

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF DELHI DUTY FREE SERVICES PRIVATE LIMITED**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **DELHI DUTY FREE SERVICES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and 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 a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies



used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. 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 purposes 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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 does not have any pending litigations which would impact its financial position – Refer Note 27 to the financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts including derivative contracts;



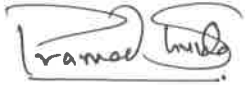
# **Deloitte Haskins & Sells LLP**

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order/CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: Gurugram  
Date: May 08, 2018



  
**Pramod B. Shukla**  
Partner  
(Membership No. 104337)

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date on the standalone Ind AS financial statements for the year ended March 31, 2018 of DELHI DUTY FREE SERVICES PRIVATE LIMITED)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **DELHI DUTY FREE SERVICES PRIVATE LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management 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 its business, including adherence to 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 statements, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

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 internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 internal financial control over financial reporting includes 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 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**

Because of the inherent limitations of internal financial controls over financial reporting, 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 internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal control over financial reporting 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 Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Place: Gurugram

Date: May 08, 2018



A handwritten signature in black ink, appearing to read "Pramod B. Shukla".

**Pramod B. Shukla**

Partner

(Membership No. 104337)

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Reports on Other Legal and Regulatory Requirements' section of our report of even date on the standalone Ind AS financial statements for the year ended March 31, 2018 of DELHI DUTY FREE SERVICES PRIVATE LIMITED)

- (i) In respect of its fixed assets :
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c. The Company does not have any immovable properties of freehold or leasehold land and building hence reporting under clause (i)(c) of the Companies (Auditor's Report) Order, 2016 ("the CARO 2016") is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public, and hence reporting under clause (v) of the CARO 2016 is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- a. The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Goods and Services Tax, Sales Tax, Service Tax, Value Added Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.  
  
We are informed that the operations of the Company during the year did not give rise to any liability for Excise Duty.
  - b. There are no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Goods and Services Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.



- c. There are no dues of Income Tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax as on March 31, 2018 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from government and financial institutions and not issued any debentures.
- (ix) In our opinion and according to the information and explanation given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) To the best of our knowledge and according to the information and explanations given to us, the Company has paid only sitting fees to the Directors and has not paid/ provided for managerial remuneration and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Place: Gurugram  
Date: May 08, 2018



**Pramod B. Shukla**

Partner

(Membership No. 104337)

Delhi Duty Free Services Private Limited  
Balance Sheet as at March 31, 2018  
(Amount in Rupees crore, unless otherwise stated)


	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	17.34	8.65
Capital work-in-progress	3	14.98	8.55
Intangible assets	4	117.33	133.71
Financial assets			
(i) Loans	5A	115.75	103.34
(ii) Others - financial assets	5B	2.37	2.80
Deferred tax assets (net)	16	15.70	17.12
Other non-current assets	6	5.33	6.36
<b>Total non-current assets</b>		<b>288.80</b>	<b>280.53</b>
<b>Current assets</b>			
Inventories	7	130.96	101.76
Financial assets			
(i) Loans	5A	2.09	-
(ii) Trade receivables	5C	-	0.47
(iii) Cash and cash equivalents	8	28.25	28.68
(iv) Bank balance other than (iii) above	8A	1.46	-
(v) Other financial assets	5B	49.31	35.57
Other current assets	6	7.72	3.92
<b>Total current assets</b>		<b>219.79</b>	<b>170.40</b>
<b>Total assets</b>		<b>508.59</b>	<b>450.93</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	80.00	80.00
Other equity	10	183.70	147.76
<b>Total equity</b>		<b>263.70</b>	<b>227.76</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	48.62	76.97
(ii) Other financial liabilities	13	19.82	29.61
Provisions	15	3.87	3.24
<b>Total non-current liabilities</b>		<b>72.31</b>	<b>109.82</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	13.91	-
(ii) Trade payables	12	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		106.33	64.90
(iii) Other financial liabilities	13	42.51	37.21
Other current liabilities	14	6.53	6.30
Provisions	15	0.73	0.73
Current tax liabilities (net)		2.57	4.21
<b>Total current liabilities</b>		<b>172.58</b>	<b>113.35</b>
<b>Total equity and liabilities</b>		<b>508.59</b>	<b>450.93</b>

Summary of significant accounting policies

2.2

See accompanying notes forming part of the Financial Statements

As per our report of even date attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

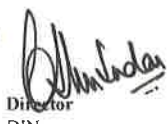
  
Pramod B. Shukla  
Partner

Place: Gurugram  
Date: May 08, 2018

For and on behalf of the Board of Directors of  
Delhi Duty Free Services Private Limited

  
Director  
DIN

Place: New Delhi  
Date: May 08, 2018

  
Director  
DIN

Place: New Delhi  
Date: May 08, 2018

  
Chief Financial officer  
Place: New Delhi  
Date: May 08, 2018

Company Secretary

Place: New Delhi  
Date: May 08, 2018





Delhi Duty Free Services Private Limited  
Statement of Profit and Loss for the year ended March 31, 2018  
(Amount in Rupees crore, unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>INCOME</b>			
I. Revenue from operations	17	1,118.09	1,000.29
II. Other income	18	17.69	20.73
III. Total Income (I + II)		<u>1,135.78</u>	<u>1,021.02</u>
<b>EXPENSES</b>			
Purchases of stock-in-trade		426.80	353.08
Changes in inventories of stock-in-trade	19	(24.88)	11.50
Employee benefits expense	20	34.05	30.74
Depreciation and amortization expense	21	20.09	19.73
Finance costs	22	11.12	16.15
Other expenses	23	482.32	441.03
IV. Total expenses		<u>949.50</u>	<u>872.23</u>
V. Profit before tax (III-IV)		186.28	148.79
VI. Tax expense:			
Current Tax	16	60.80	54.31
Deferred Tax	16	1.39	3.79
VII. Profit for the year (V-VI)		<u>124.09</u>	<u>90.69</u>
<b>VIII Other comprehensive income (OCI)</b>			
<b>A Items that will be reclassified to profit or loss</b>			
Exchange difference in translating financial statements from functional currency to presentation currency		(8.76)	0.53
<b>B Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit plans		0.08	(0.01)
Income tax relating to items that will not be reclassified to profit and loss		(0.03)	0.00
Total other comprehensive income		<u>(8.71)</u>	<u>0.52</u>
IX. Total comprehensive income for the year (VII+VIII)		115.38	91.21
<b>Earnings per share (face value Rs. 10 per share):</b>			
(1) Basic (in Rs.)	24	15.51	11.34
(2) Diluted (in Rs.)		15.51	11.34

**Summary of significant accounting policies**

2.2

See accompanying notes forming part of the Financial Statements

As per our report of even date attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Pramod B. Shukla  
Partner

Place: Gurugram  
Date: May 08, 2018

PM

VK

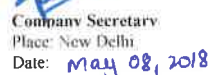


For and on behalf of the Board of Directors of  
Delhi Duty Free Services Private Limited

  
Director  
DIN  
Place: New Delhi  
Date: May 08, 2018

  
Director  
DIN  
Place: New Delhi  
Date: May 08, 2018

  
Chief Financial officer  
Place: New Delhi  
Date: May 08, 2018

  
Company Secretary  
Place: New Delhi  
Date: May 08, 2018



Delhi Duty Free Services Private Limited  
Statement of Changes in Equity for the year ended March 31, 2018  
(Amount in Rupees crore, unless otherwise stated)

	Reserves and surplus		Items of OCI		Total equity
	Issued Capital	General Reserve	Retained earnings	Foreign currency translation reserve	
At April 1, 2016	80.00	9.98	99.87	(0.14)	193.36
Profit for the year	-	-	90.69	-	90.69
Dividends and tax on distributed profits	-	-	(56.81)	-	(56.81)
Other comprehensive income	-	-	-	(0.01)	0.52
<b>Total comprehensive income</b>	-	-	33.88	(0.01)	34.40
<b>Balance as at April 1, 2017</b>	<b>80.00</b>	<b>9.98</b>	<b>133.75</b>	<b>(0.15)</b>	<b>227.76</b>
Profit for the year	-	-	124.09	-	124.09
Dividends and tax on distributed profits	-	-	(79.44)	-	(79.44)
Other comprehensive income	-	-	-	0.05	(8.71)
<b>Total comprehensive income</b>	-	-	44.65	0.05	35.93
<b>Balance as at March 31, 2018</b>	<b>80.00</b>	<b>9.98</b>	<b>178.40</b>	<b>(0.10)</b>	<b>263.70</b>

See accompanying notes forming part of the Financial Statements

As per our report of even date attached  
For Deloitte Haskins & Sells LLP  
(Chartered Accountants)

*Pramod B. Shukla*  
Pramod B. Shukla  
Partner

*Girugram*  
Place Date May 08, 2018



For and on behalf of the Board of Directors of  
Delhi Duty Free Services Private Limited

*Shubinder*  
Director  
DIN  
Place New Delhi  
Date May 08, 2018

*Praveen*  
Company Secretary  
Place New Delhi  
Date May 08, 2018



	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A Cash flow from operating activities</b>		
Profit before tax	186.28	148.79
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	20.09	19.73
Net gain on sale of Property, Plant and Equipment	(0.07)	-
Foreign currency translation reserve adjustments	(2.69)	(6.21)
Interest income	(15.53)	(15.44)
Finance costs	11.12	16.05
Provision for bad and doubtful receivables (net)	(0.02)	-
Provision for stock loss	0.32	0.71
Actuarial (Gain)/ Loss on employee benefits	0.05	(0.01)
Advances written off	0.10	-
	<u>13.37</u>	<u>14.83</u>
<b>Operating profit before working capital changes</b>	<b>199.65</b>	<b>163.62</b>
<b>Movements in working capital:</b>		
(Increase) in inventories	(29.52)	15.94
(Increase)/decrease in financial/non-financial assets	(21.17)	3.79
Increase/(decrease) in trade payables and other financial/non-financial liabilities	31.85	(9.40)
Increase in provisions	0.64	0.70
	<u>(18.20)</u>	<u>11.03</u>
<b>Cash generated from operations</b>	<b>181.45</b>	<b>174.65</b>
Less: Direct tax paid (net of refunds)	(57.88)	(52.79)
<b>Net cash flow from operating activities (A)</b>	<b>123.57</b>	<b>121.86</b>
<b>B Cash flow from investing activities:</b>		
Capital expenditure on Property, Plant and Equipment (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(23.52)	(9.10)
Proceeds from sale of property, plant and equipment	0.07	-
Interest received	3.60	4.68
Bank balances (including non-current) not considered as cash and cash equivalent (net)	(0.90)	(0.02)
<b>Net cash flow used in investing activities (B)</b>	<b>(20.75)</b>	<b>(4.44)</b>
<b>C Net cash flow from financing activities:</b>		
Finance costs paid (includes Rs. 0.48 Crore capitalised (Previous Year : Rs Nil))	(11.55)	(16.05)
Interim dividend paid on equity shares (including tax on dividend)	(50.55)	(43.33)
Final dividend paid on equity shares (including tax on dividend)	(28.89)	(13.48)
Repayment of long term borrowings	(41.39)	(33.84)
Proceeds from long term borrowings	15.22	-
Net Increase/ (decrease) in short-term borrowings	13.91	(19.90)
<b>Net cash flow used in in financing activities ( C )</b>	<b>(103.25)</b>	<b>(126.60)</b>
<b>Net (decrease ) / increase in cash and cash equivalents (A + B + C)</b>	<b>(0.43)</b>	<b>(9.18)</b>
Cash and cash equivalents at beginning of the year	28.68	37.86
<b>Cash and cash equivalents at end of the year</b>	<b>28.25</b>	<b>28.68</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
Balances with banks:		
- in current accounts	4.61	1.22
- in EEFC accounts	15.36	20.47
Cash in hand	8.28	3.99
Deposits with original maturity of less than three months	-	3.00
<b>Total cash and cash equivalents</b>	<b>28.25</b>	<b>28.68</b>

**Notes :**

1. Previous year figures have been regrouped, where necessary to conform to current year's classification.
2. The above Cash Flow has been prepared under the 'Indirect Method' as set out in the Ind AS-7 on Statements of Cash Flow.

See accompanying notes forming part of the Financial Statements

As per our report of even date attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Pramod B. Shukla  
Partner

Place: Gurgaon  
Date: May 08, 2018

MS  
VH



For and on behalf of the Board of Directors of  
Delhi Duty Free Services Private Limited

  
Director  
DIN

Place: New Delhi  
Date: May 08, 2018

  
Chief Financial officer  
Place: New Delhi

Date: May 08, 2018



  
Director  
DIN

Place: New Delhi  
Date: May 08, 2018

  
Company Secretary

Place: New Delhi  
Date: May 08, 2018

**1. Corporate information**

Delhi Duty Free Services Private Limited ("the Company") is a private limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is a joint venture between Delhi International Airport Limited, Yalorvin Limited and GMR Airports Limited and is primarily engaged in the business of operating duty free shops at international airport in Delhi. The registered office of the Company is located at Building No. 301, Ground Floor, Opp. Terminal-3, IGIA, New Delhi-110027.

The Financial Statements were approved for issue in accordance with a resolution of the board of directors passed on May 08, 2018.

**2. Significant accounting policies****2.1 Basis of preparation**

(i) The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The accounting policies followed in preparation of the Financial Statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 March, 2017.

(ii) The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities that have been measured at fair value at the end of the reporting period, (as explained in accounting policy regarding financial instruments).

(iii) The financial information are presented in Indian Rupees ("INR") whereas the functional currency of the Company is USD and all the values are rounded to the nearest Crore (INR 00,00,000), except when otherwise indicated.

**2.2 Summary of significant accounting policies****a) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation/amortization and impairment loss, if any. 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.

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 assets are 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.

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.

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

**b) Depreciation/Amortization on Property, plant and equipment**

(i) Depreciation on Property, plant and equipment has been provided on a pro-rata basis to the period of use under the straight line method over the estimated useful lives of each asset as determined by the management. In accordance with Part A of Schedule II of the Companies Act, 2013, in respect of following assets, the company, based on technical evaluation, believes that the useful life of such assets is different from the useful life specified in Schedule II to The Companies Act 2013 and adopted the useful life of such assets accordingly.

Categories	Useful Life (SLM)	Useful life as per Schedule II of the Companies Act, 2013
Office equipment	3 years	5 years
Furniture and fixtures	5 years	10 years
Plant and machinery	5 years	15 years
Vehicles	5 years	8 years
Server	3 years	6 years
Computers	3 years	3 years

(ii) Leasehold improvements are amortised over the primary period of the lease or economic useful life of 10 years, whichever is lower.

(iii) Assets costing individually Rs. 5,000 or less are depreciated fully in the period of capitalization.

**c) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

License represents right to run and operate duty free shops and represents time value of security deposit amount paid to Delhi International Airport Limited in accordance with terms of concession arrangement.

**Amortization of intangibles** - Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

mm

U#



**d) Inventory**

Stock-in-trade - Traded goods are valued at lower of cost and net realisable value. Cost is determined on a moving weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition.

**e) Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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 cost.

**f) 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 Company 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.

For assets, 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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

**g) Provisions, Contingent liabilities, Contingent assets, 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost."

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 no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

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.

**h) Employee Benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Retirement benefit in the form of provident fund are defined contribution scheme. The Company has no obligation, other than the contribution payable.

The Company recognizes contribution payable as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognised each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income 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
- 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

**i) Long term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the estimated future cash outflows expected to be made in respect of services rendered by employees at the balance sheet date.

m  
v\*





## j) 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.

**Financial assets****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.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

**Debt instruments at amortised cost:**

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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.

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. For more information on receivables, refer to Note 9.

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'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derecognition**

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

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

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.

**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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- 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 18.
- Loan commitments 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; and

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.

MS

VA



**Notes forming part of the Financial Statements for the year ended March 31, 2018**

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, an entity 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

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 P&L. The balance sheet presentation for various financial instruments is described below:

- a) Financial assets measured as at amortised cost, contractual revenue receivables and lease 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.
- b) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in 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.

**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.

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 bank overdrafts, 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.

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.

**Loans and borrowings**

This is the category most relevant to the company. 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. This category generally applies to borrowings. For more information refer Note 5.

**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. 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 consolidated 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.

**k) Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts and cross currency swaps to hedge its foreign currency risks. 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.

PM V/H



**l) 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.

**m) Cash flow statement**

Cash flows are reported using indirect method, whereby Profit/(loss) after tax reported under Statement of Profit and loss is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information.

**n) Foreign currency**

The Financial Statements are presented in INR, however the functional currency of the Company is USD.

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**Conversion from functional currency to presentation currency**

The Company's functional currency is United States Dollar (USD) and INR is the presentation currency. For conversion of functional currency amounts into INR the Company has applied below mentioned conversion procedures:

1. assets and liabilities for each Balance Sheet presented has been translated at the closing rate at the date of that Balance Sheet.
2. income and expenses for each Statement of Profit and Loss presented has been translated at exchange rates at the date of the transactions.
3. all resulting exchange differences has been recognised in other comprehensive income.

**o) 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:

- a) In the principal market for the asset or liability, or
- b) 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 Company 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. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

At each reporting date, the Company 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 Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, 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.

✓  
✓  
✓





**Notes forming part of the Financial Statements for the year ended March 31, 2018**

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 (note 25)
- b) Quantitative disclosures of fair value measurement hierarchy (note 30)
- c) Financial instruments (including those carried at amortised cost) (note 29)

**p) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**Sale of goods**

Revenue from the sale of goods at the duty free outlets operated by the Company is recognised at the time of delivery of goods to customers which coincides with transfer of risks and reward. Sales are stated net of returns and discounts.

**Interest income**

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

**Rental income**

Visibility charges has been recognised as per the terms of the contract with the customer.

**q) Taxes on income**

**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.

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.

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

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- iii) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- iv) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 period 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.

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.

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.

**r) Segment information**

The Company has only one reportable business segment, which is operation of duty free outlets at Delhi International Airport and operates in a single business segment. Accordingly, the amounts appearing in the Financial Statements relate to the Company's single business segment.

**s) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease charges are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

**t) Operating cycle**

Assets and liabilities are classified as current if it is expected to realise or settle within 12 months after the balance sheet date.

PM

VH



**2.3 Recent accounting pronouncements****a) New Indian Accounting Standard (Ind AS) issued but not yet effective**

Ind AS 115 'Revenue from Contracts with Customers' was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services.

Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 and permits two possible methods of transition:

(i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or

(ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company is evaluating requirements of the IND AS 115 and the effect on the financial statements is being evaluated. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the evaluation is completed.

**b) Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any material impact on the Company.

**Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. The Company does not expect any material effect on its financial statements.

**Amendments to Ind AS 40 - Transfers of Investment Property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective.



Delhi Duty Free Services Private Limited  
Notes to Financial Statements for the year ended March 31, 2018  
(Amount in Rupees crore, unless otherwise stated)

3. Property, plant and equipment and capital work-in-progress

	Leasehold improvements	Plant & equipment	Furniture & fixtures	Computers	Office equipment	Vehicles	Total
<b>Cost or deemed cost</b>							
As at April 1, 2016	28.30	9.50	18.55	2.71	0.43	0.35	59.84
Additions	-	0.32	0.03	0.66	0.01	-	1.02
Deductions	-	-	-	-	-	-	-
Adjustments (represents FCTR*)	(0.64)	(0.22)	(0.41)	(0.06)	0.01	(0.01)	(1.33)
As at March 31, 2017	27.66	9.60	18.17	3.31	0.45	0.34	59.53
Additions	11.07	2.03	3.83	0.27	0.11	0.30	17.61
Deductions	-	(0.39)	-	-	-	(0.25)	(0.64)
Adjustments (represents FCTR*)	0.08	(0.10)	0.05	0.02	(0.02)	(0.09)	(0.06)
As at March 31, 2018	38.81	11.14	22.05	3.60	0.54	0.30	76.44
<b>Accumulated depreciation and amortization</b>							
As at April 1, 2016	14.74	8.80	16.91	2.16	0.37	0.35	43.33
Charge for the year	5.46	0.34	0.80	0.33	0.03	-	6.96
Deductions	-	-	-	-	-	-	-
Adjustments (represents FCTR*)	1.13	(0.19)	(0.30)	(0.03)	(0.01)	(0.01)	0.59
As at March 31, 2017	21.33	8.95	17.41	2.46	0.39	0.34	50.88
Charge for the year	5.40	0.43	1.02	0.41	0.04	0.05	7.34
Deductions	-	(0.39)	-	-	-	(0.24)	(0.63)
Adjustments (represents FCTR*)	1.55	(0.09)	0.15	0.00	0.00	(0.11)	1.51
As at March 31, 2018	28.28	8.90	18.58	2.87	0.43	0.04	59.10
<b>Net block</b>							
As at March 31, 2018	10.53	2.24	3.47	0.73	0.11	0.26	17.34
As at March 31, 2017	6.33	0.65	0.76	0.85	0.06	0.00	8.65

	As at March 31, 2018	As at March 31, 2017
Capital work in progress (Refer Note (i) below)	14.98	8.55

Notes :

(i) Capital work in progress as at March 31, 2018 comprises expenditure for the leasehold improvements in the course of construction and includes borrowing costs capitalized of Rs. 0.48 crore (Previous Year Rs Nil)

(ii) For details of Property, plant and equipment pledged as security for borrowing - Refer Note 11

\* Foreign Currency Translation Reserve (FCTR) arises on account of conversion of amounts initially recorded at historical value into presentation currency as on reporting dates.



**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(Amount in Rupees crore, unless otherwise stated)**

**4. Intangible assets**

	<b>Computer Software (Acquired)</b>	<b>Licenses**</b>	<b>Total</b>
<b>Cost or deemed cost</b>			
<b>Gross block</b>			
As at April 1, 2016	2.97	266.02	268.99
Additions	0.22	-	0.22
Deductions	-	-	-
Adjustments (represents FCTR*)	(0.08)	(6.00)	(6.08)
<b>As at March 31, 2017</b>	<b>3.11</b>	<b>260.02</b>	<b>263.13</b>
Additions	0.81	-	0.81
Deductions	-	-	-
Adjustments (represents FCTR*)	0.03	0.83	0.86
<b>As at March 31, 2018</b>	<b>3.95</b>	<b>260.85</b>	<b>264.80</b>
<b>Accumulated amortization</b>			
As at April 1, 2016	2.70	111.72	114.42
Charge for the year	0.17	12.60	12.77
Deductions	-	-	-
Adjustments (represents FCTR*)	(0.06)	2.29	2.23
<b>As at March 31, 2017</b>	<b>2.81</b>	<b>126.61</b>	<b>129.42</b>
Charge for the year	0.26	12.50	12.75
Deductions	-	-	-
Adjustments (represents FCTR*)	0.01	5.28	5.29
<b>As at March 31, 2018</b>	<b>3.08</b>	<b>144.39</b>	<b>147.47</b>
<b>Net block</b>			
As at March 31, 2018	0.87	116.46	117.33
As at March 31, 2017	0.30	133.41	133.71

\*\* Licenses represents right to run and operate duty free shops (Also refer Note 1). The remaining amortisation period is 6.7 years (as at March 31, 2017 - 7.7 years)

\* Foreign Currency Translation Reserve (FCTR) arises on account of conversion of amounts initially recorded at historical value into presentation currency as on reporting dates.

MS

VH



5. Financial assets

5A. Loans

	Non current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Carried at amortised cost				
Unsecured, considered good				
Security deposits				
- To related parties	115.69	103.18	1.51	-
- To other parties	0.06	0.16	0.58	-
Total	115.75	103.34	2.09	-

5B. Other financial assets

	Non current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Carried at amortised cost				
Unsecured				
Considered good				
Balances with banks to the extent held as margin money against bank guarantees	1.60	2.16	-	-
Interest accrued but not due on bank deposits	0.77	0.64	0.04	-
Credit card collections in hand	-	-	3.00	3.08 *
Amounts recoverable from related parties	-	-	4.19	0.39 **
Amount recoverable towards rebate, promotion, etc.	-	-	42.08	32.10 **
Considered doubtful				
Amount recoverable towards rebate, promotion, etc.	-	-	1.20	1.22 **
Less: Allowance for bad and doubtful receivables	-	-	(1.20)	(1.22) **
	-	-	46.27	32.49
Total other financial assets	2.37	2.80	49.31	35.57

\* reclassified from Cash and Cash Equivalents for appropriate presentation in line with current year.

\*\* reclassified from Financial Assets - Loans for appropriate presentation in line with current year.

Movement in the allowance for bad and doubtful receivables (expected credit loss allowance)

Particulars	Amount
Balance as at April 1, 2017	(1.22)
Add : Created during the year	(0.18)
Less : Released during the year	0.20
Balance as at March 31, 2018	(1.20)

5C. Trade receivables

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Trade receivables	-	0.47
Total	-	0.47

6. Other assets

	Non current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Capital advances	2.35	0.12	-	-
(A)	2.35	0.12	-	-
Others				
Advance to suppliers	-	-	3.32	1.29 *
Prepaid expenses	1.21	-	1.46	1.00
Income tax payments less liabilities	0.42	4.98	-	-
Balance with government authorities	1.35	1.26	2.87	1.57
Others	-	-	0.07	0.06
(B)	2.98	6.24	7.72	3.92
Total	5.33	6.36	7.72	3.92

\* reclassified from Financial Assets - Loans for appropriate presentation in line with current year.

mm 24/1



**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(Amount in Rupees crore, unless otherwise stated)**

**7. Inventories**

	As at March 31, 2018	As at March 31, 2017
<b>(Valued at cost or NRV, whichever is lower)</b>		
Stock in trade - traded goods	130.96	101.76
<b>Total</b>	<b>130.96</b>	<b>101.76</b>

**Notes:**

- 7.1: The cost of inventories recognised as an expense during the year - Rs. 401.92 crore (March 31, 2017: Rs. 364.58 crore)  
7.2: The cost of Inventories recognized as an expense includes Rs. 0.32 crore (March 31, 2017: Rs. 0.71 crore) towards provision for slow/ non-moving items during the year.  
7.3: The above inventories have been pledged as security for borrowings (Refer Note 11).

**8. Cash and cash equivalents**

	As at March 31, 2018	As at March 31, 2017
Balances with Banks		
-in current accounts	4.61	1.22
-in EEFC accounts	15.36	20.47
- Deposits with original maturity of less than three months	-	3.00
Cash on hand	8.28	3.99
<b>Total</b>	<b>28.25</b>	<b>28.68</b>

**8A. Bank balance other than cash and cash equivalents**

	As at March 31, 2018	As at March 31, 2017
Balances with banks to the extent held as margin money against bank guarantees	1.46	-
<b>Total</b>	<b>1.46</b>	<b>-</b>

m VA





**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(Amount in Rupees crore, unless otherwise stated)**

**9. Share capital**

	As at March 31, 2018	As at March 31, 2017
<b>Authorised:</b>		
80,000,000 Equity Shares of Rs. 10/- Each	80	80
	<b>80</b>	<b>80</b>
<b>Issued and subscribed capital comprises:</b>		
80,000,000 Equity Shares of Rs. 10/- each, fully paid	80	80
	<b>80</b>	<b>80</b>

**a. Rights, preferences and restrictions attached to equity shares**

The equity shares of the Company, having par value of Rs. 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**b. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year**

	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
	No. of Shares held	Amount	No. of Shares held	Amount
Opening balance	8,00,00,000	80	8,00,00,000	80
Add: Issued during the year	-	-	-	-
Closing balance	<b>8,00,00,000</b>	<b>80</b>	<b>8,00,00,000</b>	<b>80</b>

**c. Details of shares held by each shareholder holding more than 5% shares in the Company**

Name of Shareholder	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)	3,99,20,000	49.90%	3,99,20,000	49.90%
Yalorvin Limited	2,64,56,000	33.07%	2,64,56,000	33.07%
GMR Airports Limited	1,36,24,000	17.03%	1,36,24,000	17.03%

30% of shares was pledged with bank (for borrowings) which is waived off on 25th January, 2018 Refer Note 11



**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
(Amount in Rupees crore, unless otherwise stated)

**10. Other equity**

	As at March 31, 2018	As at March 31, 2017
General Reserve	9.98	9.98
Foreign currency translation reserve	(4.58)	4.18
Retained earnings	178.30	133.60
<b>Total</b>	<b>183.70</b>	<b>147.76</b>

Particulars	As at March 31, 2018	As at March 31, 2017
<b>10.1 General reserve</b>		
Balance at the beginning of the year	9.98	9.98
Changes during the year	-	-
Balance at the end of the year	<b>9.98</b>	<b>9.98</b>
<b>10.2 Foreign currency translation reserve (Refer Note 2.2(n))</b>		
Balance at the beginning of the year	4.18	3.65
Changes during the year	(8.76)	0.53
Balance at the end of the year	<b>(4.58)</b>	<b>4.18</b>
<b>10.3 Retained earnings</b>		
Balance at the beginning of the year	133.60	99.73
Add: Net profit for the year	124.09	90.69
Less : Payment of dividends and tax thereon		
Final dividend on equity shares for the year ended on March 31, 2017 (Rs. 3 per share) (previous year Rs. 1.40 per share)	(24.00)	(11.20)
Tax on above dividend	(4.89)	(2.28)
Interim dividend (Rs. 5.25 per share) (previous year Rs. 4.50 per share)	(42.00)	(36.00)
Tax on interim dividend	(8.55)	(7.33)
	<b>(79.44)</b>	<b>(56.81)</b>
	<b>178.25</b>	<b>133.61</b>
Other items of comprehensive income (OCI)		
Other comprehensive income arising from re-measurement of defined benefit obligations net of income tax	0.05	(0.01)
<b>Total retained earnings</b>	<b>178.30</b>	<b>133.60</b>
<b>Total (10.1 + 10.2 + 10.3)</b>	<b>183.70</b>	<b>147.76</b>

**Note :**

General reserve is created from time to time by way of transfer of profits from the retained earnings. General reserve is created by transfer of one component of equity to another and is not an item of other comprehensive income.

per VPS





11. Financial liabilities - Borrowings

	Non - Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Secured</b>				
From banks:				
Term loans (Refer Notes (i) & (ii) below)	87.04	113.16	-	-
Less: Current maturities of long term borrowings	38.42	36.19	-	-
	<b>48.62</b>	<b>76.97</b>	-	-
Short term borrowings :				
- Buyers credit (Refer Notes (i) & (iv) below)	-	-	2.14	-
Loan repayable on demand (Refer Notes (i) & (iii) below)	-	-	11.77	-
	-	-	<b>13.91</b>	-
<b>Total</b>	<b>48.62</b>	<b>76.97</b>	<b>13.91</b>	-

Notes :

(i) The borrowings are secured by:

- First charge by way of hypothecation of the Company's stock in trade and other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future.
- First charge on movable fixed assets of the Company, both present and future.
- Escrow agreement with the bank and the Company for first and exclusive charge on receivable
- Further, 30% of sponsors shareholding in the Company was pledged (against Term loan I, Term loan II and against cash credit upto Rs 27 crores) which is waived off on 25th January, 2018.

(ii) Terms of repayment of secured loans

Term Loan I:

Quarter ending	As at March 31, 2018			As at March 31, 2017		
	No. of Quarters	Quarterly installments	Total amount of Installments	No. of Quarters	Quarterly installments	Total amount of Installments
September 2020	1	2.40	2.40	1	2.40	2.40
December 2019 – June 2020	3	6.00	18.00	3	6.00	18.00
June 2018 – September 2019	6	9.00	54.00	10	9.00	90.00
<b>Total</b>			<b>74.40</b>			<b>110.40</b>

Present rate of interest is in the range of 8.30% to 8.40% p.a.

Term Loan II: The last installment of the loan was paid in December 2017.

Quarter ending	As at March 31, 2018			As at March 31, 2017		
	No. of Quarter	Quarterly installments	Total amount of Installments	No. of Quarters	Quarterly installments	Total amount of Installments
December 2017	-	-	-	3	0.07	0.20
<b>Total</b>			-			<b>0.20</b>

PR

VA



**Delhi Duty Free Services Private Limited**  
**Short term borrowings :**  
**(Amount in Rupees crore, unless otherwise stated)**

**Term Loan III :**

Quarter ending	As at March 31, 2018			As at March 31, 2017		
	No. of Quarters	Quarterly installments	Total amount of Installments	No. of Quarters	Quarterly installments	Total amount of Installments
June 2022	1	0.79	0.79	-	-	-
March 2022	1	0.79	0.79	-	-	-
December 2021	1	0.82	0.82	-	-	-
September 2021	1	0.82	0.82	-	-	-
March 2021 - June 2021	2	0.81	1.62	-	-	-
September 2019 - December 2020	6	0.81	4.86	-	-	-
March 2019 - June 2019	2	0.62	1.23	-	-	-
June 2018 - December 2018	3	0.61	1.82	-	-	-
September 2017 - March 2018	-	-	-	3	0.11	0.33
June 2018	-	-	-	1	2.29	2.29
<b>Total</b>			<b>12.75</b>			<b>2.62</b>

The present interest rate for Term Loan III for INR loan is in the range of 8.30% to 8.40% p.a. and Term Loan -III for USD facility is in the range of 4.34% to 4.95% p.a.

(iii) The present rate of interest on cash credit (INR) is 8.45% p.a. and for working capital demand loan (WCDL-USD) is 3.42% p.a.

(iv) The present interest rates on buyer's credit are in the range of 2.21% to 2.95% p.a.

**12. Financial liabilities - Trade payables**

	As at March 31, 2018	As at March 31, 2017
Total outstanding due to micro and small enterprises (Refer Note 32)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	106.33	64.90
<b>Total</b>	<b>106.33</b>	<b>64.90</b>

Credit period varies as per the contractual terms of various suppliers/ vendors. No interest is generally charged by the suppliers/ vendors. The Company has appropriate policy in place to ensure that all dues are paid within the credit terms agreed with the parties.

**13. Other financial liabilities**

	Non Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Financial liabilities at fair value through profit or loss</b>				
Derivative not designated as hedge	19.82	29.61	-	-
	19.82	29.61	-	-
<b>Other financial liabilities at amortised cost</b>				
Current maturities of long term borrowings (Refer Note 11)	-	-	38.42	36.19
Interest accrued but not due on borrowings	-	-	0.04	0.02
Payables towards property, plant and equipment	-	-	4.05	1.00
Total other financial liabilities at amortised cost	-	-	42.51	37.21
<b>Total</b>	<b>19.82</b>	<b>29.61</b>	<b>42.51</b>	<b>37.21</b>

ms

VH



**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
(Amount in Rupees crore, unless otherwise stated)

**14. Other liabilities**

	Non Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Advances from customers	-	-	1.65	1.00
Statutory dues	-	-	4.88	5.30
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6.53</b>	<b>6.30</b>

**15. Provisions**

	Non Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Provision for employee benefits</b>				
Provision for compensated absences	1.36	1.19	0.32	0.31
Provision for gratuity	2.51	2.05	0.41	0.42
<b>Total</b>	<b>3.87</b>	<b>3.24</b>	<b>0.73</b>	<b>0.73</b>

PM

VH



## 16. Income tax

The major components of income tax expense for the year ended March 31, 2018 is:  
Statement of Profit and Loss:

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Current income tax:</b>		
Current income tax charge	60.80	54.31
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1.39	3.79
<b>Income tax expenses reported in the Statement of Profit and Loss</b>	<b>62.19</b>	<b>58.10</b>
<b>OCI</b>		
Deferred tax related to items recognised in OCI during in the year:		
Net loss/(gain) on remeasurements of defined benefit plans	(0.03)	0.00
<b>Tax charged to OCI</b>	<b>(0.03)</b>	<b>0.00</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018:

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Accounting profit before tax</b>	<b>186.28</b>	<b>148.79</b>
At applicable income tax rate of 34.608%	64.47	51.49
<b>Tax effect of expenses / (income) that are not deductible in determining taxable profit:</b>		
Donations	0.42	0.33
Unwinding of discount on security deposits for licenses (net)	0.33	0.72
Exchange difference	(2.98)	5.37
Others (including effect of change in tax rate from 34.608% to 34.944%)	(0.05)	0.19
<b>Tax expense as per Statement of Profit and Loss</b>	<b>62.19</b>	<b>58.10</b>

The tax rate used for the FY 2017-18 and FY 2016-17 reconciliation above is the corporate tax rate of 34.608% payable by the corporate entities in India on taxable profits under the Indian Tax Laws.

Deferred tax on timing differences as on 31 March, 2018 is calculated at 34.944%

### Deferred tax:

	Opening Balance (As at March 31, 2017)	Recognised in Statement of Profit and Loss	Recognised in OCI	Closing balance (As at March 31, 2018)
<b>Deferred tax liability</b>				
- Impact of amortization of processing fees paid for the term loan using EIR method over the following years	0.10	(0.09)	-	0.01
	<b>0.10</b>	<b>(0.09)</b>	<b>-</b>	<b>0.01</b>
<b>Tax effect of items constituting deferred tax assets</b>				
- Fixed Assets: Impact of differences between tax depreciation and depreciation/amortization charged in the financial statements	5.71	1.20	-	6.91
- MTM Loss	-	1.08	-	1.08
- Provision for stock loss	-	0.36	-	0.36
- Provision for employee benefits	1.62	(0.00)	(0.03)	1.59
- Provision for custom duty payable	0.96	0.30	-	1.26
- Allowance for bad and doubtful receivables	0.42	0.00	-	0.42
- Impact of reversal of hedge reserve and amount of provision for mark to market charged to retained earnings	8.51	(4.42)	-	4.09
	<b>17.22</b>	<b>(1.48)</b>	<b>(0.03)</b>	<b>15.71</b>
<b>Net deferred tax asset</b>	<b>17.12</b>	<b>(1.39)</b>	<b>(0.03)</b>	<b>15.70</b>

### Reconciliations of deferred tax liabilities/assets (net)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Opening balance as of April 1, 2017</b>	<b>17.12</b>	<b>20.91</b>
Tax income/(expense) during the year recognised in Statement of Profit and Loss	(1.39)	(3.79)
Tax income/(expense) during the year recognised in OCI	(0.03)	0.00
<b>Closing balance as at March 31, 2018</b>	<b>15.70</b>	<b>17.12</b>

RS  
VH



**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
(Amount in Rupees crore, unless otherwise stated)

**17. Revenue from operations**

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Revenue from operations</b>		
Sale of products - traded goods	1,118.09	1,000.29
<b>Total</b>	<b>1,118.09</b>	<b>1,000.29</b>

**18. Other income**

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Interest income earned on financial assets that are not designated at fair value through profit or loss:</b>		
- Interest on Bank deposits	0.48	0.29
- Interest on coupon received from bank	3.29	4.55
- Unwinding of discounts on security deposits given	11.76	10.61
- Interest income from income tax refund	0.90	-
<b>Other non-operating income</b>		
- Visibility charges	1.17	3.71
- Provisions for doubtful receivables no longer required, written back (net)	0.02	-
- Net gain on sale of property, plant and equipment	0.07	-
- Miscellaneous Income	-	1.57
<b>Total</b>	<b>17.69</b>	<b>20.73</b>

**19. Changes in inventories of stock-in-trade**

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Closing stock</b>		
- Stock in trade - traded goods	131.55	106.67
	<b>131.55</b>	<b>106.67</b>
<b>Less :</b>		
<b>Opening stock</b>		
- Stock in trade - traded goods	106.67	118.17
	<b>106.67</b>	<b>118.17</b>
	<b>(24.88)</b>	<b>11.50</b>

MS

VH



20. Employee benefit expenses\*

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus (including deputed staff cost)	29.74	26.83
Contribution to provident and other funds	2.80	2.48
Gratuity expenses (Refer Note 26)	0.72	0.68
Staff welfare expenses	0.79	0.75
<b>Total</b>	<b>34.05</b>	<b>30.74</b>

\*Net of recoveries

21. Depreciation and amortization expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment (Refer Note 3)	7.34	6.96
Amortization of intangible assets (Refer Note 4)	12.75	12.77
<b>Total</b>	<b>20.09</b>	<b>19.73</b>

22. Finance costs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expense for financial liabilities not classified at FVTPL	10.16	15.13
Interest on delayed payment of statutory dues	0.09	0.09
Other borrowing costs (guarantee charges, etc.)	0.87	0.93
<b>Total</b>	<b>11.12</b>	<b>16.15</b>

W

VH



**23. Other expenses**

	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	2.11	1.92
Insurance	1.12	0.58
Repairs and maintenance		
-Computers	1.82	2.09
-Others	0.86	0.53
Electricity, Fuel and water charges	2.39	2.93
Advertising and sales promotion	5.35	4.16
Legal and Professional Fees	6.49	6.02
Travelling and conveyance	0.80	1.05
Payment to auditors (Refer Note (i) below)	0.44	0.32
Corporate social responsibility expenditure	2.41	1.90
Marketing fees	13.13	11.84
Concession fees	417.20	372.34
Airport service charges	5.82	5.49
Commission on collections	9.29	7.54
Warehouse and transportation	9.05	9.07
Packing charges	3.31	2.92
Detention charges	0.17	0.34
Exchange differences (net)	(2.57)	7.56
Director's sitting fee	0.16	0.14
Miscellaneous expenses	2.97	2.29
<b>Total</b>	<b>482.32</b>	<b>441.03</b>

**Note (i)**

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Payment to Auditors # :</b>		
For Audit fee	0.15	0.18
For other services	0.28*	0.12
For reimbursement of expense	0.01	0.02
<b>Total</b>	<b>0.44</b>	<b>0.32</b>

\*Includes amount paid to erstwhile auditors Rs. 0.21 Crore.

# Payment to auditors includes taxes.

200

VK



**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
(Amount in Rupees crore, unless otherwise stated)

**24. Earnings Per Share (EPS)**

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year attributable to owners of the Company (Rs. in crores)	124.09	90.69
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	8,00,00,000	8,00,00,000
Earning Per Share (Basic) (in Rs.)	15.51	11.34
Earning Per Share (Diluted) (in Rs.)	15.51	11.34
Face value per-share (in Rs.)	10	10

MS

VK





## **25. Significant accounting judgements, estimates and assumptions**

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

### **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 was 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.

### **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 30 for further disclosures.

### **Useful lives of property, plant and equipment and intangible assets**

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting year. There was no change in the useful life of property, plant and equipment and intangible assets as compared to year ended March 31, 2018.

MS  
VH



**26. Gratuity and other post-employment benefit plans**

**a) Defined Contribution plans**

The Company makes Provident Fund contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 2.61 crores (March 31, 2017: Rs. 2.43 crores) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**b) Defined Benefit plans - gratuity (unfunded)**

The Company has a defined benefit gratuity plan (unfunded). Every employee who has completed five years or more of service gets a gratuity on departure @ 15 days of last drawn basic salary for each completed year of service or part thereof in excess of six months.

These plans typically expose the company to actuarial risks such as interest rate risk, longevity risk and salary risk.

**Interest rate risk**

A decrease in the bond interest rate will increase the planned liabilities

**Longevity risk**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the morality of planned participants both during and after the employment. An increase in the life expectancy of the planned participants will increase the planned liabilities.

**Salary risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of planned participants. As such an increase in salary of the planned participants will increase the planned liabilities.

No other post retirement benefits are provided to the employees.

The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts  
Plan assets at the year end, at fair value

	March 31, 2018	March 31, 2017
Present value of benefit obligation at year end	(2.93)	(2.47)
Plan assets at the year end, at fair value	-	-
Net (liability) recognized in the balance sheet	(2.93)	(2.47)

**Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2018**

	March 31, 2018	March 31, 2017
Current Service Cost	0.54	0.53
Net Interest Cost	0.18	0.15
	0.72	0.68

**Amount recognised in Other Comprehensive Income for the year ended 31st March, 2018**

	March 31, 2018	March 31, 2017
Actuarial (gain)/ loss on obligations	(0.08)	0.01

**Balance sheet**

	March 31, 2018	March 31, 2017
Defined benefit obligation	(2.93)	(2.47)
Fair value of plan assets	-	-
Plan asset / (liability)	(2.93)	(2.47)



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

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	2.47	1.96
Interest cost	0.18	0.15
Current service cost	0.54	0.53
<b>Benefits paid</b>	(0.18)	(0.18)
Actuarial losses/ (gain) on obligation-experience	(0.08)	0.01
Closing defined benefit obligation	<b>2.93</b>	<b>2.47</b>

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

	Gratuity	
	March 31, 2018	March 31, 2017
Discount rate (in %)	7.80%	7.35%
Salary Escalation (in %)	7.00%	7.00%
Expected rate of return on assets	-	-
Attrition rate (in %)		
Up to 30 Years	40.00%	23.00%
From 31 to 44 years	15.00%	23.00%
Above 44 years	1.00%	23.00%

The discount rate is based on the prevailing market yields available on Indian Government securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Maturity profile of defined benefit obligation	As at March 31, 2018	As at March 31, 2017
Year 1	0.41	0.42
Year 2	0.35	0.33
Year 3	0.28	0.30
Year 4	0.21	0.26
Year 5	0.16	0.20
Next 5 years	1.51	0.95

#### Experience Adjustments

Particulars	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Defined benefit obligation	2.93	2.47	1.96	1.35	0.98
Plan assets	-	-	-	-	-
Surplus / (Deficit)	-2.93	-2.47	-1.96	-1.35	-0.98
Experience adjustments on plan liabilities (loss)/gain	-0.07	0.02	-0.14	0.04	0.16
Experience adjustments on plan assets (loss)/gain	-	-	-	-	-

#### Gratuity Plan

##### Sensitivity Level

March 31, 2018  
March 31, 2017

##### Assumptions

##### Discount rate      Future salary increases

0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
0.5% increase	0.5% decrease	0.5% increase	0.5% decrease

##### Impact on defined benefit obligation

March 31, 2018  
March 31, 2017

##### Amount

##### Amount

(0.10)	0.11	0.11	(0.10)
(0.05)	0.05	0.05	(0.05)

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 year. Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.



**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2018**  
**(Amount in Rupees crore, unless otherwise stated)**

**27. Contingent liabilities and Commitments (TO THE EXTENT NOT PROVIDED FOR)**

**(i) Contingent Liabilities**

**(a) Claims against the Company not acknowledged as debt**

	As at March 31, 2018	As at March 31, 2017
Income tax matters for AY 2012-13 - mainly arising on account of transfer pricing. During the year the Company has received a favourable order from Commissioner of Income Tax (Appeals)	-	0.09

**(ii) Commitments**

	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	17.14	3.24

ms

28/



28A. Financial assets and liabilities

The accounting classification of each category of financial instrument, their carrying amounts and their fair values are set out below:

As at March 31, 2018

Financial Assets	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Loans	-	-	117.83	117.83	117.83
Trade receivables	-	-	-	-	-
Cash and cash equivalents	-	-	28.25	28.25	28.25
Other financial assets	-	-	51.68	51.68	51.68
<b>Total</b>	-	-	<b>197.76</b>	<b>197.76</b>	<b>197.76</b>

Financial Liabilities	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Borrowings	-	-	62.53	62.53	62.53
Trade payables	-	-	106.33	106.33	106.33
Other financial liabilities	19.82	-	42.51	62.33	62.33
<b>Total</b>	<b>19.82</b>	-	<b>211.38</b>	<b>231.20</b>	<b>231.20</b>

As at March 31, 2017

Financial Assets	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Loans	-	-	103.34	103.34	103.34
Trade receivables	-	-	0.47	0.47	0.47
Cash and cash equivalents	-	-	28.68	28.68	28.68
Other financial assets	-	-	38.37	38.37	38.37
<b>Total</b>	-	-	<b>170.86</b>	<b>170.86</b>	<b>170.86</b>

Financial Liabilities	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Borrowings	-	-	76.97	76.97	76.97
Trade payables	-	-	64.90	64.90	64.90
Other financial liabilities	29.61	-	37.21	66.82	66.82
<b>Total</b>	<b>29.61</b>	-	<b>179.08</b>	<b>208.69</b>	<b>208.69</b>

12/

VII



## 28B. Fair values

The carrying amount of all financial assets and liabilities (except for those instruments carried at fair value) appearing in the Financial Statements is reasonable approximation of fair values.

	Carrying value		Fair value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Other Financial liabilities at FVTPL				
Derivative not designated as hedge	19.82	29.61	19.82	29.61
<b>Total</b>	<b>19.82</b>	<b>29.61</b>	<b>19.82</b>	<b>29.61</b>

## 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.

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

## 29. Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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 as at March 31, 2018 and March 31, 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value</b>					
Derivative not designated as hedge	March 31, 2018	19.82	-	19.82	-

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

## Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value</b>					
Derivative not designated as hedge	March 31, 2018	29.61	-	29.61	-

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

MS

VH





### 30. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans, borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include loans, trade receivables, and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. 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. All derivative activities for risk management purposes are carried out by senior management team 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 Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### 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 other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, loans and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and as at March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place as at March 31, 2018 and as at March 31, 2017.

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

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, 2018 and as at March 31, 2017.

#### 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's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Financial Year	Currency	Increase/decrease in basis points	Effect on profit before tax
March 31, 2018	INR	+50	(0.58)
	INR	-50	0.58
March 31, 2017	INR	+50	(0.79)
	INR	-50	0.79

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

#### Foreign currency risk

##### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Financial Year	Change in rate	Effect on profit before tax
<b>March 31, 2018</b>		
GBP	5%	-0.01
	-5%	0.01
Euro	5%	-0.01
	-5%	0.01
CHF	5%	0.00
	-5%	-0.00
INR	5%	-0.18
	-5%	0.18
<b>March 31, 2017</b>		
GBP	5%	(0.02)
	-5%	0.02
Euro	5%	(0.11)
	-5%	0.11
CHF	5%	0.01
	-5%	(0.01)
JPY	5%	-
	-5%	-
INR	5%	0.35
	-5%	(0.35)



### 31. 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. The primary objective of the Company's capital management is to maximise 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. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt as derived below. The Company's policy is to keep the gearing ratio below 75% annually.

	At March 31, 2018	At March 31, 2017
Borrowings (including short term borrowings)	100.95	113.16
<b>Net Debt (A)</b>	<b>100.95</b>	<b>113.16</b>
<b>Capital Components</b>		
Equity [Note 9 and Note 10] (B)	263.70	227.76
<b>Capital and debt (A+B)</b>	<b>364.66</b>	<b>340.92</b>
<b>Gearing ratio (%) [A/(A+B)]</b>	<b>27.68%</b>	<b>33.19%</b>

At March 31, 2018, the Company had available Rs. 22.45 crores (March 31, 2017: Rs. 42.91 crores) of undrawn committed borrowing facilities from term loan III and Rs. 38.22 crore (March 31, 2017: Rs. 50 cr) from cash credit.

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 interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018, and during the year ended March 31, 2017.

### 32. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information available with the Company there are no suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This has been relied upon by the auditors.

### 33. Corporate Social Responsibility

The Corporate Social Responsibility (CSR) obligation for the year as computed by the Company and relied upon by the auditors is Rs 2.41 crore. (Previous Year: Rs. 1.90 crore). CSR amount spent during the year is Rs 2.41 crore (Previous Year: Rs. 1.90 crore).

### 34. Leases

The Company has taken office premises under operating lease. These are cancellable and are renewable by mutual consent on monthly agreed terms. Lease payments amounting to Rs. 2.11 crore (Previous Year: Rs. 1.92 crore) have been recognized in the Statement of Profit and Loss for the year ended March 31, 2018.

### 35. Segment Reporting

#### Factors used to identify the entities segment including the basis of organisation

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The principal activity of the company is sale of duty free products including liquor, confectionery, tobacco, perfume and cosmetics at Terminal 3 (Indira Gandhi International Airport) in Delhi. Hence, there is only one reportable segment. As the Company's business activities falls within a single operating segment viz. "sale of traded goods" and is a single geographical segment, the disclosure requirements of Ind AS- 108 "Segment Reporting" are not applicable.

No single customer has accounted for more than 10% of the total revenue.

*m*

*VH*





Note 36 Disclosures under Accounting Standards (contd.)

Note	Particulars																																		
36	Related party transactions																																		
36 a	List of related parties and nature of relationship with whom transactions have taken place during the current period.																																		
	<table><tr><th>Description of relationship</th><th colspan="4">Names of related parties</th></tr><tr><td>(i) Entities with joint control over the reporting entity</td><td colspan="4">Delhi International Airport Limited (DIAL) Yalorvm Limited GMR Airports Limited</td></tr><tr><td>(ii) Entities in which companies covered in (i) exercise significant influence</td><td colspan="4">Delhi Airport Parking Services Private Limited  Celebi Delhi Cargo Management (I) Private Limited Wipro Airport IT Services Limited Travel Food Services (Delhi Terminal 3) Private Limited TIM Delhi Airport Advertisement Private Limited GMR Airport Developers Limited GMR Sports Private Limited</td></tr><tr><td>(iii) Key Management Personnel (KMP)</td><td colspan="4">Mr. R S S L N Bhaskarudu (Independent Director) Ms. Kameshwari Vissa (Independent Director) Mr. Michael Gerard Murphy (Independent Director) Mr. Pawan Kumar Malhotra (Independent Director) (w e f 24th Jan, 2018)</td></tr><tr><td>(iv) Entities in which persons covered above can exercise significant influence</td><td colspan="4">GMR Varalakshmi Foundation</td></tr><tr><td colspan="5">Note: The above list of related parties and relationship are as certified by the management.</td></tr></table>					Description of relationship	Names of related parties				(i) Entities with joint control over the reporting entity	Delhi International Airport Limited (DIAL) Yalorvm Limited GMR Airports Limited				(ii) Entities in which companies covered in (i) exercise significant influence	Delhi Airport Parking Services Private Limited  Celebi Delhi Cargo Management (I) Private Limited Wipro Airport IT Services Limited Travel Food Services (Delhi Terminal 3) Private Limited TIM Delhi Airport Advertisement Private Limited GMR Airport Developers Limited GMR Sports Private Limited				(iii) Key Management Personnel (KMP)	Mr. R S S L N Bhaskarudu (Independent Director) Ms. Kameshwari Vissa (Independent Director) Mr. Michael Gerard Murphy (Independent Director) Mr. Pawan Kumar Malhotra (Independent Director) (w e f 24th Jan, 2018)				(iv) Entities in which persons covered above can exercise significant influence	GMR Varalakshmi Foundation				Note: The above list of related parties and relationship are as certified by the management.				
Description of relationship	Names of related parties																																		
(i) Entities with joint control over the reporting entity	Delhi International Airport Limited (DIAL) Yalorvm Limited GMR Airports Limited																																		
(ii) Entities in which companies covered in (i) exercise significant influence	Delhi Airport Parking Services Private Limited  Celebi Delhi Cargo Management (I) Private Limited Wipro Airport IT Services Limited Travel Food Services (Delhi Terminal 3) Private Limited TIM Delhi Airport Advertisement Private Limited GMR Airport Developers Limited GMR Sports Private Limited																																		
(iii) Key Management Personnel (KMP)	Mr. R S S L N Bhaskarudu (Independent Director) Ms. Kameshwari Vissa (Independent Director) Mr. Michael Gerard Murphy (Independent Director) Mr. Pawan Kumar Malhotra (Independent Director) (w e f 24th Jan, 2018)																																		
(iv) Entities in which persons covered above can exercise significant influence	GMR Varalakshmi Foundation																																		
Note: The above list of related parties and relationship are as certified by the management.																																			
36 b	Details of related party transactions during the year ended March 31, 2018 and balances outstanding as at March 31, 2018:																																		
	Particulars	Entities with joint control over the reporting entity	Entities in which companies covered in (i) above exercise significant influence	Key Management Personnel (KMP)	Entities in which persons covered in (i) to (iii) above can exercise significant influence	Total																													
	Concession Fee																																		
	- Delhi International Airport Limited	417.62 (372.34)				417.62 (372.34)																													
	Marketing fee																																		
	- Delhi International Airport Limited	13.14 (11.84)				13.14 (11.84)																													
	Airport service charges																																		
	- Delhi International Airport Limited	5.83 (5.49)				5.83 (5.49)																													
	Electricity & Water charges																																		
	- Delhi International Airport Limited	2.45 (2.95)				2.45 (2.95)																													
	Repairs & maintenance charges - others																																		
	- Delhi International Airport Limited	0.33 (0.39)				0.33 (0.39)																													
	Rent																																		
	- Delhi International Airport Limited	2.12 (1.92)				2.12 (1.92)																													
	Salary																																		
	- Delhi International Airport Limited	0.41 (0.36)				0.41 (0.36)																													
	Warehouse charges																																		
	- Delhi Airport Parking Services Private Limited		0.38 (0.35)			0.38 (0.35)																													
	Terminal, Storage and Processing (TSP) charges																																		
	- Celebi Delhi Cargo Management (I) Private Limited		0.71 (0.43)			0.71 (0.43)																													
	Computer Repair and Maintenance																																		
	- Wipro Airport IT Services Limited		0.48 (0.53)			0.48 (0.53)																													
	Staff Training and Recruitment Expense																																		
	- GMR Airports Limited	0.01 (0.04)				0.01 (0.04)																													
	- Travel Food Services (Delhi Terminal 3) Private Limited		0.00 (0.03)			0.00 (0.03)																													
	Marketing Exepenses																																		
	- TIM Delhi Airport Advertisement Private Limited		0.47 (0.12)			0.47 (-)																													

2018

UW



Particulars	Entities with joint control over the reporting entity	Entities in which companies covered in (i) above exercise significant influence	Key Management Personnel (KMP)	Entities in which persons covered in (i) to (iii) above can exercise significant influence	Total
<b>Project Management Consultancy charges</b>					
- GMR Airport Developers Limited		2.61 (2.10)			2.61 (2.10)
<b>CSR Donation</b>					
- GMR Varalakshmi Foundation				1.61 (1.28)	1.61 (1.28)
<b>Final dividend paid for the FY 2016-17</b>					
- Delhi International Airport Limited	11.98 (5.59)				11.98 (5.59)
- GMR Airports Limited	4.09 (1.91)				4.09 (1.91)
- Yalorvin Limited	7.94 (3.70)				7.94 (3.70)
<b>Interim dividend paid</b>					
- Delhi International Airport Limited	20.96 (17.96)				20.96 (17.96)
- Yalorvin Limited	13.89 (11.91)				13.89 (11.91)
- GMR Airports Limited	7.15 (6.13)				7.15 (6.13)
<b>Reimbursement paid on expenses incurred on our behalf</b>					
- Yalorvin Limited	- (0.22)				- (0.22)
<b>Reimbursement received of expenses incurred on their behalf</b>					
- Yalorvin Limited	0.81 (1.03)				0.81 (1.03)
- Delhi International Airport Limited	10.84 (0.74)				10.84 (0.74)
<b>Directors sitting fees</b>					
- R S S L N Bhaskarudu			0.05 (-)		0.05 (-)
- Karneshwari Vissa			0.05 (-)		0.05 (-)
- Michael Gerard Murphy			0.02 (-)		0.02 (-)
- Pawan Kumar Malhotra			0.02 (-)		0.02 (-)
<b>Security deposit made</b>					
- Delhi International Airport Limited	3.97 (0.67)				3.97 (0.67)
- Delhi Airport Parking Services Private Limited		0.03 (-)			0.03 (-)
<b>Security deposit refunded</b>					
- Delhi International Airport Limited	0.12 (0.27)				0.12 (0.27)
<b>Balances outstanding at the end of the year</b>					
<b>Payables</b>					
- Delhi International Airport Limited	17.97 (13.86)				17.97 (13.86)
- Yalorvin Limited	0.25 (0.23)				0.25 (0.23)
- GMR Sports Private Limited				0.00 (0.00)	- (0.00)
- Wipro Airport IT Services Limited		0.03 (-)			0.03 (-)
- GMR Airport Developers Limited		0.62 (0.16)			0.62 (0.16)
- TIM Delhi Airport Advertisement Private Limited		- (0.12)			- (0.12)
- GMR Airports Limited	0.00 (-)				0.00 (-)



Particulars	Entities with joint control over the reporting entity	Entities in which companies covered in (i) above exercise significant influence	Key Management Personnel (KMP)	Entities in which persons covered in (i) to (iii) above can exercise significant influence	Total
<b>Receivables</b>					
- Celebi Delhi Cargo Management (I) Private Limited		0.30 (0.16)			0.30 (0.16)
- Yalorvin Limited	0.30 (0.24)				0.30 (0.24)
- Delhi International Airport Limited	3.89 (-)				3.89 (-)
<b>Security deposits given</b>					
- Delhi International Airport Limited	117.06 (103.18)				117.06 (103.18)
- Delhi Airport Parking Services Private Limited	0.14 (0.16)				0.14 (0.16)
@ 0.00 implies value less than Rs 1,00,000					
* Previous year figures have been shown in brackets.					

**Note**

The sales/ provision of services to and purchase/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances as at the year end are unsecured and interest free and settlement occurs in cash.

**37. Transfer Pricing**

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for transactions entered into with the holding company and other associated enterprises during the financial year and expects such records to be in existence latest by the due date as required under that law. The management is of the opinion that its transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

38. In respect of the year ended March 31, 2018, the directors in their meeting dated May 08, 2018 have proposed a dividend of Rs. 2.50 per share to be paid on fully paid equity shares. The equity dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in the financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total proposed dividend and tax thereon amounts to Rs. 20 crore and Rs.4.11 crore respectively.

39. The comparative financial statements of the Company for the year ended March 31, 2017 prepared in accordance with Ind AS included in these financial statements have been audited by the predecessor auditor.

40. Previous year figures have been regrouped/reclassified, where necessary, to conform to current year classification.

For and on behalf of the Board of Directors of  
**Delhi Duty Free Services Private Limited**

  
**Director**  
**DIN**

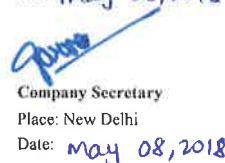
Place: New Delhi  
Date: May 08, 2018

  
**Chief Financial officer**  
Place: New Delhi  
Date: May 08, 2018



  
**Director**  
**DIN**

Place: New Delhi  
Date: May 08, 2018

  
**Company Secretary**  
Place: New Delhi  
Date: May 08, 2018

