on account of transition to Ind AS 115	-	(2.27)	-	(2.27)
Profit for the year	-	732.75	-	732.75
Remeasurement of post-employment benefits obligations	-	(0.68)	-	(0.68)
Cash flow hedge reserve (net of tax)	-	-	16.98	16.98
Less: Interim dividend	-	(151.20)	-	(151.20)
Less: Dividend distribution tax	-	(31.08)	-	(31.08)
As at March 31, 2019	107.00	1,149.09	31.72	1,287.81
As at April 1, 2019	107.00	1,149.09	31.72	1,287.81
Profit for the year	-	636.81	-	636.81
Remeasurement of post-employment benefits obligations	-	(1.23)	-	(1.23)
Cash flow hedge reserve (net of tax)	-	-	133.34	133.34
Less: Interim dividend	-	(94.50)	-	(94.50)
Less: Dividend distribution tax	-	(19.09)	-	(19.09)
As at March 31, 2020	107.00	1,671.08	165.06	1,943.14

*The Company has received a contribution of Rs. 107.00 from its shareholder i.e. Government of Telangana as per the terms of State Support Agreement for construction of Airport. This contribution received from Government of Telangana has been recognised as capital contribution from share holder of the Company.

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

As per our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

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

Hitesh Kumar P
Partner
Membership No.: 233734

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

GBS Raju
Managing Director
DIN: 00061686

H.J Dora
Director
DIN: 02385290

Pradeep Panicker
Chief Executive Officer

Anand Kumar P
Chief Financial Officer

Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: June 15, 2020

Place: Bengaluru
Date: June 15, 2020

Place: Hyderabad
Date: June 15, 2020

Walker Chandiok & Co. LLP Hyderabad

K.S. RAO & CO. Chartered Accountants BENGALURU

GMR HYDERABAD INTERNATIONAL AIRPORT LTD. HYDERABAD

GMR Hyderabad International Airport Limited
CIN:U62100TG2002PLC040118
Cash flow statements for the year ended March 31, 2020
(All amounts in Rupees Crores, except otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flow from operating activities		
Profit before tax	694.13	772.60
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expenses	170.71	139.01
Provision for bad debts / bad debts written off	0.56	4.27
Interest receivable from PSF (SC) fund written off	15.08	-
Fixed assets written off	0.81	-
Loss on liquidation/sale of investment	2.68	4.34
Profit on sale of property, plant and equipment	(0.42)	(0.12)
Dividend from a subsidiary	(1.08)	(0.36)
Interest income	(84.12)	(56.13)
Interest on borrowings	183.50	161.16
Other borrowing cost	36.49	4.35
Interest-others	20.70	32.92
Gain on sale of financial assets (mutual funds)	(15.48)	(35.79)
Provision no longer required, written back	(2.93)	(0.52)
Unrealised foreign exchange loss	0.14	0.11
(Reversal) / provision for impairment in value of investments	0.05	-
Income from government grants	(5.28)	(5.26)
Amortisation of deferred income	(7.00)	(18.60)
Income from straightlinig of lease revenue	(2.09)	-
Income from significant financing component	(1.10)	(1.10)
Interest income arising from fair valuation of financial guarantee	(0.82)	(2.55)
Operating profit before working capital changes	**1,004.53**	**998.33**
Working capital changes:		
Changes in trade payables	36.47	(8.99)
Changes in other liabilities	13.96	12.41
Changes in other financial liabilities	(12.37)	53.86
Changes in provisions	2.59	4.31
Changes in trade receivables	23.99	(40.40)
Changes in inventories	(0.41)	0.13
Changes in other assets	(96.05)	(2.99)
Changes in other financial assets	(92.03)	0.79
Changes in loans	(5.58)	(14.80)
Cash generated from operations	**875.10**	**1,002.65**
Direct taxes paid (net)	(115.68)	(149.57)
Net cash flow generated from operating activities (A)	**759.42**	**853.08**
Cash flows from investing activities		
Purchase of property plant and equipment, including CWIP, capital advances and intangible assets	(1,063.21)	(938.77)
Payment of lease rental	(1.60)	-
Proceeds from sale of property,plant and equipment	0.42	0.12
Purchase of non-current investments	(48.50)	(69.04)
Share application money in subsidiary (Investment)	-	(10.00)
Loans to subsidiary companies	(55.56)	(32.00)
Repayment of loans by subsidiary / joint venture company	17.32	3.55
Loans to group company	(200.00)	-
Purchase of current investments	(11,636.85)	(7,616.77)
Sale of current investments	10,410.32	8,047.73
Movement in margin money deposits, net	(2.65)	(25.98)
Dividend income	1.65	0.36
Interest received	113.19	33.97
Net cash flow used in investing activities (B)	**(2,465.47)**	**(606.83)**

K.S. RAO & CO. Chartered Accountants BENGALURU

GMR HYDERABAD INTERNATIONAL AIRPORT LTD. HYDERABAD

GMR Hyderabad International Airport Limited

CIN:U62100TG2002PLC040118

Cash flow statements for the year ended March 31, 2020

(All amounts in Rupees Crores, except otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash flows from financing activities		
Proceeds from long-term borrowings	2,067.15	-
Repayment of long-term borrowings	(0.47)	-
Proceeds from short-term borrowings, net	9.98	9.94
Dividend paid	(94.50)	(151.20)
Dividend distribution tax paid	(19.09)	(31.08)
Upfront fee paid	(31.50)	(63.00)
Other borrowing costs paid	(30.44)	-
Interest paid	(327.77)	(201.51)
Net cash flow generated from/(used in) financing activities (C)	1,573.36	(436.85)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(132.69)	(190.60)
Cash and cash equivalents at the beginning of the year	380.68	571.28
Cash and cash equivalents at the end of the year	247.99	380.68
Components of cash and cash equivalents		
With banks		
- on current accounts	57.82	30.62
- on deposit accounts	190.15	350.00
Cash on hand	0.02	0.06
Total cash and cash equivalents	247.99	380.68

Changes in liabilities arising from financing activities

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening Balance	2,714.89	2,567.37
Cash Flows		
Proceeds	2,077.13	9.93
Repayments	(0.47)	-
Non Cash Flows		
Adjustment against investments in subsidiary company on its liquidation	(12.50)	-
Foreign Exchange Movements	430.65	133.53
Movement in borrowing cost	(21.54)	4.07
Closing Balance	5,188.16	2,714.89

As per our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm registration number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Place: Hyderabad
Date: June 15, 2020

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

Hitesh Kumar P
Partner
Membership No.: 233734

Place: Bengaluru
Date: June 15, 2020

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

GBS Raju
Managing Director
DIN: 00061686

H J Dora
Director
DIN: 02385290

Pradeep Panicker
Chief Executive Officer

Anand Kumar P
Chief Financial Officer

Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: June 15, 2020

1. Corporate information

GMR Hyderabad International Airport Limited ("GHIAL" or "the Company"), was incorporated in 2002 under the provisions of the Companies Act, 1956 having their registered office at GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500 108. The 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") at Hyderabad, India and the Airport in Bidar in Karnataka, India.

The Company had entered into a Concession Agreement with Ministry of Civil Aviation ("MoCA"), Government of India, which gives the Company an exclusive right of the Development, Construction, Operation and Maintenance of the RGIA on revenue share model for an initial term of 30 years, which can be extended by another 30 years at the option of the Company, which has been exercised by the Company.

The standalone financial statements were authorized for issue in accordance with a resolution of the directors passed in the Board meeting held on June 15, 2020.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirement of Division II of Schedule III to the Companies Act, 2013.

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

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

The 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.

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

With the recent and rapid development of the COVID-19 outbreak, many countries have implemented travel restrictions and quarantine measures to contain the spread of the virus. As a precautionary measure, Government of India has also imposed a countrywide lockdown with effect from March 25, 2020 which is extended until June 30, 2020. However, restrictions on operation of domestic flights were partially lifted from May 25, 2020 and would be ramped up in phased manner, in accordance with the Government directives. As a result, the airport's 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 Company.

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

For this assessment, Management believes that it has taken into account the possible impact of known events arising from the COVID-19 pandemic. The unprecedented nature of the pandemic

K.S. RAO & CO. Chartered Accountants BENGALURU

GMR HYDERABAD INTERNATIONAL AIRPORT LTD HYDERABAD makes the future business environment uncertain, however, the Company will continue to carry out the impact assessment on its assets and closely monitor any material changes to future economic conditions.

2.2 Changes in accounting policies

Ind AS 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind AS 116 - Leases. The amendment rules are effective from reporting periods beginning on or after April 01, 2019. This standard replaces current guidance under Ind AS 17.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Company as a Lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease. Lessor accounting under Ind AS 116 is substantially unchanged from requirement under Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the company is the lessor, except for recording the lease rent on systematic basis or straight line basis as against Ind AS 17 wherein, there was an exemption for not providing straight lining in case the escalations are in line with the inflation. For the year ended on March 31, 2020, the total income and consequently the profit before tax has increased by Rs. 2.09.

Company as a Lessee:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease

K.S. RAO & CO. Chartered Accountants BENGALURU

HYDERABAD

payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below Rs. 0.005). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option under some of its leases to lease the assets for additional terms of three to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company included the renewal period as part of the lease term for leases of plant and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available. The renewal options for leases of motor vehicles were not included as part of the lease term because the Company has a policy of leasing motor vehicles for not more than five years and, hence, not exercising any renewal options.

Transition provision:
Using the modified retrospective method, the Company has adopted and applied Ind AS 116 'Leases' to all lease contracts existing as on April 1, 2019. The Company elected to use the transition practical expedient allowing the standard to be applied to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. On 1 April 2019, the Company has recognised lease liability measured at the present value of the remaining lease payments and right-of-use (ROU) asset at an amount equal to lease liability. Accordingly, comparatives financial information has not been retrospectively adjusted.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

K.S. RAO & CO.
Chartered Accountants
BENGALURU

GMR HYDERABAD INTERNATIONAL AIRPORT LTD.
HYDERABAD

(All amounts in Rupees Crores, unless otherwise stated)

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and right-of-use (ROU) asset at an amount equal to lease liability.

The Company also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 April 2019:

- Right-of-use assets of Rs. 77.16 were recognised and presented separately in the Balance Sheet.
- Lease liabilities of Rs. 76.54 were recognized and presented separately in the Balance Sheet
- Prepayments of Rs. 0.62 outstanding as at April 1, 2019 were derecognized.

The effect of adoption of Ind-AS 116 is not material to the profit for the year and earning per share.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

Particulars	Amount
Operating lease commitments as at March 31, 2019	762.28
Weighted average incremental borrowing rate as at April 1, 2019	10.73%
Discounted operating lease commitments at April 1, 2019	76.70
Less:	
Commitments relating to short-term leases	(0.16)
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to leases previously classified as finance leases	-
Payments in optional extension periods not recognized as at March 31, 2019	-
Lease liabilities as at 1 April 2019	**76.54**

2.3 Changes in estimates

Depreciation:

Depreciation on the property, plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed by AERA in case of airport assets and as prescribed under Schedule II of the Companies Act, 2013 in case of other assets. The management believes that the estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") had issued a consultation paper viz.05/2014-15 in the matter of Normative Approach to Building Blocks in

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Economic Regulation of Major Airports wherein it, inter-alia, mentioned that the Authority proposes to lay down, to the extent required, the depreciation rates for airport assets, taking into account the provisions of the useful life of assets given in Schedule II of the Companies Act, 2013, for such assets that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector.

Pursuant to the above, the Authority has issued order no. 35/2017-18 on January 12, 2018 followed by amendment no. 1 to the order no. 35 /2017-18 on April 9, 2018 in the matter of Determination of Useful Life of Airport Assets, which was effective from April 1, 2018 ("AERA Order"). Accordingly, the Company has revised the estimated useful lives of its airport assets to be in-line with the AERA Order effective April 1, 2018. Net block of the airport assets whose useful life was nil as at April 1, 2018 as per the AERA Order aggregating to Rs. 21.11, was adjusted to opening retained earnings as at April 1, 2018.

2.4 Significant Accounting Policies

a) Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

The Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when:

i) It is expected to be realised or intended to be sold or consumed in normal operating cycle;
ii) It is held primarily for the purpose of trading;
iii) It is expected to be realised within twelve months after the reporting period; or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

i) It is expected to be settled in normal operating cycle;
ii) It is held primarily for the purpose of trading;
iii) It is due to be settled within twelve months after the reporting period; or
iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date net of accumulated impairment loss, if any. Property, plant and equipment under installation or under construction as at balance sheet are shown as capital work-in-progress and the related advances are shown as capital advances.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component / part of the asset separately, if the component / part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset.

Spares parts that can only be used in connection with a particular item of property, plant and equipment, and whose use is expected to be irregular, are capitalized. Such spare parts are depreciated over a period, not exceeding the remaining useful life of the principal asset.

All spare parts, stand-by and servicing equipment qualify as property, plant and equipment (PPE) if they meet the definition of PPE i.e. if the company intends to use these during more than a period of 12 months.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

d) Depreciation on property, plant and equipment

Depreciation on the property plant and equipment is calculated on a straight-line basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed by AERA in case of airport assets (refer note 2.3 above) and as prescribed under Schedule II of the Companies Act, 2013 in case of other assets, except as stated below.

The components identified by the Company are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. Capitalized spares parts are depreciated over their estimated useful lives of 5 years as determined by the management.

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

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(All amounts in Rupees Crores, unless otherwise stated)

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

Particulars	(Useful life in years)
Improvements to leasehold land	30
Buildings on leasehold land*	10-30
Building interim terminal#	7
Other buildings	30-60
Runways and taxiways	30
Roads - other than RCC**	10
Electrical installations**	10-15
Plant and machinery	15
Office equipment	5
Computer equipment and IT systems	3-6
Furniture and fixtures (Trolleys)	3
Furniture and fixtures (other than Trolleys)	7
Vehicles	8-10

* The useful lives of modifications to buildings on leasehold land are estimated as 10 years.

**The useful lives of internal roads - other than RCC and certain electrical installations (transformers) are estimated as 10 years and 15 years respectively. These lives are longer than those indicated in schedule II.

Leasehold Improvements and buildings on leasehold land are amortized over shorter of estimated useful lives or lease period.

During the previous year, the Company has created two Interim terminals namely Interim International Departure Terminal (IIDT) and Interim Domestic Arrival Terminal (IDAT) to accommodate the growing traffic, until the expanded terminal becomes operational. Further, the area where these interim terminals are created, will eventually be used for expansion and boarding gates, therefore these interim terminals will need to be demolished after seven years. Based on the same, the management has considered the life of seven years period for these terminal buildings and related assets i.e. electrical installations and certain plant and machineries viz. Fire systems, HVAC systems. Accordingly, IIDT, IDAT building, electrical installations, Fire systems, HVAC systems are depreciated over a period of seven years.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

e) **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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f) Amortisation of intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Cost relating to software licenses, which are acquired, are capitalized and amortized on a straight – line basis over their useful life not exceeding six years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

g) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units' (CGUs) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre – tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the statement of profit and loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h) Inventories

Stores and spares, consumables are valued at lower of cost and net realisable value. However, stores and spare items held for use in providing the service are not written down below cost if the services are expected to be provided at or above cost. Cost is determined on a weighted average basis and includes all applicable costs in bringing goods to their present locations and condition. Net realizable value is the estimated current procurement price in the ordinary course of business.

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i) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognized:

1) Income from service:

Revenue from Aeronautical and Non-Aeronautical operations are recognized on accrual basis net of goods and service tax and applicable discounts, when services are rendered and it is probable that an economic benefit will be received which can be quantified reliably.

Revenue from Aeronautical Operations includes landing and parking charges of aircraft, operation and maintenance of passenger boarding and other allied services. Revenue from Non-aeronautical operations include granting rights to use land and space primarily for catering to the needs of passengers, air traffic services and air transport services.
Further, Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in non-aeronautical revenue in the statement of profit or loss due to its operating nature.

2) Interest income:

Interest on all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Interest for delayed payments from customers is accounted only when it is unconditionally accepted by the customers.

3) Dividends:

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

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4) **Significant Financing Components**

Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company also receives long-term advances from customers for providing the license to operate at the Airport. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception, to take into consideration the significant financing component.

k) **Provisions, contingent liabilities and commitments**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when it cannot be measured reliably.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

l) **Retirement and other Employee Benefits**

Retirement benefit in the form of provident fund, superannuation fund and employee state insurance is a defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation, other than the contribution payable to the respective funds.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

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

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ii) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Short term employee benefits

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short- term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long- term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

However, the Company presents the entire provision towards accumulated leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A. Financial assets

i. Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

ii. Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI) other than equity investments mentioned in note (v) below.

Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost, if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:
A 'debt instrument' is classified as at the FVTOCI, if both of the following criteria are met:

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

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL:
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

iii. Derecognition:
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:

a. The rights to receive cash flows from the asset have expired, or

b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

iv. **Impairment of financial assets:**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b. Financial assets that are debt instruments and are measured as at FVTOCI.

c. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 115.

d. Loan commitments which are not measured as at FVTPL.

e. Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition.

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

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

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

a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

b. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

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At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

  For assessing credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

v. Equity Investments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL with all changes recognized in the statement of profit and loss. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

B. Financial liabilities

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including cash credit, financial guarantee contracts and derivative financial instruments.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings:
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts:
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition:
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets:
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations.

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Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest."

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting
The Company uses derivative financial instruments, such as cross currency swaps, coupon only swaps and call option spreads, to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non- financial liability.

For the purpose of hedge accounting, hedges are classified as:
- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment;
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;
- Hedges of a net investment in a foreign operation.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

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The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion relating to foreign currency portion is recognized immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in recognised liability and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast transaction occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

n) Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

o) Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

p) Foreign currency transactions:

Functional and presentation currency

The financial statements are presented in INR (Indian Rupees), which is also the company's functional currency and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise.

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However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income ("OCI"):

- certain debt instruments classified as measured at FVOCI; and
- qualifying cash flow hedges, to the extent that the hedges are effective.

q) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or
ii. In the absence of a principal market, in the most advantageous market for the asset or liability
The principal or the most advantageous market must be accessible by the company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operations.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the company's external valuers, which valuation techniques and inputs to use for each case.

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At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
a) Disclosures for valuation methods, significant estimates and assumptions
b) Quantitative disclosures of fair value measurement hierarchy
c) Financial instruments (including those carried at amortised cost)

r) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Such grants related to income are deducted in reporting the related expense.

When the grant is in the nature of capital subsidy it is treated as capital reserve.

The Company has deferred payment arrangement on the concession fee payable to Ministry of Civil Aviation (MoCA) without interest. The effect of this assistance is treated as a government grant. The assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the assistance and the fair value. The grant is subsequently measured as per the accounting policy applicable to financial liabilities.

s) Taxes on income

Tax expense comprises of current and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised either in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

i. temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;

ii. temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

iii. taxable temporary differences arising upon the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company is entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2007-08, under Section 80-IA of the Income Tax Act, 1961, with regard to income from airport operations. Accordingly, deferred tax on items reversing within the tax holiday period is not considered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the statement of profit and loss and shown as "Deferred Tax Asset." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

t) Segment information:

Based on the "management approach" as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker ('CODM') has carried out evaluation of the Company's performance at an overall group level as one reportable operating segment i.e. 'Airport and allied services '.

u) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

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(All amounts in Rupees Crores, except otherwise stated)

3 Property, Plant and Equipment (PPE)

	Leasehold improvements	Freehold land	Runways	Roads	Buildings on leasehold land	Buildings on freehold land	Electrical installations	Plant and equipments	Office equipments	Computer equipments	Furniture and fixtures	Vehicles	Total
Gross carrying amount													
As at April 1, 2018	91.55	16.13	342.30	99.63	925.77	62.31	148.75	417.38	4.01	27.54	34.96	4.70	2,175.03
Additions	-	-	158.80	25.52	201.76	-	29.25	136.85	5.21	24.88	13.95	1.62	597.84
Disposals	-	-	-	-	-	-	-	-	-	-	-	(1.01)	(1.01)
As at March 31, 2019	91.55	16.13	501.10	125.15	1,127.53	62.31	178.00	554.23	9.22	52.42	48.91	5.31	2,771.86
Additions	0.32	-	371.04	0.20	19.54	-	40.64	27.54	3.60	24.34	3.45	3.29	493.96
Disposals	-	-	-	-	(3.70)	-	(0.03)	(3.23)	(0.08)	(0.67)	(2.51)	(0.24)	(10.46)
Adjustments*	-	-	(26.18)	(2.68)	(30.43)	-	(1.36)	(3.03)	(0.12)	(0.65)	(0.32)	-	(64.77)
As at March 31, 2020	91.87	16.13	845.96	122.67	1,112.94	62.31	217.25	575.51	12.62	75.44	49.53	8.36	3,190.59
Accumulated depreciation													
Up to April 1, 2018	11.95	-	44.79	95.84	120.96	3.91	126.46	161.43	1.29	12.15	23.50	1.50	603.78
Charge for the year	3.98	-	18.41	2.18	44.35	1.44	5.61	48.05	1.26	7.67	4.86	0.57	138.38
Disposals	-	-	-	-	-	-	-	0.05	-	-	(0.05)	(1.01)	(1.01)
Adjustments**	-	-	-	-	16.01	1.29	-	2.43	-	-	1.38	-	21.11
Up to March 31, 2019	15.93	-	63.20	98.02	181.32	6.64	132.07	211.96	2.55	19.82	29.69	1.06	762.26
Charge for the year	3.99	-	24.27	3.46	51.02	1.33	8.43	53.85	2.12	12.74	4.93	0.70	166.84
Disposals	-	-	-	-	(0.78)	-	(0.03)	(2.53)	(0.08)	(0.67)	(2.50)	(0.24)	(6.83)
Up to March 31, 2020	19.92	-	87.47	101.48	231.56	7.97	140.47	263.28	4.59	31.89	32.12	1.52	922.27
Net book value													
As at March 31, 2019	75.62	16.13	437.90	27.13	946.21	55.67	45.93	342.27	6.67	32.60	19.22	4.25	2,009.60
As at March 31, 2020	71.95	16.13	758.49	21.19	881.38	54.34	76.78	312.23	8.03	43.55	17.41	6.84	2,268.32

* Includes reversal of input credit of GST amounting to Rs. 63.12 (March 31, 2019: Rs. Nil) and reversal of project creditors liability amounting to Rs. 1.65 (March 31, 2019: Rs. Nil) pertaining to construction works which were earlier capitalised (Refer note 48).

** Represents the depreciation charged on account of change in useful life of assets as per the Airport Economic Regulatory Authority's (AERA) order no. 35/2017-18 dated January 12, 2018 and amended on April 09, 2018 in the matter of Determination of useful life of Airport Assets and is effective from April 1, 2018 (Refer note 2.3).

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(All amounts in Rupees Crores, except otherwise stated)

4.1 Right of use asset

Particulars	Land and building	Total
Gross block (at cost)		
As at April 1, 2019	-	-
Additions	77.16	77.16
As at March 31, 2020	77.16	77.16
Accumulated depreciation		
Up to April 1, 2019	-	-
Charge for the year	2.75	2.75
Up to March 31, 2020	2.75	2.75
Net block		
As at March 31, 2019	-	-
As at March 31, 2020	**74.41**	**74.41**

4.2 Intangible assets

Particulars	Computer Software	Total
Gross block (at cost)		
As at April 1, 2018	2.67	2.67
Additions	2.03	2.03
As at March 31, 2019	4.70	4.70
Additions	6.48	6.48
Adjustments	(0.06)	(0.06)
Disposals	(0.04)	(0.04)
As at March 31, 2020	**11.08**	**11.08**
Accumulated depreciation		
Up to April 1, 2018	1.26	1.26
Charge for the year	0.63	0.63
Up to March 31, 2019	1.89	1.89
Charge for the year	1.12	1.12
Disposals	(0.04)	(0.04)
Up to March 31, 2020	2.97	2.97
Net block		
As at March 31, 2019	2.81	2.81
As at March 31, 2020	8.11	8.11

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Notes to the Standalone financial statements for the year ended March 31, 2020

(All amounts in Rupees Crores, except otherwise stated)

5.1 **Investments**

	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Non-current investments: (At Cost)				
Investment in equity instruments (unquoted)				
Investment in subsidiaries				
GMR Hyderabad Aerotropolis Limited	90,500,000	90.50	57,500,000	57.50
Hyderabad Airport Security Services Limited*	-	-	12,500,000	12.50
GMR Hyderabad Aviation SEZ Limited	51,600,000	51.60	51,600,000	51.60
GMR Hospitality and Retail Limited#	155,998,710	156.00	155,998,710	156.00
GMR Hyderabad Airport Power Distribution Limited	50,000	0.05	50,000	0.05
Less:- Impairment in value of investment	-	(0.05)	-	-
GMR Air Cargo and Aerospace Engineering Limited (Formely known as GMR Aerospace Engineering Limited) (Refer note 45)				
Equity Shares	455,812,130	320.66	241,650,006	241.65
Preference Shares Series A	18,000	6.76	-	-
Preference Shares Series B	18,735	0.02	-	-
GMR Hyderabad Airport Cargo and Logistics Private Limited (Formerly known as Hyderabad Menzies Air Cargo Private Limited) (Refer note 45)				
Equity Shares	-	-	1,020,000	53.51
Preference Shares- Series A	-	-	18,000	6.76
Preference Shares- Series B	-	-	18,735	0.02
Investment in Joint Venture				
Laqshya Hyderabad Airport Media Private Limited	9,800,000	9.80	9,800,000	9.80
Investment in Associates				
Digi Yatra Foundation	148	0.00	-	-
		635.34		589.39
Other Investments				
On account of fair valuation of financial gurantees given to subsidaries				
GMR Hyderabad Aviation SEZ Limited		1.95		1.82
GMR Hospitality and Retail Limited		5.75		5.75
GMR Air Cargo and Aerospace Engineering Limited		8.01		8.01
GMR Hyderabad Aerotropolis Limited		0.86		0.57
		16.57		16.15
On account of fair valuation of loans given to subsidaries/joint venture below market rate				
GMR Hospitality and Retail Limited		11.86		11.86
Hyderabad Airport Security Services Limited		-		3.25
Laqshya Hyderabad Airport Media Private Limited		5.59		5.59
		17.45		20.70
Total Investments carried at Cost		669.36		626.24

Note : Face value of all investments in equity shares of subsidiary and joint venture is Rs. 10 per share and fully paid-up. With respect to investments in preference shares, Series - B preference shares has a face value of Rs. 10 per share fully paid-up and Series - A preference shares has a face value of Rs. 10,000 per share, fully paid-up. Further, the Company holds 100% stake in all its subsidiaries and holds 49% stake in the joint venture, Laqshya Hyderabad Airport Media Private Limited.

* The Hyderabad Airport Security Service Limited (HASSL) got voluntary liquidated under Insolvency and Bankruptcy Code, 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and the Companies Act, 2013 on August 14, 2019 by the Official Liquidator. NCLT vide its order dated September 13, 2019 passed the dissolution of HASSL w.e.f. September 13, 2019. Form No. INC 28 was filed with the Registrar of Companies ("ROC"), Hyderabad on September 17, 2019 which was approved by the ROC on September 20, 2019 and accordingly HASSL stands dissolved from that date.

# Shares pledged with the bankers against the loan taken by the below subsidiaries	No. of Shares (March 31, 2020)	No. of Shares (March 31, 2019)
GMR Hospitality and Retail Limited	32,897,675	32,897,675

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(All amounts in Rupees Crores, except otherwise stated)

5.2 **Investments**

	As at March 31, 2020		As at March 31, 2019	
	No. of Units	Amount	No. of Units	Amount
Investments in mutual funds (unqouted) at FVTPL				
Birla Sunlife Cash Plus Institutional Premium - Growth	1,895,485.46	60.24	-	-
Axis Liquid Institutional - Growth Option	-	-	116,381.32	24.03
ICICI Prudential Liquid Regular Plan - Growth	2,059,658.70	60.25	908,843.70	25.02
UTI Liquid Cash Plan Institutional - Growth Option	211,028.90	68.32	88,654.91	27.04
UTI Liquid Fund - Growth	83,076.10	27.02	-	-
Tata Liquid Fund Plan A Growth	-	-	33,644.82	9.86
Sundaram Money Fund Regular Growth	1,156.15	0.00	1,405,024.91	5.51
Sundaram Money Fund Direct Growth	12,782,692.63	53.53	-	-
SBI Premier Liquid Fund - Regular Plan - Growth	39,845.56	12.33	-	-
		281.69		91.46
Investment in Commerical Paper (unqouted) at Amortised cost*				
SREI Infrastructure Finance Limited	2,500	114.83	4,500	215.25
SREI Equipment Finance Limited	5,600	268.04	-	-
Bharti Realty Limited	4,096	199.97	-	-
Edelweiss Financial Services Limited	500	24.46	-	-
Piramal Enterprises Limited	5,500	273.42	3,000	147.44
		880.72		362.69
		1,162.41		454.15

Note : Face value of all commercial paper investments is at Rs. 500,000 (March 31, 2019: Rs. 500,000) per unit.

6 **Loans**

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Unsecured, considered good				
Security deposits	14.95	19.43	16.84	4.00
Less: Provision for doubtful deposit	(0.20)	(0.20)	-	-
	14.75	19.23	16.84	4.00
Loans to employees	1.78	1.60	0.22	1.37
Loans to related parties (refer details below)	82.33	75.77	232.00	0.32
	98.86	96.60	249.06	5.69

Break up of Loans to related parties				
GMR Hospitality and Retail limited	42.33	42.33	-	-
GMR Hyderabad Aerotropolis Limited	40.00	33.44	32.00	-
Laqshya Hyderabad Airport Media Private Limited	-	-	-	0.32
GMR Infrastructure Limited	-	-	200.00	-
	82.33	75.77	232.00	0.32

7 **Other financial assets**

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Carried at amortised cost				
Share application money paid pending allotment	-	10.00	-	-
Non-trade receivables	-	-	32.47	10.15
Unbilled revenue	-	-	9.82	2.88
Grant receivable from authorities	-	-	0.04	0.04
Interest accrued on others	-	-	8.34	0.54
Interest accrued on fixed deposits	-	-	11.76	2.55
Interest accrued on investments	-	-	15.80	7.67
Margin money deposits *	-	0.62	-	-
Other receivables (refer note 52)			63.00	-
Derivative instrument carried at fair value through OCI				
Derivative asset (refer note 38)	865.02	239.24	-	-
	865.02	249.86	141.23	23.83

* Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Company.

Break up of share application money paid pending allotment				
GMR Air Cargo and Aerospace Engineering Limited	-	10.00	-	-
Total	-	10.00	-	-

8.1 **Tax asset**

	Non current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advance income tax (net of provision for current tax)	9.81	0.26	-	12.93
	9.81	0.26	-	12.93

8.2 **Tax liability**

	Current	
	March 31, 2020	March 31, 2019
Provision for tax (net of advance tax)	35.87	36.74
	35.87	36.74

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9 **Other assets**

		Non-current		Current	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Capital advances					
Unsecured, considered good		448.62	406.37	-	-
	(A)	448.62	406.37	-	-
Advances other than capital advances					
Passenger Service Fee (Security Component)		10.56	25.64	-	-
Others		5.11	5.11	3.71	4.54
		15.67	30.75	3.71	4.54
Less: Provision for doubtful advances		(0.04)	(0.04)	-	-
	(B)	15.63	30.71	3.71	4.54
Prepaid expenses		3.80	3.08	5.72	3.40
Upfront fee on borrowings*		-	94.50	-	-
Lease equilisation reserve		2.09	-	-	-
Balance with statutory/government Authorities [Including deposits refer note 35 I(B)]		249.12	12.61	12.41	1.86
	(C)	255.01	110.19	18.13	5.26
Total (A+B+C)		719.26	547.27	21.84	9.80

*The above amount represents the upfront fee paid on rupee term facility amounting to Rs. 4,200.00 tied up by the Company with a bank to meet their capital commitment in respect of the aiport expansion plan.

10 **Inventories (valued at lower of cost or net realizable value)**

	March 31, 2020	March 31, 2019
Stores and spares	6.53	6.12
Less: Provision for non moving spares	(0.17)	(0.17)
	6.36	5.95

11 **Trade receivables**

	Current	
	March 31, 2020	March 31, 2019
From related parties	13.58	21.18
From other customers	105.42	122.37
	119.00	143.55
Break up of trade receivables:		
Secured reicevables, considered good	53.57	58.35
Unsecured reicevables, considered good	65.43	85.20
Unsecured reicevables, with significant increase in credit risk	0.31	1.09
	119.31	144.64
Impairment allowance (allowance for credit loss)		
Less: Allowance for trade receivable	(0.31)	(1.09)
	119.00	143.55

*Trade receivable to the extent covered by security deposits or bank guarantees are considered as secured receivables.

12 **Cash and cash equivalents**

	March 31, 2020	March 31, 2019
- Balances with Banks		
- In current accounts	57.82	30.62
- Deposits with original maturity of less than three months	190.15	350.00
- Cash on hand	0.02	0.06
	247.99	380.68

Cash balances in current accounts does not earn interest. Term deposits are made for varying periods from seven days to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective term deposit rates.

13 **Bank balances other than cash and cash equivalent**

	Current	
	March 31, 2020	March 31, 2019
Deposits with original maturity of more than 3 months but less than 12 months	605.00	29.96
Margin money deposits *	50.65	47.38
	655.65	77.34

*Margin money deposits represent security held by bank including bank guarantees issued by the bankers on behalf of the Company or subsidiary company.

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14 **Equity**

	March 31, 2020	March 31, 2019
Authorized share capital		
400,000,000 (March 31, 2019: 400,000,000) equity shares of Rs. 10 each	400.00	400.00
Issued, subscribed and fully paid-up shares		
378,000,000 (March 31, 2019: 378,000,000) equity shares of Rs. 10 each fully paid-up	378.00	378.00
Total	**378.00**	**378.00**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year

	March 31, 2020		March 31, 2019	
Equity Shares	Number	Amount	Number	Amount
At the beginning of the year	378,000,000	378.00	378,000,000	378.00
Outstanding at the end of the year	**378,000,000**	**378.00**	**378,000,000**	**378.00**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Further all shareholders will have their representative in the Board of Directors of the Company as per the terms of arrangement.

(c) Shares held by holding / intermediate holding company

	March 31, 2020		March 31, 2019	
Name of Shareholder	Number	Amount	Number	Amount
GMR Airports Limited (GAL), holding company	238,139,000	238.14	238,139,000	238.14
GMR Infrastructure Limited, GAL's holding company	1,000	0.00	1,000	0.00
	238,140,000	**238.14**	**238,140,000**	**238.14**

(d) Details of shareholders holding more than 5% shares in the Company

	March 31, 2020		March 31, 2019	
Name of Shareholder	Number	% holding	Number	% holding
Equity shares of Rs. 10 each, fully paid-up				
GMR Airports Limited, holding company	238,139,000	63.00%	238,139,000	63.00%
Airports Authority of India	49,140,000	13.00%	49,140,000	13.00%
Government of Telangana	49,140,000	13.00%	49,140,000	13.00%
MAHB (Mauritius) Private Limited	41,573,540	11.00%	41,573,540	11.00%

As per records of the Company including its register of share holders/members and other declarations received from share holders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

(e) No Shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date.

(f) Shares reserved for issue under options

There are no shares reserved for issue under options and contract/commitments for the sale of shares/disinvestment.

14.1 **Other Equity**

	March 31, 2020	March 31, 2019
Capital reserve	107.00	107.00
Retained Earnings		
Opening Balance	1,149.09	622.68
Adjustment in retained earnings on account of transition to Ind AS 115	-	(2.27)
Depreciation charge to retained earnings	-	(21.11)
Add: Profit for the year	636.81	732.75
Remeasurement of post-employment benefits obligations	(1.23)	(0.68)
Less: Appropriations		
Interim dividend of Rs. 2.50 per share (March 31, 2019: Rs. 4.00 per share)	(94.50)	(151.20)
Dividend distribution tax	(19.09)	(31.08)
Closing balance	**1,671.08**	**1,149.09**
Other Comprehensive Income		
Cash flow hedge reserve		
Balance as per last financial statements	31.72	14.74
Gain / (losses) arising during the year on derivative instruments	195.12	34.02
Deferred taxes on above	(61.78)	(17.04)
Closing balance	**165.06**	**31.72**
Total Equity	**1,943.14**	**1,287.81**

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Financial liabilities - Borrowings	Non Current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Bonds				
1,750 units 4.25% Senior Secured Notes of USD 200,000 each (secured)	2,609.03	2,376.93	-	-
1,500 units 5.375% Senior Secured Notes of USD 200,000 each (secured)	2,244.16	-	-	-
Term loans				
From Others				
Government of Telangana (unsecured)	315.05	315.05	-	-
Loans from related parties (unsecured)	-	-	-	12.97
Working capital loans from banks (unsecured)	-	-	19.92	9.94
	5,168.24	2,691.98	19.92	22.91
The above amount includes:				
Secured borrowings	4,853.19	2,376.93	-	-
Unsecured borrowings	315.05	315.05	19.92	22.91
	5,168.24	2,691.98	19.92	22.91
Amount disclosed under the head "other current financial liabilities" (Refer note 16)	-	-	-	(12.97)
Net Amount	5,168.24	2,691.98	19.92	9.94

i) 4.25% Senior Secured Notes

4.25% senior secured notes were issued on October 27, 2017 to refinance secured Rupee Term Loans and Foreign Currency Loans and fund the airport expansion project works. The coupon rate is fixed through the tenor and payable semi-annually. The Notes are repayable after 10 years i.e. on October 27, 2027 (bullet repayment).

ii) 5.375% Senior Secured Notes

During the year 5.375% senior secured notes were issued on April 10, 2019 for funding the airport expansion project works. The coupon rate is fixed through the tenor and payable semi-annually. The Notes are repayable after 5 years i.e. on April 10, 2024 (bullet repayment).

Senior Secured Notes mentioned in notes (i) and (ii) above are secured by mortgage of leasehold right, title, interest and benefit in respect of leasehold land (to an extent of 2,136.45 acres), freehold land of 8.824 acres and first pari-passu charge on all movable and immovable assets, all insurance contracts, contractors' guarantees and liquidated damages payable by the contractors; all the rights, titles, permits, approvals and interests of the Company in, to and in respect of the Project Agreements (i.e. Concession Agreement, State Support Agreement, Land Lease Agreement and the CNS-ATS Agreement) as detailed in the Indenture dated October 27, 2017 and April 10,2019 respectively to the maximum extent permitted under the Project Agreements; floating charge on all the operating revenues/receivables of the Company; and floating charge on all the Company's accounts and each of the other accounts required to be created by the Company pursuant to the Security Documents (excluding any Excluded Accounts) and, including in each case, all monies lying credited/deposited into such accounts.

iii) Interest free loan received from the Government of Telangana is repayable in five equal instalments commencing from 16th anniversary of the commercial operations date (i.e., March 23, 2008).

iv) Interest free unsecured loan was received from its erstwhile wholly owned subsidiary (Hyderabad Airport Security Services Limited) and was repayable on demand.

v) Working capital loans represents commercial credit card facility availed from banks and carry an interest rate of 15.05% p.a. (March 31, 2019: 15.05% p.a.) and are repayable in 25 days from the end of the month.

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Other financial liabilities	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
At Amortised cost				
Retention money	3.72	7.04	9.17	4.00
Deposit from concessionaires	49.78	43.86	26.89	36.78
Security deposits	-	-	0.60	0.73
Concession fee payable	171.96	192.55	92.11	84.06
Current maturities of long term borrowings	-	-	-	12.97
Non trade payables	-	-	30.36	14.09
Capital creditors*	-	-	371.45	192.34
Interest accrued but not due on borrowings	-	-	168.72	86.05
Total other financial liabilities at amortised cost	225.46	243.45	699.30	431.02
Financial guarantee contracts	4.60	5.03	0.84	0.81
Total other financial liabilities	230.06	248.48	700.14	431.83

*Includes amounts payable to parties registered under the Micro, Small and Medium Enterprises Development Act, 2006 of Rs. 16.07 (March 31, 2019: Rs. Nil)

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial guarantee contracts				
GMR Hospitality and Retail Limited	1.38	1.54	0.15	0.15
GMR Hyderabad Aviation SEZ Limited	0.77	0.74	0.09	0.07
GMR Hyderabad Aerotropolis Limited	0.65	0.44	0.08	0.05
GMR Air Cargo and Aerospace Engineering Limited	1.80	2.31	0.52	0.54
Total financial guarantee contracts	4.60	5.03	0.84	0.81

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17 **Government grants**

	March 31, 2020	March 31, 2019
Opening Balance	46.14	51.40
Grant during the year	-	-
Less: Recognised in the statement of profit and loss	(5.28)	(5.26)
	40.86	46.14
Non Current	35.59	40.87
Current	5.27	5.27

Concession fee is payable to Ministry of Civil Aviation in respect of first 10 years in 20 equal half yearly instalments commencing from the 11th anniversary of the commercial operations date (March 23, 2008). Concession fee from the 11th year is payable on a half yearly basis. The difference between the fair value and carrying value of such fee payable has been treated as a government grant as per Ind AS 20.

18 **Other liabilities**

	Non-current		Current	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advances received from customers	4.17	6.49	4.48	1.96
Deferred income	12.82	12.29	6.62	5.56
Service tax payable	-	-	0.01	0.01
Goods and service tax payable	-	-	8.93	14.56
Tax deducted at source	-	-	15.05	4.69
Other statutory dues	-	-	0.94	0.79
	16.99	18.78	36.03	27.57

19 **Trade payables**

	March 31, 2020	March 31, 2019
Trade Payables		
Total outstanding dues of micro and small enterprises*	10.78	-
Total outstanding dues of creditors other than micro and small enterprises	95.19	72.06
	105.97	72.06

*Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") as at March 31, 2020 and March 31, 2019 (along with micro and small enterprises under capital creditors under the head other financial liabilities):

Particulars	March 31, 2020	March 31, 2019
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	26.85	-
the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED	-	-
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

20 **Provisions**

	Short term	
	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	14.04	12.15
Provision for superannuation fund	0.20	0.20
Provision for gratuity (note 31)	4.14	2.22
	18.38	14.57

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Revenue from contracts with customers	For the year ended March 31, 2020	For the year ended March 31, 2019
Aeronautical		
Landing and parking charges	139.91	136.94
User Development Fee (UDF) and Passenger Service Fee (PSF)	709.51	710.28
Common Infrastructure Charges	61.90	63.40
Fuel Farm (Refer note 43)	139.29	144.27
Ground Handling (Refer note 43)	34.81	12.29
Cargo (Refer note 43)	17.74	18.00
Others (Refer note 43)	28.20	22.72
Revenue from Aeronautical services (A)	1,131.36	1,107.90
Non-Aeronautical		
Duty free	53.38	47.51
Retail	52.26	40.18
Advertisement	38.13	36.11
Food and beverages	50.08	47.03
Parking	80.76	66.56
Land and space — Rentals	53.13	48.07
Others	58.19	53.02
Total Non-Aeronautical (B)	385.93	338.48
Revenue from commercial property development (C)	8.47	5.87
Revenue from operations (A+B+C)	1,525.76	1,452.25

Note:

(i) The company earned entire income from operations from India.

(ii) Timing of rendering of services is as under:

For the year ended March 31, 2020

Particulars	Aeronautical	Non-Aeronautical	Others	Total
Services rendered at a point in time	1,047.27	-	-	1,047.27
Services rendered over time	84.09	385.93	8.47	478.49
Total revenue from contracts with customers	1,131.36	385.93	8.47	1,525.76

For the year ended March 31, 2019

Particulars	Aeronautical	Non-Aeronautical	Others	Total
Services rendered at a point in time	1,052.20	-	-	1,052.20
Services rendered over time	55.70	338.48	5.87	400.05
Total revenue from contracts with customers	1,107.90	338.48	5.87	1,452.25

(iii) Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue as per contracted price	1,524.66	1,451.15
Adjustments:		
Significant financing component	1.10	1.10
Revenue from contract with customers	1,525.76	1,452.25

(iv) Set out below is the revenue recognised from:

Amounts included in contract liabilities at the beginning of the year	2.80	2.80
Performance obligations satisfisfied in the previous years	-	-
Total	2.80	2.80

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Other income	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on:		
Bank deposits	24.98	25.40
Loans to subsidiaries and joint venture	7.82	8.23
Others	51.32	22.50
Dividend from investment in subsidiary	1.08	0.36
Net gains on fair value changes	15.48	35.80
Amortisation of deferred income	0.52	14.08
Income from government grant	5.28	5.26
Provisions no longer required, written back	2.93	0.52
Profit on sale of assets	0.42	0.12
Other miscellaneous income	4.47	4.91
	114.30	117.18

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Employee benefits expense	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	103.65	85.10
Contribution to provident and other funds [note 31 and note 35 (I) (B) (xi)]	7.70	6.13
Gratuity expense (note 31)	1.25	0.82
Staff welfare expenses	5.33	4.77
	117.93	96.82

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Depreciation and amortisation expenses	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of property, plant and equipment (note 3)	166.84	138.38
Amortisation of intangible assets (note 4.2)	1.12	0.63
Amortisation of ROU assets (note 4.1)	2.75	-
	170.71	139.01

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Finance costs	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on borrowings	100.95	83.97
Premium on derivative instruments	82.55	77.19
Interest on deposit from concessionaire	4.45	21.64
Interest on concession fee, lease liability and others	16.09	10.94
Other borrowing cost	36.49	4.35
	240.53	198.09

*includes interest expense of Rs. 0.80 (March 31, 2019: Rs. 1.01) pertaining to significant financing component in accordance with Ind AS 115.

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Other expenses	For the year ended March 31, 2020	For the year ended March 31, 2019
Operator fee	1.32	1.32
Operating and maintenance expenses	22.25	17.42
Power and fuel	18.70	19.79
Manpower outsourcing charges	43.73	34.90
House keeping charges	17.49	14.01
Consumption of stores & spares	7.16	5.98
Repairs and maintenance		
Buildings	8.50	8.13
Plant and Machinery	25.09	23.42
IT Services	17.22	12.67
Other	5.46	3.42
Insurance	2.78	2.28
Security expenses	23.39	19.89
Bus hire charges	0.89	0.71
Health and safety expenses	0.57	0.22
Rent	2.27	6.88
Rates and taxes	6.63	5.87
Advertising and business promotion	7.49	5.69
Collection charges	6.65	7.24
Travelling and conveyance	26.80	17.93
Communication costs	4.45	2.74
Office maintenance expense	0.53	0.54
Legal and professional fees	32.69	11.37
Management fees	32.05	29.96
Recruitment and training charges	2.65	1.82
Printing and stationery	0.58	0.89
Directors' sitting fees (refer Note 32)	0.23	0.25
Payment to auditors (refer note A below)	0.60	0.47
Contribution to political parties	-	25.00
Donation	-	1.70
CSR expenditure (refer note B below)	10.59	7.17
Bank charges	0.05	0.04
Loss on account of foreign exchange fluctuations (net)	0.33	0.22
Interest receivable from PSF (Security Component) Fund written off	15.08	-
Provision for bad and doubtful debts	0.15	0.52
Bad debts written off	0.41	3.75
Fixed assets written off	0.81	-
Provision for impairment of value of Investments in shares of subsidiary company	0.05	-
Loss on liquidation/sale of investment in subsidiaries	2.68	4.34
Miscellaneous expenses	3.49	2.83
	351.81	301.38

A. Payment to Auditors (Included in other expenses above)	For the year ended March 31, 2020	For the year ended March 31, 2019
As Auditor		
Audit fee	0.42	0.33
Other services		
Other services (including certification fee)*	0.11	0.08
Reimbursement of expenses	0.07	0.06
	0.60	0.47

*excludes Rs. 0.99 (March 31, 2019: Rs. Nil) towards assurance related services for issuance of senior secured notes which are adjusted against borrowings.

B. Details of CSR expenditure (Included in other expenses above)	For the year ended March 31, 2020	For the year ended March 31, 2019
a) Gross amount required to be spent by the Company during the year	10.59	7.17
b) Amount spent in cash during the year		
i) Construction / acquisition of any asset	3.64	4.55
ii) on purposes other than (i) above	6.95	2.62
c) Total amount spent during the year		
i) Construction / acquisition of any asset	3.64	4.55
ii) on purposes other than (i) above	6.95	2.62

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27 Income Tax

A. The major components of income tax expenses are:

Statement of profit and loss:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current income tax:		
Current income tax charge	67.56	30.68
Deferred tax:		
Relating to origination and reversal of temporary differences	(9.16)	13.21
Income tax expense for the year	58.40	43.89
Less: Adjustments relating to previous year	(1.08)	(4.04)
Income tax expense reported in the statement of profit or loss	57.32	39.85

B. **Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019:**

	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit	694.13	772.60
Tax at the applicable tax rate of 34.94% (March 31, 2019: 34.61%)	242.56	269.95
Tax effect of income that are not taxable in determining taxable profit / allowable expenditure that are not part of Book profit:		
Income claimed as deduction u/s 80IA	208.34	240.98
Dividend Income exempt U/s 10(34)	0.58	0.13
Ind AS adjustments	5.86	10.74
Others	0.15	0.04
Tax effect of expenses that are not deductible in determining taxable profit:		
Amount of disallowances U/s 14A	0.05	0.02
Donations, contribution to political parties & CSR Expenditure	3.70	2.59
Interest on delayed payment of income tax	-	0.53
Provision for doubtful debt	0.05	0.18
Loss on sale of investment carried forward	0.02	1.52
Disallowance due to non-deduction of TDS u/s 40a(ia)	-	0.53
Ind AS adjustments	10.73	10.50
Reversal of deferred tax during tax holiday period u/s 80IA	8.43	9.97
Income tax expense reported in the statement of profit and loss	50.62	43.89

C. **Deferred tax:**

	Statement of profit or loss		Balance sheet	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Deferred tax liability				
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	18.16	13.34	158.22	140.07
Cash flow hedge	61.78	17.04	78.82	17.04
Gross deferred tax liability	79.94	30.37	237.04	157.10
Deferred tax asset				
On account of income reduced from capital work in progress	(27.31)	(0.13)	31.23	3.92
	(27.31)	(0.13)	31.23	3.92
Charge / (credit) during the year	52.63	30.24		
Net deferred tax (liability)/Asset (net)			(205.81)	(153.18)
Minimum Alternative Tax credit entitlement			457.11	405.41
Deferred tax asset (unutilised tax credit)			457.11	405.41
Net deferred tax asset / (liability)			251.30	252.23

D. **Reconciliations of deferred tax liabilities/assets(net)**

	March 31, 2020	March 31, 2019
Opening balance	252.23	146.17
Tax credit during the year recognised in profit or loss	60.85	123.10
Tax expense during the year recognised in the OCI	(61.78)	(17.04)
Closing balance	251.30	252.23

i) Deferred tax on adjustments recognised on account of adoption of Ind AS are not considered as these adjustments get reversed in the subsequent periods and have no impact on the accounting or tax profit.

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28 Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

For the year ended March 31, 2020

	Cash Flow Hedge Reserve	Retained earnings	Total
Cash flow hedge reserve (net)	625.77	-	625.77
Less: Restatement of borrowings	(430.65)	-	(430.65)
Less: Deferred tax	(61.78)	-	(61.78)
Remeasurement gain on defined benefit plans	-	(1.23)	(1.23)
Closing Balance	**133.34**	**(1.23)**	**132.11**

For the year ended March 31, 2019

	Cash Flow Hedge Reserve	Retained earnings	Total
Cash flow hedge reserve (net)	167.55	-	167.55
Less: Restatement of borrowings	(133.53)	-	(133.53)
Less: Deferred tax	(17.04)	-	(17.04)
Remeasurement gain on defined benefit plans	-	(0.68)	(0.68)
Closing Balance	**16.98**	**(0.68)**	**16.30**

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29. Earnings Per Share (EPS)

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

Particulars	March 31, 2020	March 31, 2019
Profit attributable to equity holders for basic and diluted earnings	636.81	732.75
Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted)	37.80	37.80
Earnings Per Share (Basic and diluted) (Rs.)	16.85	19.38
Face value per share (Rs.)	10	10

30. Capital work-in-progress

The breakup of capital work-in-progress is as below:

Particulars	March 31, 2020	March 31, 2019
Capital expenditure incurred on property, plant and equipment	983.35	282.08
Legal and professional expense	105.16	64.94
Employee benefits expense	0.75	0.35
Travelling and conveyance	1.24	0.46
Finance costs	214.79	29.74
Total (i)	**1,305.30**	**377.57**
Less:-		
Interest income from bank deposit	(95.75)	(1.93)
Net gain on sale of current investments	-	(10.54)
Interest income on security deposit paid	(1.24)	-
Total (ii)	**(96.99)**	**(12.47)**
Net capital work-in-progress (i-ii)	**1,208.31**	**365.10**

During the year ended March 31, 2020 the following expenses of revenue nature are capitalized to the capital work-in-progress (CWIP). Consequently, expenses disclosed under the other expenses are net of amounts capitalized by the Company.

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance (A)	**83.02**	**51.52**
Expense:		
Legal and professional expense	83.75	44.07
Employee benefit expense	0.40	-
Travelling and conveyance	0.78	0.40
Finance cost	231.53	39.26
Total (B)	**316.46**	**83.73**
Less: Income		
Interest income from bank deposit	(95.75)	(3.71)
Net gain on sale of current investment	-	(10.62)
Interest income on security deposit paid	(1.24)	-
Total (C)	**(96.99)**	**(14.33)**
Net (D=B-C)	**219.47**	**69.40**
Less: Capitalised during the year (E)	**(77.54)**	**(37.90)**
Closing balance (F=A+D-E)	**224.95**	**83.02**

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31. Retirement and other employee benefits:

a) Defined contribution plan:

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Contribution to provident fund	5.02	3.81
Contribution to ESI and Labour welfare fund	0.19	0.19
Contribution to superannuation fund	2.49	2.13
Total	7.70	**6.13**

b) Defined benefit plans:

Gratuity liability is a defined benefit obligation which is funded through policy taken from Life insurance Corporation of India and Liability (net of fair value of investment in LIC) is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days' salary (based on last drawn basic salary) for each completed year of service subject to a maximum limit of Rs. 0.20 (March 31, 2019: 0.20).

The following tables summarize the components of net benefit expense recognized in the statement of profit or loss/OCI and amounts recognized in the balance sheet for defined benefit plans/obligations:

Net employee benefit expense (recognized in employee benefits expense):

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	1.13	0.82
Interest cost on net Defined Benefit Obligation (DBO)	0.12	0.00
Net benefit expense (note 23)	**1.25**	**0.82**

Amount recognized in other comprehensive income:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Actuarial (gain)/loss due to DBO experience	(0.56)	0.61
Actuarial (gain)/loss due to DBO assumption changes	0.65	-
Return on plan assets (greater)/less than discount rate	1.14	0.07
Actuarial (gains)/ losses recognized in OCI	**1.23**	**0.68**

Balance sheet:

	March 31, 2020	March 31, 2019
Fair value of plan assets	7.25	7.50
Defined benefit obligation	(11.39)	(9.72)
Plan (liability)/ asset	**(4.14)**	**(2.22)**

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

	March 31, 2020	March 31, 2019
Opening defined benefit obligation	9.72	6.99
Interest cost	0.70	0.50
Current service cost	1.13	0.82
Benefits paid	(0.95)	(0.81)
Past service cost -Plan amendments	-	-
Actuarial losses /(gains) on obligation	(0.56)	0.62
Acquisition cost	0.70	1.60
Actuarial losses/ (gain) on Financial Assumption	0.65	-
Closing defined benefit obligation	**11.39**	**9.72**

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

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	7.50	6.06
Expected return on plan assets	0.58	0.50
Contributions by employer	0.56	0.74
Return on plan assets greater/(lesser) than discount rate	(1.14)	(0.07)
Acquisition adjustment	0.70	1.08
Benefits paid	(0.95)	(0.81)
Closing fair value of plan assets	**7.25**	**7.50**

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

	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

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

	March 31, 2020	March 31, 2019
Discount rate	6.80%	7.60%
Rate of compensation increase	6.00%	6.00%
Employee turnover	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption is shown below:

	March 31, 2020	March 31, 2019
Discount rate		
Effect due to 1% increase in discount rate	(0.80)	(0.68)
Effect due to 1% decrease in discount rate	0.92	0.78
Attrition rate		
Effect due to 1% increase in attrition rate	0.05	0.09
Effect due to 1% decrease in attrition rate	(0.06)	(0.10)
Salary escalation rate		
Effect due to 1% increase in salary increase rate	0.77	0.68
Effect due to 1% decrease in salary increase rate	(0.70)	(0.62)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

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The following payments are expected contributions to the defined benefit plan in the future year as at March 31, 2020:

	March 31, 2020
March 31, 2021	1.43
March 31, 2022	0.88
March 31, 2023	1.26
March 31, 2024	0.93
March 31, 2025	1.73
March 31, 2026 to March 31, 2030	8.59

The following payments are expected contributions to the defined benefit plan in the future year as at March 31, 2019:

	March 31, 2019
March 31, 2020	0.81
March 31, 2021	1.12
March 31, 2022	1.05
March 31, 2023	1.25
March 31, 2024	0.96
March 31, 2025 to March 31, 2029	8.25

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (31 March 2019: 10 years).

32. Details of transactions with Related parties:

A. Name of related parties and description of relationship:

Relationship	**Related party Name**
Holding company	GMR Airports Limited (GAL)
GAL's holding company	GMR Infrastructure Limited (GIL)
Ultimate holding company	GMR Enterprises Private Limited (GEPL)
Subsidiary Companies	GMR Hyderabad Aerotropolis Limited
	GMR Hyderabad Aviation SEZ Limited
	GMR Hospitality and Retail Limited
	GMR Air Cargo and Aerospace Engineering Limited (formerly GMR Aerospace Engineering Limited) (Refer note 45(a))
	GMR Aero Technic Limited (Refer note 45(a))
	GMR Logistics Park Private Limited (incorporated wef December 20, 2018)&
	Hyderabad Airport Security Services Limited (HASSL)*
	GMR Hyderabad Airport Power Distribution Limited@
	Asia Pacific Flight Training Academy Limited$
Fellow Subsidiary Companies	GMR Aviation Private Limited
	Delhi International Airport Limited
	GMR Energy Trading Limited
	GMR Highways Limited
	GMR Corporate Affairs Private Limited
	GMR Airport Developers Limited
	Kakinada SEZ Limited
	GMR Aerostructure Services Limited
	GMR Hyderabad Vijayawada Expressways Private Limited

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Relationship	Related party Name
	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	Mr. G M Rao, Executive Chairman (Chairman till May 31, 2018 and Executive Chairman w.e.f June 1, 2018)
	Mr. GBS Raju – Managing Director (w.e.f June 1, 2018)
	Mr. SGK Kishore – Chief Executive Officer
	Mr. Rajesh Arora – Chief Financial Officer (till May 31, 2019)
	Mr. Anand Kumar Polamada - Chief Financial Officer (w.e.f June 1, 2019)
	Mr. Anup Kumar Samal - Company Secretary
	Mr. Srinivas Bommidala – Director (Managing Director till May 31, 2018 and Director w.e.f June 1, 2018)
	Mr. HJ Dora – Director
	Mr. Kiran Kumar Grandhi – Director
	Mr. C Prasanna – Director
	Mr. Venkataramana Hegde – Director
	Mr. IN Murthy – Director
	Mr. K Ramakrishna Rao IAS – Director
	Mr. Jayesh Ranjan IAS – Director
	Mr. Raja Azmi bin Raja Nazuddin – Director (w.e.f September 10, 2018 till February 10, 2020)
	Mr. RSSLN Bhaskarudu- Independent Director
	Mr. NC Sarabeswaran- Independent Director
	Mr. Vijay Bhaskar – Director (till May 4, 2018)
	Mr. Datuk Badlisham Bin Ghazali – Director (till June 23, 2018)
	Mrs. Vissa SivaKameswari -Independent Director
	Mr. Madhu Ramachandra Rao – Independent Director (w.e.f July 2, 2018)
Joint Venture	Laqshya Hyderabad Airport Media Private Limited
Associate of GIL	GMR Rajahmundry Energy Limited
Enterprises where key Directors 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

& Subsequent to the year end, pursuant to the Subscription Agreement and Shareholders' Agreement both dated January 08, 2020 executed by and amongst GMR Logistics Park Private Limited (GLPPL), GMR Hyderabad Aerotropolis Limited (GHAL) and ESR Hyderabad 1 Pte. Limited, Singapore (ESR), GLPPL allotted 4,13,35,182 equity shares of Rs. 10/ - each at par to ESR and 16,965,078 equity shares of Rs. 10/ - each at par to GHAL on private placement basis by passing a circular resolution dated April 16, 2020. Now, the percentage of shareholding of ESR and GHAL in GLPPL is 70 and 30 respectively. Consequent to the said allotment, GLPPL has ceased to be a wholly owned subsidiary of GHAL with effect from April 16, 2020.

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*Hyderabad Airport Security Services Limited ("HASSL") got voluntary liquidated under section 59 and other applicable provisions of the Insolvency and Bankruptcy Code of India 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and the Companies Act, 2013, as per the order from National Company Law Tribunal (NCLT) vide its order dated September 13, 2019. Subsequently, Form No. INC 28 was filed with the ROC on September 17, 2019 which was approved by the ROC on September 20, 2019 and accordingly HASSL got dissolved from that date.

@ The Board of Directors of the Company in its meeting held on January 18, 2020 had approved the proposal for closure of GMR Hyderabad Airport Power Distribution Limited (GHAPDL) by making an application to ROC seeking removal of GHADPL from ROC Records, and filed an application Form STK-2 for Striking Off GMR Hyderabad Airport Power Distribution Limited with ROC/ MCA.

$ Asia Pacific Flight Training Academy Limited (APFTAL) ceased to be a subsidiary of GHIAL with effect from March 01, 2019 as the Company has sold its 100% stake in APFTAL for a nominal sale consideration of Rs. 100.

B. Remuneration paid to Key Managerial Remuneration:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Short term employee benefits	14.20	12.32
Sitting fees	0.23	0.23

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

Related Party Transactions	March 31, 2020	March 31, 2019
Services received:		
Raxa Security Services Limited	24.88	18.86
GMR Hospitality and Retail Limited	0.38	0.55
Airports Authority of India	0.03	0.03
GMR Aviation Private Limited	5.84	9.07
GMR Airport Developers Limited	26.41	21.51
GMR Infrastructure Limited	10.35	7.04
GMR Airports Limited	22.57	23.88
Laqshya Hyderabad Airport Media Private Limited	0.23	0.14
GMR Corporate Affairs Private Limited	0.39	-
GMR Family Fund Trust	-	0.29
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.22
Government of Telangana	-	3.59
Investment made during the year:		
GMR Air Cargo and Aerospace Engineering Limited	25.50	73.25
Asia Pacific Flight Training Academy Limited	-	0.79
GMR Hyderabad Aerotropolis Limited	33.00	-
Bad Debts written off during the year		
Asia Pacific Flight Training Academy Limited	-	3.75

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Related Party Transactions	March 31, 2020	March 31, 2019
Conversion of interest free unsecured loan to investment in equity share during the year		
GMR Hospitality and Retail Limited	-	29.39
Investment made in subsidiary during the year on account of amortization of financial guarantee given:		
GMR Hyderabad Aerotropolis Limited	0.29	-
GMR Hyderabad Aviation SEZ Limited	0.12	-
GMR Hospitality and Retail Limited	-	1.74
GMR Air Cargo and Aerospace Engineering Limited	-	0.07
Advance / (Advance return) towards share application money:		
GMR Air Cargo and Aerospace Engineering Limited	-	18.50
GMR Hyderabad Aerotropolis Limited	-	6.00
Conversion of Share application money to unsecured loan		
GMR Hyderabad Aerotropolis Limited	-	6.00
Security Deposit (paid) /received:		
GMR Air Cargo and Aerospace Engineering Limited	(0.10)	(0.10)
Laqshya Hyderabad Airport Media Private Limited	-	0.16
GMR Hospitality and Retail Limited	-	(0.08)
GMR Airport Developers Limited	-	(15.00)
Income from operations:		
GMR Air Cargo and Aerospace Engineering Limited	24.52	24.43
GMR Hospitality and Retail Limited	57.82	51.39
Airports Authority of India	0.43	3.24
GMR Aviation Private Limited	0.02	0.02
GMR Infrastructure Limited	0.01	0.01
GMR Hyderabad Aviation SEZ Limited	2.67	2.50
Laqshya Hyderabad Airport Media Private Limited	34.01	32.19
Kakinada SEZ Private Limited	0.23	0.24
GMR Airport Developers Limited	0.17	0.15
GMR Hyderabad Aerotropolis Limited	0.95	0.68
GMR Airports Limited	0.27	0.26
Asia Pacific Flight Training Academy Limited	-	0.56
Raxa Security Services Limited	0.01	0.01
Geokno India Private Limited	0.10	0.15
GMR Energy Trading Limited	-	0.00
GMR Highways Limited	0.25	0.25
GMR Varalakshmi Foundation	0.38	0.37
GMR Business Process and Services Private Limited	3.16	2.75

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GMR Hyderabad International Airport Limited
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Related Party Transactions	March 31, 2020	March 31, 2019
Delhi International Airport Limited	0.01	-
Dividend income received from subsidiary Company:		
GMR Air Cargo and Aerospace Engineering Limited	1.08	0.36
Unsecured loan adjusted against the investment on liquidation:		
Hyderabad Airport Security Services Limited	12.50	-
Unsecured loan repaid during the year:		
Hyderabad Airport Security Services Limited	0.47	-
Unsecured loan given:		
GMR Hyderabad Aerotropolis Limited	55.56	25.00
GMR Infrastructure Limited	200.00	-
Unsecured loan received back:		
Laqshya Hyderabad Airport Media Private Limited	0.32	2.55
GMR Hyderabad Aerotropolis Limited	17.00	-
Interest on unsecured loan given:		
GMR Hospitality and Retail Limited	4.24	4.32
GMR Hyderabad Aerotropolis Limited	3.59	0.69
GMR Infrastructure Limited	7.90	-
Interest on amortization of interest free unsecured loan given:		
Laqshya Hyderabad Airport Media Private Limited	-	0.22
GMR Hospitality and Retail Limited	-	3.01
Interest on delayed payments from customers		
GMR Energy Trading Limited	0.01	-
Laqshya Hyderabad Airport Media Private Limited	0.15	0.00
GMR Aviation Private Limited	0.00	0.00
Purchase of Asset / Services for Capital work-in-progress:		
GMR Hospitality and Retail Limited	0.11	0.01
GMR Airport Developers Limited	52.41	45.29
Airports Authority of India	0.02	-
Geokno India Private Limited	-	0.28
GMR Hyderabad Aviation SEZ Limited	-	14.95
Pledge / (release of pledge) of equity shares by the Company with banks against the loan taken by the Subsidiary Companies:		
GMR Air Cargo and Aerospace Engineering Limited	-	(135.86)
GMR Hospitality and Retail Limited	-	(5.08)
Corporate guarantee given/(released) by the Company on behalf of its subsidiary companies with banks against the loan taken:		

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Related Party Transactions	March 31, 2020	March 31, 2019
GMR Hyderabad Aviation SEZ Limited	15.00	-
GMR Hyderabad Aviation SEZ Limited	(0.67)	(0.60)
GMR Hospitality and Retail Limited	(3.74)	(3.13)
GMR Hyderabad Aerotropolis Limited	25.00	-
GMR Hyderabad Aerotropolis Limited	(2.09)	(2.45)
(Release of) / Issue of bank guarantee by the Company on behalf of its subsidiary companies with banks as required under the loan covenants:		
GMR Hospitality and Retail Limited	-	(7.38)
CSR Expenditure		
GMR Varalakshmi Foundation	10.59	7.17
Reimbursement of expenses claimed by the Company during the year from its related parties:		
GMR Infrastructure Limited	0.01	0.01
Laqshya Hyderabad Airport Media Private Limited	1.10	0.95
Kakinada SEZ Limited	0.06	0.06
Delhi International Airport Limited	1.63	0.40
GMR Hyderabad Aviation SEZ Limited	15.31	7.49
GMR Airports Limited	0.14	0.14
GMR Hospitality and Retail Limited	7.88	7.12
GMR Air Cargo and Aerospace Engineering Limited	4.92	6.89
Airports Authority of India	3.43	2.92
GMR Hyderabad Aerotropolis Limited	7.37	6.28
Asia Pacific Flight Training Academy Limited	-	0.11
GMR Airport Developers Limited	1.30	0.93
GMR Highways Limited	0.05	0.05
Raxa Security Services Limited	0.00	0.00
GMR Energy Trading Limited	-	0.00
GMR Varalakshmi Foundation	0.07	0.08
Geokno India Private Limited	0.00	0.06
GMR Business Process and Services Private Limited	0.59	0.48
GMR Goa International Airport Limited	0.02	-
Reimbursement of expenses claimed from the Company during the year by its related parties:		
GMR Hospitality and Retail Limited	0.03	0.14
GMR Airports Limited	0.21	0.06
Delhi International Airport	0.11	-
GMR Air Cargo and Aerospace Engineering Limited	0.01	-

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Related Party Transactions	March 31, 2020	March 31, 2019
Corporate Guarantee commission income on account of Ind-AS Adjustments:		
GMR Hospitality and Retail Limited	0.15	1.84
GMR Air Cargo and Aerospace Engineering Limited	0.54	0.59
GMR Hyderabad Aerotropolis Limited	0.06	0.05
GMR Hyderabad Aviation SEZ Limited	0.07	0.07
Straight lining of lease rental as per IND AS 116		
GMR Hospitality and Retail Limited	1.54	-
GMR Air Cargo and Aerospace Engineering Limited	0.01	-
Laqshya Hyderabad Airport Media Private Limited	0.02	-
GMR Business Process & Services Private limited	0.04	-
GMR Highways Limited	0.00	-
GMR Airport Developers Limited	0.01	-
GMR Varalakshmi Foundation	0.04	-
Raxa Security Services Limited	0.00	-
Depreciation and interest cost as per IND AS 116		
GMR Family Fund Trust	0.35	-
Government of Telangana	8.52	-
Sri Varalakshmi Jute Twine Mills Private Limited	0.24	-
Income on amortization of deposit received:		
GMR Air Cargo and Aerospace Engineering Limited	0.05	0.05
Asia Pacific Flight Training Academy Limited	-	0.01
GMR Infrastructure Limited	0.00	0.00
GMR Hospitality and Retail Limited	0.00	0.00
Laqshya Hyderabad Airport Media Private Limited	0.05	0.03
GMR Varalakshmi Foundation	0.02	0.01
Interest expense on amortization of deposit received:		
GMR Air Cargo and Aerospace Engineering Limited	0.04	0.04
Asia Pacific Flight Training Academy Limited	-	0.01
GMR Infrastructure Limited	-	0.00
GMR Hospitality and Retail Limited	0.00	0.00
Laqshya Hyderabad Airport Media Private Limited	0.04	0.04
GMR Varalakshmi Foundation	0.01	0.01
Interest income on amortization of deposit paid:		
GMR Airport Developers Limited	-	0.02
Raxa Security Services Limited	0.15	0.22
Sri Varalakshmi Jute Twine Mills Private Limited	0.01	0.01
GMR Family Fund Trust	0.03	0.04

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Related Party Transactions	March 31, 2020	March 31, 2019
Amortisation of expense on deposit paid:		
GMR Airport Developers Limited	-	0.01
Raxa Security Services Limited	0.14	0.23
Sri Varalakshmi Jute Twine Mills Private Limited	-	0.01
GMR Family Fund Trust	-	0.05
Dividend Paid		
GMR Airport Limited	59.53	95.26
GMR Infrastructure Limited	0.00	0.00
MAHB (Mauritius) Private Limited	10.39	16.62
Malaysia Airports Holdings Berhad	0.00	0.00
Government of Telangana	12.29	19.66
Airports Authority of India	12.29	19.66

D. Outstanding balances at the end of the year:

Particulars	March 31, 2020		March 31, 2019	
	Non-Current	Current	Non-Current	Current
Balance Recoverable / (Payable):				
GMR Air Cargo and Aerospace Engineering Limited	-	2.91	-	8.51
GMR Aerostructure Services Limited	-	0.03	-	0.03
Raxa Security Services Limited	-	(4.79)	-	0.00
Airports Authority of India	-	5.02	-	2.97
GMR Infrastructure Limited	-	(2.32)	-	0.27
Delhi International Airport Limited	-	1.66	-	0.08
GMR Rajahmundry Energy Limited	-	0.04	-	0.04
GMR Airports Limited	-	(5.90)	-	(3.71)
GMR Hospitality and Retail Limited	-	3.85	-	4.41
GMR Hyderabad Vijayawada Expressways Private Limited	-	0.01	-	0.01
GMR Aviation Private Limited	-	0.01	-	(0.99)
GMR Hyderabad Aviation SEZ Limited	-	15.29	-	(5.22)
GMR Airport Developers Limited	-	(10.83)	-	(15.20)
Laqshya Hyderabad Airport Media Private Limited	-	0.86	-	1.49
Kakinada SEZ Limited	-	0.69	-	0.42
GMR Energy Trading Limited	-	-	-	0.02
GMR Hyderabad Aerotropolis Limited	-	1.75	-	0.78
GMR Varalakshmi Foundation	-	(0.03)	-	(1.00)

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Government of Telangana	-	(3.87)	-	(3.69)
GMR Vemagiri Power Generation Limited	-	0.00	-	0.00
GMR Highways Limited	-	0.26	-	0.30
GMR Corporate Affairs Private Limited	-	-	-	(0.10)
Geokno India Private Limited	-	0.81	-	0.71
GMR Enterprises Private Limited	-	0.01	-	0.01
GMR Business Process and Services Private Limited	-	1.66	-	-
GMR Goa International Airport Limited	-	0.02	-	-
Security deposit received from / (paid) to related parties recognised at amortised cost:				
GMR Air Cargo and Aerospace Engineering Limited	0.17	0.13	0.25	0.11
GMR Infrastructure Limited	-	0.04	-	0.03
GMR Hospitality and Retail Limited	0.00	0.01	0.00	0.01
Laqshya Hyderabad Airport Media Private Limited	0.34	0.02	0.15	0.29
GMR Varalakshmi Foundation	0.10	-	0.09	-
Raxa Security Services Limited	-	(1.70)	(1.55)	-
Sri Varalakshmi Jute Twine Mills Private Limited	(0.09)	-	(0.08)	-
GMR Family Fund Trust	(0.33)	-	(0.30)	-
GMR Airport Developers Limited	(4.64)	(8.92)	(8.72)	(3.81)
Deferred income on deposits received recognized at amortised cost:				
GMR Air Cargo and Aerospace Engineering Limited	0.12	0.05	0.16	0.05
GMR Hospitality and Retail Limited	0.00	0.00	0.00	0.00
Laqshya Hyderabad Airport Media Private Limited	0.12	0.04	0.06	0.03
GMR Varalakshmi Foundation	0.03	0.01	0.05	0.01
Prepaid expenses on deposits paid recognised at amortised cost:				
Raxa Security Services Limited	-	0.05	0.05	0.14
Sri Varalakshmi Jute Twine Mills Private Limited	-	-	0.01	0.01
GMR Family Fund Trust	-	-	0.05	0.03
GMR Airport Developers Limited	0.90	0.89	1.65	0.83
Advance towards share application money:				
GMR Air Cargo and Aerospace Engineering Limited	-	-	10.00	-
Loans given:				
GMR Hospitality and Retail Limited	42.33	-	42.33	-
GMR Hyderabad Aerotropolis Limited	40.00	32.00	33.44	-
GMR Infrastructure Limited	-	200.00	-	-

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Laqshya Hyderabad Airport Media Private Limited	-	-	-	0.32
Borrowings:				
Hyderabad Airport Security Services Limited	-	-	-	(12.97)
Government of Telangana	(315.05)	-	(315.05)	-

E. Outstanding guarantees / pledge of equity shares at the end of the year:

Related Party Transactions	March 31, 2020	March 31, 2019
Pledge of equity shares (face value) by the Company with banks against the loan taken by the subsidiary companies:		
GMR Hospitality and Retail Limited	32.90	32.90
Corporate guarantee given by the Company on behalf of its subsidiary companies with banks against the loan taken:		
GMR Hospitality and Retail Limited	115.63	119.37
GMR Air Cargo and Aerospace Engineering Limited	275.00	275.00
GMR Hyderabad Aviation SEZ Limited	73.43	59.10
GMR Hyderabad Aerotropolis Limited	64.01	41.10
Bank guarantee given by the Company on behalf of its subsidiary companies with banks, as required under the loan covenants:		
GMR Hyderabad Aerotropolis Limited	1.53	1.53

Note: The Company has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements.

33. 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 India. As per the evaluation carried out by CODM, the Company has only one reportable business segment, i.e. operation of airport and providing allied services. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment. The information relating to different products and services regarding Revenue from contracts with customers are given in Note 21.

Major Customers: Revenue from one customer of the Company is approximately Rs. 323.44 out of total revenue of the Company for the year ended March 31, 2020 (March 31, 2019: Rs. Rs. 293.10)

34. Leases

Operating lease commitments:

Company as lessee:

The Company has taken land, office and other spaces on operating lease having a term ranging from 5 years to 60 years. The land lease has an escalation of 5% per annum from the 8th anniversary of the Commercial Operations Date (i.e. March 23, 2008) and is co-terminus with the concession period. The office and other space leases have an escalation of 5% per annum and are renewable at the end of the lease period with mutual consent.

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Following are the changes in the carrying value of right of use assets for the year ended March 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	9.73	77.16
Additions	-	-	-
Deletion	-	-	-
Depreciation	1.38	1.37	2.75
Balance as at March 31, 2020	**66.05**	**8.36**	**74.41**

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 March 31, 2020

Particulars	As at March 31, 2020
Current lease liabilities	-
Non-Current lease liabilities	82.70
Total	**82.70**

The following is the movement in lease liabilities during the year ended March 31, 2020

Particulars	As at March 31, 2020
Lease liability recorded on adoption of Ind-AS 116	76.54
Additions	
Finance cost accrued during the year	7.76
Deletions	-
Payment of lease liabilities	(1.60)
Balance at the end	**82.70**

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

Particulars	For the year ended March 31, 2020
Depreciation/amortisation on right to use asset	2.75
Interest on lease liability	7.76
Expenses related to short term lease (included under other expenses)	2.27
Total amount recognized in the statement of profit and loss	**12.78**

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

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

Company as lessor:

The Company 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.

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

	March 31, 2020
Within one year	37.11
After one year but not more than five years	106.45
More than five years	109.20

35. Commitments and Contingencies

I. Litigations and Contingent Liabilities

A. Pending litigations - Direct taxes:

a) During the previous years, the Revenue have filed Appeals before the Hon'ble High Court of Karnataka against the orders passed by Income Tax Appellate Authority (ITAT), Bengaluru dated October 13, 2017 knocking down the assessment orders passed under section 143(3) read with section 153A thereby deleting certain disallowances amounting to Rs. 34.87 & Rs. 16.65 confirmed by Commissioner of Income tax (Appeals) [CIT (A)], Bengaluru in relation to assessment years (AY's) 2008-09 & 2009-10 respectively, resulting in a reduction in tax losses.

b) During the current year, the ITAT, Bengaluru, in an appeal filed by the Company 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 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, the Company 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, the Company 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 the orders passed by CIT(A), Bengaluru dated July 10, 2018 deleting certain disallowances amounting to Rs. 22.03 & Rs. 22.23, resulting in a reduction in tax losses, in relation to AY's 2014-15 & 2015-16 respectively.

g) During the previous years, the Revenue have filed appeals before ITAT, Bengaluru against 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 orders passed by the ITAT, Bengaluru deleting certain disallowances in the computation of

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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 orders passed by the CIT (A), Bengaluru in Company's 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.

B. Pending litigations – Other matters:

i. The Company had received an order dated March 14, 2019 from the Central Excise & Service tax Appellate Tribunal (CESTAT), Hyderabad against the order from the Office of Commissioner of Customs, Central Excise and Service Tax dated January 29, 2010 on irregular availment of the Cenvat amounting to Rs. 24.54 excluding penalty of Rs. 31.11. The said Order has allowed the Cenvat credit of Rs. 12.12, disallowed and remanded credit totaling to Rs. 12.42 (includes remanded cenvat credit of Rs. 4.01) and accordingly, penalty amount got reduced to Rs. 12.42. In addition, the order also allowed cenvat credit of Rs. 6.56 which was capitalized earlier. However, the same has not been given effect to in the financial statements pending final outcome since during the year the department has filed an appeal against the above order from the CESTAT. Apart from this, the Company 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. The Company had received final order passed by the CESTAT, Hyderabad on September 16, 2019 allowing the appeal filed against levy of penalty of Rs. 7.43 (March 31, 2019: Rs. 7.43) on delay in payment of service tax on the UDF. Further, the Company had received the refund towards service tax of Rs. 12.17 (including interest of Rs. 4.74) pertaining to the period from April, 2008 to December, 2008. However, the Company has not recognized the above refund amount of Rs. 12.17 as an income since the department had filed an appeal with the Hon'ble Supreme Court against the order of CESTAT and the same has been shown as a liability. Subsequent to the year end, the Company has received the refund of service tax paid amounting to Rs. 10.02 for the balance subsequent period from January, 2009 to October, 2009.

iii. The Company had received an order from the Office of Commissioner of Customs, Central Excise and Service Tax dated November 25, 2013 on non-payment of service tax on recovery of electricity and water charges from its concessionaires and irregular availment of Cenvat amounting to Rs. 1.53 (March 31, 2019: Rs. 1.53), including penalty of Rs 1.67 (March 31, 2019: Rs. 1.67). The Company had received stay order from CESTAT subject to pre-deposit of Rs. 0.15 and accordingly, the Company had deposited same with the service tax department within the stipulated time.

iv. The Company received an Order dated December 27, 2017 from the Office of Assistant Commissioner of Central Tax on non- payment of service tax on import of services amounting to Rs. 0.25 (March 31, 2019: Rs. 0.25). The Order also includes the interest payable thereon and penalty of Rs. 0.26 (March 31, 2019: Rs.0.26). The Company had filed an appeal with CESTAT on January 16, 2019 against the order passed by Commissioner (Appeals) confirming the demand of Rs. 0.26. During the year the Company has filed an application under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and paid Rs. 0.05 and received the discharge certificate in Form SVLDRS 4.

v. The Company has received an order dated March 23, 2018 from the Office of Commissioner of Central Tax on irregular availment of exemption on sale of space for advertisement undervaluation of security

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services received from CISF, irregular availment of Cenvat credit on capital goods & inputs and non-payment of service tax on notice pay from the Office of Commissioner of Central Tax amounting to Rs. 2.39 (March 31, 2019: Rs. 2.39). The order also includes a penalty of Rs. 1.80 (March 31, 2019: Rs. 1.80) and interest as applicable. The Company has filed an appeal before the CESTAT and deposited an amount of Rs. 0.18 as required to file the appeal. During the year, the Company has has filed an application under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and paid Rs. 1.02 and also received the discharge certificate in Form SVLDRS 4.

vi. The Company had received an order (Show Cause Notice dated April 23, 2014) from the Office of Commissioner of Customs, Central Excise and Service tax dated June 11, 2015 on Irregular availment of Cenvat credit amounting to Rs. 0.62 (March 31, 2019: 0.62). The order also includes penalty of Rs. 0.62 (March 31, 2019: Rs. 0.62). The Company has filed the appeal before the Customs, Excise and Service Tax Appellate Tribunal and deposited an amount of Rs. 0.05 with the service tax department as required to file the appeal. During the year, the Company has filed an application under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and paid Rs. 0.04. Subsequent to the year end the Company has received the discharge certificate in Form SVLDRS 4.

vii. The Company had received a notice from the office of the Joint Commissioner of Labour for payment of Building and other construction workers' Welfare Cess @ 1% of the cost of construction of Airport Metropolitan amounting to Rs. 25.20 (March 31, 2019: Rs. 25.20). The Company had received the stay order from Hon'ble Hight Court of Telangana against the said order in the earlier years.

viii. The Company 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. The Company had received the stay order against the said order in the earlier years. The sewerage cess outstanding including interest as at March 31, 2020 amounts to Rs. 4.96 (March 31, 2019: Rs. 4.62).

ix. Recovery from PSF (SC) Escrow account:

a) The Ministry of Civil Aviation (MoCA) had issued orders dated February 18, 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. The Company 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, the Company had challenged the said order before the Hon'ble High court of Andhra Pradesh. The Hon'ble High Court, vide its order dated March 3, 2014 followed by further clarifications dated April 28, 2014 and December 24, 2014, stayed the MoCA order with an undertaking that, in the event the decision of the writ petition goes against the Company, 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, the Company, 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, the Company had not obtained prior approval from the MoCA for incurring such cost from the PSF (SC) Fund as required by the

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x. Fuel surcharge adjustments (FSA) for the period from April 2008 to March 2010 amounting to Rs. 2.05 (March 31, 2019: Rs. 2.05).

xi. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution Company has amended the pay structure and made the consequent payment of provident fund on a prospective basis form 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 (B) above, no further provision is required to be made as at March 31, 2020.

II. Guarantees including Financial Guarantees:

a) In case of the Company, bank guarantees outstanding in respect of Customs Duty and others Rs. 48.95 (March 31, 2019: Rs. 48.95).

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

b) Corporate guarantees amounting to Rs. 528.07 (March 31, 2019: Rs. 494.57).

III. Commitments

a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 2,596.07 (March 31, 2019: Rs. 2,756.43).

b) Other commitments

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

ii. The Company has committed to provide financial support as necessary, to enable its wholly owned subsidiary company, GMR Air Cargo and Aerospace Engineering Limited to meet its operational requirements as they arise and to meet its liabilities as and when they fall due.

36. Significant accounting judgments, estimates and assumptions

a. Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which has the effect on the amounts recognised in the financial statements:

Discounting rate

The Company has considered incremental borrowing rate of Airport sector i.e. 11.44% as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost. However, for the transactions undertaken from April 1, 2019 incremental borrowing rate of Airport sector i.e. 10.73% has been considered.

Non applicability of Service Concession Agreement (SCA)

The Company had entered into Concession agreement with the MoCA, which gives the Company 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 the Company. Under the agreement, the MoCA has granted exclusive right and authority to perform some of the functions of the AAI being the functions of operation, maintenance, development, design, construction, up gradation, modernization, finance and management of the Airport and to perform services and activities at the airport constituting 'Airport activities' (regulated services) and 'Non-Airport Activities' (non-regulated services). Airport Activities are regulated while there is no control over determination of prices for Non-Airport activities. Charges for Non-Airport activities are determined at the sole discretion of the Company.

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.

The Company 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 the Company, 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 the Company'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 the Company and hence concluded that SCA does not apply in its entirety to the Company.

Concession fee:

As per the Concession Agreement (CA) entered into by the Company with Ministry of Civil Aviation (MoCA) in December, 2004, the Company 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 the Company with certain specified exclusions.

Management is of the view that certain income / credits arising on adoption of Ind AS and also mark to market gain on valuation of derivative contracts and gain on reinstatement of 4.25% & 5.375% Senior Secured Notes (SSNs) was not in contemplation of parties in December 2004 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent receipts from business operations, from any external sources and therefore, are not treated as "Gross Revenue" for calculation of Concession fee payable to MoCA. Also, incomes generated on investment of part proceeds of SSNs earmarked for airport expansion project and adjusted from the value of capital work-in-progress amounting to Rs. 95.75 (March 31, 2019: Rs. 15.04) do not represent receipts from business operations and the same is also not considered for computation of concession fee to MoCA. Accordingly, the Company, based on Legal Opinion, has provided the concession fee to MoCA based on Gross Revenue as per the financial statements after adjusting such incomes/credits (Refer Note 44).

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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 Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans
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 Company, 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. Refer clause I of Note 35 for further disclosures.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow 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. Refer Note 37, 38 and 39 for further disclosures.

Tax
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement 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.

37. Fair values

The carrying amount of all financial assets and liabilities appearing in the financial statements is reasonable approximation of fair values.

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GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Standalone financial statements for the year ended March 31, 2020
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Break up of financial assets and financial liabilities

	Carrying value as at March 31		Fair value as at March 31	
	2020	2019	2020	2019
Financial Assets				
At fair value through Profit or loss				
Investments in mutual funds	281.69	91.46	281.69	91.46
At fair value through Other Comprehensive income (derivative designated as cash flow hedge)				
Cross Currency Swap*	702.08	239.24	702.08	239.24
Coupon only swap*	31.92	-	31.92	-
Call spread option*	131.02	-	131.02	-
At amortized cost				
Investments in commercial paper	880.72	362.69	880.72	362.69
Loans	347.92	102.29	347.92	102.29
Bank balances other than cash and cash equivalents	655.65	77.96	655.65	77.96
Other financial assets	141.23	33.83	141.23	33.83
Trade receivables	119.00	143.55	119.00	143.55
Cash and cash equivalents	247.99	380.68	247.99	380.68
Total	**3,539.22**	**1,431.70**	**3,539.22**	**1,431.70**
Financial liabilities				
At amortized cost				
Borrowings	5,188.16	2701.92	4,119.03	2,546.60
Other financial liabilities	930.20	680.31	929.90	680.50
Lease liability	82.70	-	82.70	-
Trade payables	105.97	72.06	105.97	72.06
Total	**6,307.03**	**3,454.29**	**5,237.60**	**3,299.16**

* includes interest accrued of Rs. 36.27 (March 31, 2019: Rs. 39.81), Rs. 2.83 (March 31, 2019: Rs. Nil) and Rs. 18.13 (March 31, 2019: Rs. Nil) for cross currency swap, coupon only swap and call option spread, respectively.

Break up of financial assets and liabilities:
The management assessed the cash and cash equivalent, trade receivables, trade payables, other bank balance and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence, the fair value is considered to be the same as its carrying value.

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

i. Cross currency swap, coupon only swap and call option spread ("Derivatives"): -The fair value of Derivatives is calculated as the present value of the estimated future cash flows based on observables yield curve.
ii. The fair values of quoted mutual funds are based on price quotations at the reporting date.
iii. The fair value of borrowings is based on the traded price of the bond and the prevailing exchange rate.

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(All amounts in Rupees Crores, unless otherwise stated)

38. Fair Value Hierarchy:

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	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 FVTPL					
Investment in mutual funds	March 31, 2020	281.69	281.69	-	-
	March 31, 2019	91.46	91.46	-	-
At FVTOCI					
Derivatives	March 31, 2020	865.02	-	865.02	-
	March 31, 2019	239.24	-	239.24	-

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

***Valuation Techniques used to determine the Fair Value:**

Specific valuation techniques used to value financial instruments include:

i. The use of quoted market price of mutual funds.

ii. The Company enters into derivative financial instruments with various counterparties, principally financial institutions and banks. 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 model incorporates various inputs including the foreign exchange spot and forward rates, yield curve of the respective currencies, interest rate curves and forward rate curves of the underlying instrument.

39. Financial risk management objectives and policies:

The Company's activities expose it to variety of finance risk, market risk, credit risk and liquidity risk. The Company's focus is to foresee such risks and seek to minimize potential adverse impact on its financial performance.

Financial risk

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents are derived from its operations.

The Company's management oversees the mitigation of the risks. The Company's management is supported by its strategic planning, treasury and Finance department that advises on market risk, financial risk and the appropriate financial risk governance framework for the Company. The Finance department provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The same is further reviewed and

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reassured to the management by the internal assurance team. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The management / board reviews and agrees policies for managing these risks.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and Demand risk. Financial instruments affected by market risk include loans and borrowings, Investments carried at FVTPL and deposits.

However, it may be noted that as part of one of principle source of revenue i.e. aeronautical charges which are regulated, the risks are mitigated to a larger extent in case of any movement as the same are allowed as true up through determination of aeronautical tariff for the next control period.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analysis for borrowings have been not prepared as the amount of debt is fully hedged at the fixed currency exchange rate, therefore there is no impact on account of foreign exchange fluctuation.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions.

The following assumptions have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at March 31, 2020 and March 31, 2019.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any exposure to the risk of changes in market interest rates as the Company's long-term debt obligations are in the form of Senior Secured Notes with fixed interest rate of 4.25% p.a. and 5.375% p.a. on total amount of USD 350 million and USD 300 million, respectively. The 4.25% Senior Secured Note has been swapped for 8.65% p.a. (weighted average of all Cross Currency Swap (CCS) contracts) on INR notional of Rs. 2,229.95 (March 31, 2019 Rs. 2,229.95) (total of all CCS contracts) and the interest obligation on 5.375% Senior Secured Note has been swapped for 6.0542% p.a. (weighted average of all Coupon Only Swap (COS) contracts) on INR notional of Rs. 2,094.48 (March 31, 2019: Rs. Nil) (total of all COS contracts).

The Company manages its interest rate risk by having a portfolio of fixed rate borrowings. As on March 31, 2020, approximately 100% (March 31, 2019: 100% after taking into account the effect of interest rate swaps) of the Company's borrowings are at a fixed rate of interest.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period for actual outstanding balances as at year end is Nil as the Company fixed interest bearing borrowings. Therefore, any change in interest rate will not impact the profit.

Foreign currency risk:
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's borrowings. To manage the risk the Company has entered into

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cross currency swaps, call option spread and coupon only swap and designated the same as cash flow hedge.

Cash flow hedges

i. Cross Currency Swaps (CCS) measured at fair value and designated as hedging instruments in cash flow hedges of the stream of USD cash out flows on interest coupon and principal repayment in relation to issue of 4.25% Senior Secure Notes (SSN) amounting to USD 350 million (i.e. INR 2,229.85) currently carried at INR 2,648.27 (March 31, 2019: 2,420.42). CCS involve interest rate payments on the two legs in different currencies and exchange of principal at maturity. It can be seen as exchange of payments of two currencies. The Company pays fixed interest on the INR notional as determined in the swap contract and receives fixed coupon on USD notional. The Company pays INR notional of the swap and receives the USD Notional of the CCS. Critical terms of the swap contract (tenor and USD/INR notional) match with the Hedged Item i.e. the stream of USD cash out flows, to effectively cover the Company from risk of movement in the foreign currency.

   The SSN have a fixed coupon rate of 4.25% p.a. on total amount of USD 350 million which has been swapped for 8.27%.p.a (weighted average of all cross currency swap and coupon rate) on INR notional of Rs. 2,229.85 (total of all cross currency swap and coupon rate).

ii. During the current year, the Company has issued 5.375% senior secured notes (2024 SSN) through overseas market equivalent to USD 300 million (i.e. Rs. 2,067.15), currently carried at Rs. 2,269.95. The 2024 SSN were listed on Singapore Stock Exchange on April 10, 2019. The 2024 SSN are repayable after 5 years on April 10, 2024. The proceeds from 2024 SSN is proposed to be utilized for capital expenditure with respect to Airport Activities (as defined in the Concession Agreement) as part of expansion.

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

   The SSN have a fixed coupon rate of 5.375% p.a. on total amount of USD 300 million which has been swapped for 10.27% p.a. (weighted average of all Call Spread and COS contracts) on INR notional of Rs. 2,094.48 (total of all Call Spread and COS contracts).

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

Payable on	March 31, 2020		March 31, 2019	
Foreign Currency	Foreign Currency	Rs. (in Crore)	Foreign Currency	Rs. (in Crore)
EUR	(434,624)	(3.60)	(179,314)	(1.39)
CHF	(11,160)	(0.09)	(11,160)	(0.08)
GBP	-	-	(79,683)	(0.72)
USD	(635,933)	(4.81)	(119,826)	(0.83)

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Foreign currency sensitivity

The following table demonstrate the sensitivity to a reasonably possible change in USD, GBP, CHF and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is as under.

Foreign Currency	Nature of transaction	Change in Rate	March 31, 2020	March 31, 2019
USD	Change in fair valuation of financial liabilities	5%	0.24	0.04
EUR		5%	0.18	0.07
CHF		5%	0.00	0.00
GBP		5%	-	0.04

The Company's exposure to foreign currency changes for all other currencies is not material.

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables
Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any services to major customers are generally covered by bank guarantee or other forms of credit assurance.

Financial instruments (security deposits) and cash deposits
Credit risk on cash and cash equivalents as we generally invest in deposits with banks. Investments primarily include investment in liquid mutual fund units and commercial papers. These investments are made in instruments assigned high credit ratings by international and domestic credit rating agencies. Exposure to credit risk also includes bank guarantees provided to subsidiary companies.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 and March 31, 2019 is the carrying amounts of trade receivables and bank guarantees provided to subsidiary companies.

Liquidity risk
The Company monitors its risk of a shortage of funds using a rolling cash flow forecasts.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital facilities and bank loans. The Company's policy is to ensure that the repayments of borrowings are in sync with the cash flows generated from the operations. Approximately, 0.37% of the Company's debt will mature in less than one year at March 31, 2020 (March 31, 2019: 0.49%) based on the outstanding amount of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders, if required.

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The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On demand	Up to 1 year	1 to 5 years	> 5 years	Total
Year ended March 31, 2020					
Borrowings	-	19.92	2,585.00	2,648.28	5,253.20
Lease liabilities	-	9.41	23.55	727.57	760.53
Trade payables	-	105.97	-	-	105.97
Other financial liabilities	-	707.66	182.22	90.11	979.99
Corporate guarantee	528.07	-	-	-	528.07
Total	**528.07**	**842.96**	**2,790.77**	**3,465.96**	**7,627.76**
Year ended March 31, 2019					
Borrowings	-	22.91	-	2,735.48	2,758.39
Trade payables	-	72.06	-	-	72.06
Other financial liabilities	-	438.03	165.68	116.44	720.15
Corporate guarantee	494.57	-	-	-	494.57
Total	**494.57**	**533.00**	**165.68**	**2,851.92**	**4,045.17**

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

40. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is debt (excluding lease liabilities) divided by total capital plus debt. The Company's policy is to keep the gearing ratio at an optimal level to ensure that the debt related covenants are complied with.

Gearing Ratio:

Particulars	March 31, 2020	March 31, 2019
Borrowings	5,188.16	2,714.89
Total Debts(A)	**5,188.16**	**2,714.89**
Share Capital	378.00	378.00
Other equity	1,943.14	1,287.81
Total Equity (B)	**2,321.14**	**1,665.81**
Total equity and total debt(C=A+B)	**7,509.30**	**4,380.70**
Gearing ratio (A/C)	**69.09%**	**61.97%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately

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call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

41. The Company has recognized, Minimum Alternate Tax (MAT) credit entitlement (i.e. deferred tax asset) of Rs. 457.11 (March 31, 2019: Rs. 405.41) as at March 31, 2020. The 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.

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

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

During the year, the Company has withdrawn the aforesaid writ petition vide Order dated February 25, 2020 from the Hon'ble High Court. Accordingly, AERA has determined the Aeronautical tariff in respect of second control period vide its Order no: 34/2019-20/HIAL dated March 27, 2020 and the same is valid for the balance unexpired control period of one year effective from April 01, 2020 onwards.

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

Revenue stream	For the year ended March 31, 2020	For the year ended March 31, 2019
Fuel farm	139.29	144.27
Ground Handling	34.81	12.29
Cargo	17.74	18.00
Rentals (including CAM) from Cargo and Ground Handling	26.48	21.76
Ground Power Unit	1.72	1.16

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44. As detailed in Note 36, to the standalone financial statements, certain incomes /credits are not considered by the Company for computation of concession fee payable to MoCA basis a legal opinion obtained. Accordingly, the following sources of income have not been considered for accrual of the concession fees:

Description	Incomes forming part of	For the year ended March 31, 2020	For the year ended March 31, 2019
Discounting on fair valuation of deposit received from concessionaries	Income from operations	6.48	4.53
Income recognised on advance from customers under Ind AS 115	Income from operations	1.10	1.10
Income recognised under Ind AS 116	Income from Services	2.09	-
Discounting of Interest free loan given to subsidiaries	Finance income	-	3.22
Income arising from fair valuation of financial guarantee	Finance income	0.82	2.55
Discounting on fair valuation of deposit paid to vendors	Finance Income	0.23	0.31
Income from government grant	Other income	5.28	5.26
Amortisation of deferred income	Other income	0.52	14.08

45. GMR Air Cargo and Aerospace Engineering Limited:

(a) The Hon'ble National Company Law Tribunal, Hyderabad Bench vide its order dated July 26, 2019, has approved the Composite Scheme of Arrangement (the "Scheme") with Appointed Date of April 1, 2018, for merger of the Company's wholly-owned subsidiary GMR Hyderabad Air Cargo And Logistics Private Limited ("GHACL") into another wholly owned subsidiary GMR Aerospace Engineering Limited ("GAEL") and demerger of the MRO business of GMR Aero Technic Limited ("GATL"), subsidiary of GAEL into GAEL with effective date of August 23, 2019. The name of the Combined Entity has been subsequently changed to GMR Air Cargo and Aerospace Engineering Limited ("GACAEL"), which will provide MRO and Cargo Handling services at the Rajiv Gandhi International Airport at Hyderabad. In consideration of merger order, GACAEL has allotted its equity shares to the Company on October 4, 2019, in accordance with the share exchange ratio mentioned in the Scheme.

(b) The standalone financial statements includes investment, including share application money amounting to Rs. 335.45 (March 31, 2019: Rs. 259.66) made in a wholly owned subsidiary company, GACAEL. GACAEL has accumulated losses of Rs. 467.01 (March 31, 2019: Rs. 481.70), which exceeded its net worth as at March 31, 2020 and March 31, 2019. Management has undertaken several initiatives to improve its income from operations and establish profitable operations including consolidation of the group structure as stated in note (a) above.

Further, during the year, GMR Group ("Group") has entered into a definitive agreement with Aeroports De Paris ("ADP") dated February 20, 2020, for acquisition of 49% stake by ADP in GMR Airports Limited (Holding Company) ("GAL") on fully diluted basis. In accordance with which the first tranche of the consideration has been received by the Group. The second tranche of the consideration is subject to regulatory approvals, lender consents and other approvals which are currently in progress and the Group Management is confident of obtaining the requisite approvals to achieve an expeditious closure of the transaction.

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GACAEL is part of the airports business. To assess whether investment in GACAEL is impaired, the Management of the Company has reckoned the values attributed to GACAEL which are higher than its carrying value, on the basis of an independent valuation of the Airport business carried out as part of entering the aforesaid agreement.

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

Contract balances

Particulars	March 31, 2020	March 31, 2019
Trade receivables *	119.00	143.55
Contract assets**	9.82	2.88
Contract liabilities***	8.65	8.45

* Trade receivables, beyond the credit period as per the contracts with the customers, are interest bearing. In March 31, 2020, Rs. 0.31 (March 31, 2019 Rs. 1.09) was recognized as provision for expected credit losses on trade receivables

** Contract asset includes unbilled revenue.

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

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

Particulars	March 31, 2020	March 31, 2019
Opening balance	1.09	0.57
Add: Provision made during the year	0.56	4.27
Less: Bad Debts written off	(1.34)	(3.75)
Closing balance	**0.31**	**1.09**

47. The Taxation Laws (Amendment) Ordinance, 2019 was issued by the Ministry of Finance, Government of India on 20 September 2019. Pursuant to the said ordinance, the Company is entitled to avail revised tax rates from the financial year commencing 1 April 2019. However, on the basis of a detailed analysis of the provisions of the Ordinance, management has concluded that the Company shall avail revised tax rates after utilization of various tax credits that the Company is currently entitled for. Accordingly, these standalone financial statements for the year ended March 31, 2020 do not include any adjustments on account of changes in the corporate tax rates.

48. During the year ended March 31, 2020, the Company relying on the judgement passed by the Hon'ble Orissa High Court in the case of Safari Retreats Private Limited vs Chief Commissioner of Central Goods and Service tax, has recognized input tax credit on civil and related work aggregating to Rs. 256.68 (including Rs.92.80 pertaining to earlier year).

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49. These standalone financial statements of the Company do not include Accounts for Passenger Service Fee-Security Component [PSF (SC)] as the same are maintained separately in fiduciary capacity by the Company, on behalf of the Government of India and are governed by Standard Operating Procedures stated vide letter number AV/13024/047/2003-SS/AD dated January 19, 2009 issued by the MoCA.

With effect from July 01, 2019, levy of PSF (SC) was replaced with Aviation Security Fee (ASF) vide AIC No. 15/2019 dated June 19, 2019 issued by the Director General of Civil Aviation basing on an order issued by MoCA vide order no. AV 13024/659/2015-AS dated June 13, 2019.

In connection to this, MoCA has formed a Trust for operating and maintenance of ASF Fund namely National Aviation Security Fee Trust (NASFT). Further, NASFT has issued detailed Standard Operating Procedures (SOP) dated November 21, 2019 for operation and maintenance of the ASF. As per the SOPs, billing of ASF would be under the name of NASFT and accordingly all the risk and rewards would remain with the NASFT. In respect of expenses, cost of deployment of Central Industrial Security Force (CISF) would be paid directly by the NASFT. However, the other security related expenses for CISF are to be first incurred by the Airport Operator which would be reimbursed through a tax invoice raised on the NASFT. Accordingly, PSF (SC) Fund ceased to operate with effect from July 01, 2019.

50. Reimbursement of expenses claimed by the Company have been reduced from the respective expense head as mentioned in the table below:

Expense Head	For the year ended March 31, 2020	For the year ended March 31, 2019
Electricity and water charges	58.43	45.08
Salaries, wages and bonus	6.91	3.66
Staff welfare expenses	3.28	0.82
Insurance	0.05	0.02
Rates and taxes	0.25	0.21
Bank charges	-	0.28
Miscellaneous expenses	0.44	0.19
Rent	0.48	-
Travelling and conveyance	1.30	0.33
Repairs and maintenance	3.45	2.51
Office Maintenance	0.19	0.74
Total	**74.78**	**53.84**

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

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

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

	For the year ended March 31, 2020	For the year ended March 31, 2019*
Unutilised amount at the beginning of the year	-	407.33
Amount raised during the year	2,067.15	-
Less: Utilized for capital project works	(1,413.67)	(422.37)
Add: Income on temporary cash investment	95.75	15.04
Unutilised amount at the end of the year	**749.23**	-

*Represents the unautilized amount out of USD 350 million (Rs. 2,273.74) raised through 4.25% of Senior Secured Notes (SSN) repayable after 10 years i.e. October 07, 2027 raised during FY 2017-18 and utilized in FY 2018-19 for capital expenditure of Airport activities.

Details of temporary cash investment made from unutilized portion of Senior Secured Notes raised during the year ended as at March 31, 2020:

	March 31, 2020	March 31, 2019
Funds parked in:		
- Current accounts	43.02	-
- Fixed deposits*	706.21	-
Total	**749.23**	-

* including accrued interest of Rs. 11.21 (March 31, 2019: Nil)

52. Based on the ongoing discussions with Yes Bank Limited ("YBL") regarding the sanctioned undrawn facility of Rs. 4,200, the Company and YBL has mutually agreed to terminate the undrawn facility subject to refund of upfront fee of Rs. 63.00 paid to YBL. In the accompanying standalone financial statements, the upfront fee of Rs. 63.00, is considered as recoverable pursuant to the in-principle approval for refund received from YBL vide letter dated June 09, 2020 and the legal opinion obtained from an independent lawyer regarding the Company's right to receive the amount. Further, the syndication fee of Rs. 31.50 paid in relation the aforementioned facility is fully charged-off in the statement of profit and loss.

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GMR Hyderabad International Airport Limited
CIN: U62100TG2002PLC040118
Notes to the Standalone financial statements for the year ended March 31, 2020
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53. Corresponding previous year figures have been reclassified / regrouped wherever necessary.

This is the Significant Accounting Policies and Other Explanatory Information referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
ICAI Firm Registration
Number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No.: 207660

Walker Chandiok & Co. LLP * Hyderabad *

Place: Hyderabad
Date: June 15, 2020

For K S Rao & Co.,
Chartered Accountants
ICAI Firm Registration
Number: 003109S

Hitesh Kumar P
Partner
Membership No.:233734

K.S. RAO & CO. Chartered Accountants BENGALURU

Place: Bengaluru
Date: June 15, 2020

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

GBS Raju
Managing Director
DIN.: 00061686

H.J Dora
Director
DIN.: 02385290

Pradeep Panicker
Pradeep Panicker
Chief Executive Officer

P. Anand Kumar P
Chief Financial Officer

Anup Kumar Samal
Company Secretary

Place: Hyderabad
Date: June 15, 2020

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