

## Independent Auditor's Report

### To the Members of Delhi Duty Free Services Private Limited

### Report on the Audit of the Financial Statements

#### Qualified Opinion

1. We have audited the accompanying financial statements of **Delhi Duty Free Services Private Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and notes to the financial statements, including the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information,
2. In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

3. As described in note 27(B) to the accompanying Financial Statements, the Company has recognised the refund of Goods and Services Tax amounting to Rs. 16.82 crores pertaining to earlier years, as exceptional income during the current year ended 31 March 2023 instead of restating the financial statements for the comparative year ended 31 March 2022 in accordance with the requirements of Indian Accounting Standards 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Had the management accounted for the impact of the aforesaid matter in the appropriate period, the Exceptional income for year ended 31 March 2023 would have been lower by Rs. 16.82 crores, tax expense for the year ended 31 March 2023 would have been lower by Rs. 4.23 crores and profit for the year ended 31 March 2023 would have been lower by Rs. 12.59 crore. Further, balance with government authorities (under "Other Current Assets"), Income tax liabilities and other equity as on 31 March 2022 would have been higher by Rs. 16.82 crores, Rs. 4.23 crores and Rs. 12.59 crores respectively.

The opinion expressed by us on the financial statements for the year ended 31 March 2022, vide our report dated 06 May 2022 was also qualified on account of accounting treatment of the above matter not being in accordance with the applicable Ind AS in the respective year.

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Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

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Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India



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

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

5. The Company's Board of Directors are responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

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

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

The Director's report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

6. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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



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10. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
  - Obtain sufficient appropriate audit evidence regarding the financial statements of the Company to express an opinion on the financial statements.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

12. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.
13. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
- a) We have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;
  - b) Except for the effects of the matter described in the Basis for Qualified Opinion section, 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;



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- c) The financial statements dealt with by this report are in agreement with the books of account;
- d) Except for the effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure B wherein we have expressed a modified opinion; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company, as detailed in note 27A and note 39 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2023;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;
  - iv.
    - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 42 (vii) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entity, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
    - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 42 (viii) to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
  - v. The dividend declared and paid by the Company during the year ended 31 March 2023 is in compliance with section 123 of the Act.

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- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

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Mittal**

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**Deepak Mittal**

Partner

Membership No.: 503843

UDIN: 23503843BGUTBO1567

**Place:** Gurugram

**Date:** 17 May 2023

# Walker Chandniok & Co LLP

## **Annexure A referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Delhi Duty Free Services Private Limited on the financial statements for the year ended 31 March 2023**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.  
  
(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and right of use assets under which the assets are physically verified once in a period of 2 years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, property, plant and equipment and right of use assets were verified during the previous year and no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable property (including investment properties) (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records.
- (b) As disclosed in note 31 to the financial statements, the Company has been sanctioned a working capital limit in excess of Rs 5 crore by banks based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were subject to review.
- (iii) (a) The Company has not provided any loans or provided any advances in the nature of loans, or guarantee, or security to any other entity during the year. Accordingly, reporting under clauses 3(iii)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any investment, provided any guarantee or given any security or granted any loans or advances in the nature of loans during the year. Accordingly, reporting under clauses 3(iii)(b) of the Order is not applicable to the Company.
- (c) The Company has not granted advances in the nature of loans during the year. Further, in respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
- (d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.



# Walker Chandniok & Co LLP

**Annexure A referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Delhi Duty Free Services Private Limited on the financial statements for the year ended 31 March 2023**

- (e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan that existed as at the beginning of the year.
- (f) The Company has not granted any loan or advance in the nature of loan, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans given, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of investments made, guarantees and security provided by it.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/ services / business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii)(a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (Rs. in crores)	Amount paid under Protest (Rs. in crores)	Period to which the amount relates	Forum where dispute is pending
Income- tax Act, 1961	Income tax dues	0.36	0.36	AY 2016-17	Assessing Officer
Income- tax Act, 1961	Income tax dues	0.33	0.07	AY 2017-18	Commissioner of Income tax (Appeals)
Income- tax Act, 1961	Income tax dues	1.23	0.33	AY 2018-19	Income Tax Appellate Tribunal

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.



# Walker Chandniok & Co LLP

**Annexure A referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Delhi Duty Free Services Private Limited on the financial statements for the year ended 31 March 2023**

- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of term loans during the year and there has been no utilisation during the current year of the term loans obtained by the Company during any previous years. Accordingly, reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the year. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us, the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.



# Walker Chandniok & Co LLP

## Annexure A referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Delhi Duty Free Services Private Limited on the financial statements for the year ended 31 March 2023

- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as per the provisions of section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.
- (b) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) has two CIC's as part of the Group.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumption, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

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**Annexure A referred to in Paragraph 13 of the Independent Auditor's Report of even date to the members of Delhi Duty Free Services Private Limited on the financial statements for the year ended 31 March 2023**

- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

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**Deepak Mittal**  
Partner  
Membership No.: 503843



UDIN: 23503843BGUTBO1567

**Place:** Gurugram  
**Date:** 17 May 2023

# Walker Chandniok & Co LLP

## Annexure B

### **Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the financial statements of **Delhi Duty Free Services Private Limited** ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

### **Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

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

### **Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

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## Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of 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 with Reference to Financial Statements

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

## Qualified opinion

8. According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls with reference to financial statements as at 31 March 2023:

The Company's internal financial control system over financial statement closure process towards restatement of the comparative periods in accordance with the requirements of Ind AS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' with respect to recognition of Goods and Service Tax (GST) refunds, as explained in Note 27(B) to the accompanying financial statements were not operating effectively, which has resulted in a material misstatement in the carrying value of other current assets, tax liabilities and its resultant impact on exceptional income, profit before tax, other equity and related disclosures in the accompanying financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial controls with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.
10. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 and except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as at 31 March 2023.

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# Walker Chandiook & Co LLP

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2023, and the material weakness have affected our opinion on the financial statements of the Company and we have issued a modified opinion on the financial statements.

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

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**Deepak Mittal**

Partner

Membership No.: 503843

UDIN: 23503843BGUTBO1567

**Place:** Gurugram

**Date:** 17 May 2023

	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	17.78	26.59
Capital work-in-progress	3	1.39	0.58
Right-of-use assets	34	76.06	73.90
Intangible assets	4	30.48	47.66
Financial assets			
(i) Loans	5A	-	67.00
(ii) Others - financial assets	5B	207.49	181.80
Deferred tax assets (net)	16	8.84	18.08
Income tax assets (net)		2.27	2.34
Other non-current assets	6	0.16	0.00
<b>Total non-current assets</b>		<b>344.47</b>	<b>417.95</b>
<b>Current assets</b>			
Inventories	7	224.74	93.44
Financial assets			
(i) Cash and cash equivalents	8	66.64	67.65
(ii) Bank balance other than (i) above	8A	0.01	14.43
(iii) Loans	5A	67.00	-
(iv) Other financial assets	5B	66.68	49.55
Other current assets	6	54.91	77.52
<b>Total current assets</b>		<b>479.98</b>	<b>302.59</b>
<b>Total assets</b>		<b>824.45</b>	<b>720.54</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	80.00	80.00
Other equity	10	492.51	390.09
<b>Total equity</b>		<b>572.51</b>	<b>470.09</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	-	0.42
(ii) Lease liabilities	34	51.25	55.00
Provisions	15	6.91	6.16
<b>Total non-current liabilities</b>		<b>58.16</b>	<b>61.58</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	11	0.42	8.59
(ii) Lease liabilities	34	31.85	25.88
(iii) Trade payables	12		
(a) Total outstanding dues of micro enterprises and small enterprises		2.77	2.50
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		142.19	119.10
(iv) Other financial liabilities	13	2.33	16.65
Other current liabilities	14	11.78	9.51
Provisions	15	1.12	0.99
Current tax liabilities (net)		1.32	5.65
<b>Total current liabilities</b>		<b>193.78</b>	<b>188.87</b>
<b>Total equity and liabilities</b>		<b>824.45</b>	<b>720.54</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 Walker Chandio &amp; Co LLP

Chartered Accountants

ICAI Firm Registration No: 001076N/N500013

Deepak  
MittalDigitally signed by  
Deepak Mittal  
Date: 2023.05.17  
18:54:06 +05'30'

Deepak Mittal

Partner

Membership No: 503843

Place: Gurugram

Date: May 17, 2023

For and on behalf of the Board of Directors of  
Delhi Duty Free Services Private LimitedVIDEH KUMAR  
Digitally signed by  
VIDEH KUMAR  
JAIPURIAR  
Date: 2023.05.17  
18:30:48 +05'30'

Director

DIN: 03097753

Place: Osaka, Japan

Date: May 17, 2023

ASHISH CHOPRA  
Digitally signed by  
ASHISH CHOPRA  
Date: 2023.05.17  
18:24:27 +05'30'

Chief Executive officer

Place: New Delhi

Date: May 17, 2023

SHYAM SUNDAR  
Digitally signed by  
SHYAM SUNDAR  
GOPALAKRISHN  
Date: 2023.05.17  
18:27:42 +05'30'

Director

DIN: 06955526

Place: New Delhi

Date: May 17, 2023

RAJIV MADAN  
Digitally signed by  
RAJIV MADAN  
Date: 2023.05.17  
17:58:39 +05'30'

Chief Financial officer

Place: New Delhi

Date: May 17, 2023

PARVEE N GUPTA  
Digitally signed by  
PARVEEN GUPTA  
Date: 2023.05.17  
18:01:46 +05'30'

Company Secretary

Place: New Delhi

Date: May 17, 2023

	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>INCOME</b>			
I. Revenue from operations	17	1,541.83	645.95
II. Other income	18	37.38	32.67
<b>III. Total Income (I + II)</b>		<b>1,579.21</b>	<b>678.62</b>
<b>EXPENSES</b>			
Purchases of stock-in-trade		687.61	228.85
Changes in inventories of stock-in-trade	19	(131.30)	9.37
Employee benefits expense	20	42.78	33.44
Depreciation and amortization expense	21	58.18	56.99
Finance costs	22	7.36	10.85
Concession fees		482.90	201.20
Other expenses	23	142.19	71.59
<b>IV. Total expenses</b>		<b>1,289.72</b>	<b>612.29</b>
<b>V. Profit before exceptional item &amp; tax (III-IV)</b>		<b>289.49</b>	<b>66.33</b>
<b>VI. Exceptional Items</b>			
Refund of goods and services tax (GST) (Refer note 27 B)		78.97	180.43
<b>VII. Profit before tax (V+VI)</b>		<b>368.46</b>	<b>246.76</b>
<b>VIII. Tax expense:</b>			
Current tax expense	16	93.67	56.93
Adjustment of tax relating to earlier periods		(1.32)	-
Deferred tax expense	16	9.35	1.49
<b>IX. Profit for the year (VII-VIII)</b>		<b>266.76</b>	<b>188.34</b>
<b>X. Other comprehensive income (OCI)</b>			
<b>A. Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit plans		(0.45)	0.11
Income tax relating to items that will not be reclassified to profit and loss		0.11	(0.03)
<b>Total other comprehensive income</b>		<b>(0.34)</b>	<b>0.08</b>
<b>XI. Total comprehensive income for the year (IX+X)</b>		<b>266.42</b>	<b>188.42</b>
<b>XII. Earnings per share</b> (face value Rs. 10 per share):	24		
(1) Basic (in Rs.)		33.34	23.54
(2) Diluted (in Rs.)		33.34	23.54
<b>Summary of significant accounting policies</b>	2.2		

See accompanying notes forming part of the Financial Statements

As per our report of even date attached

For Walker Chandiook &amp; Co LLP

Chartered Accountants

ICAI Firm Registration No: 001076N/N500013

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

**Deepak Mittal** Digitally signed by Deepak Mittal  
Date: 2023.05.17 18:55:06 +05'30'

**Deepak Mittal**

Partner

Membership No: 503843

VIDEH Digitally signed  
by VIDEH KUMAR  
KUMAR JAIPURIAR  
JAIPURIAR Date: 2023.05.17  
18:31:25 +05'30'

**Director**

DIN: 03097753

Place: Osaka, Japan

Date: May 17, 2023

SHYAM Digitally signed by SHYAM  
SUNDAR GOPALAKRIS  
HNAN Date: 2023.05.17  
17:58:58 +05'30'

**Director**

DIN: 06955526

Place: New Delhi

Date: May 17, 2023

ASHISH Digitally signed  
by ASHISH  
CHOPRA Date: 2023.05.17  
18:24:55 +05'30'

**Chief Executive officer**

Place: New Delhi

Date: May 17, 2023

RAJIV Digitally signed  
by RAJIV MADAN  
MADAN Date: 2023.05.17  
17:58:58 +05'30'

**Chief Financial officer**

Place: New Delhi

Date: May 17, 2023

PARVEE Digitally signed by  
PARVEEN GUPTA  
N GUPTA Date: 2023.05.17  
18:02:16 +05'30'

**Company Secretary**

Place: New Delhi

Date: May 17, 2023

Place: Gurugram

Date: May 17, 2023

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A Cash flow from operating activities</b>		
Profit before tax	368.46	246.76
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	58.18	56.99
Net (gain) / loss on sale / discard of Property, Plant and Equipment including Capital work in progress	0.28	(0.00)
Unwinding of discounts on security deposits given	(21.06)	(18.90)
Unrealized Foreign exchange (gain) / loss (net)	0.39	0.33
Interest income	(6.22)	(2.19)
Finance costs	7.36	10.85
Provision for bad and doubtful receivables (net)	0.17	0.99
Liability no longer required written back	(0.89)	(1.99)
Provision for stock loss	(1.88)	(0.83)
Lease liability written back	(1.21)	(5.67)
<b>Operating profit before working capital changes</b>	<b>403.58</b>	<b>286.34</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in inventories	(129.42)	10.21
(Increase)/decrease in financial/non-financial assets	0.89	(87.98)
Increase/(decrease) in trade payables and other financial/non-financial liabilities	27.66	65.27
Increase/(decrease) in provisions	0.87	0.44
<b>Cash generated from operations</b>	<b>303.58</b>	<b>274.28</b>
Less: Direct tax paid (net of refunds)	(96.61)	(53.30)
<b>Net cash flow from operating activities (A)</b>	<b>206.97</b>	<b>220.98</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) and Intangible assets	(4.58)	(2.90)
Payment including advances for acquiring right-of-use assets	(1.02)	-
Proceeds from sale of property, plant and equipment	0.10	0.00
Loan given to related party	-	(67.00)
Interest received	6.24	0.96
Movement in bank balances (including non-current) other than cash and cash equivalent (net)	14.16	(13.42)
<b>Net cash flow from/(used) in investing activities (B)</b>	<b>14.90</b>	<b>(82.36)</b>
<b>C Net cash flow from financing activities:</b>		
Finance costs paid	(1.87)	(4.06)
Interim dividend paid to equity shareholders	(179.87)	(33.71)
Repayment of lease liability	(32.55)	(23.62)
Repayment of long term borrowings	(8.59)	(10.86)
Repayment of short-term borrowings (net)	-	(11.27)
<b>Net cash flow used in financing activities (C)</b>	<b>(222.88)</b>	<b>(83.52)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>(1.01)</b>	<b>55.10</b>
Cash and cash equivalents at beginning of the year	67.65	12.55
<b>Cash and cash equivalents at end of the year</b>	<b>66.64</b>	<b>67.65</b>
<b>Cash and cash equivalents as per above comprise of following</b>	<b>As at</b>	<b>As at</b>
Balances with banks:	<b>March 31, 2023</b>	<b>March 31, 2022</b>
- in current accounts	4.49	3.99
- in EEFC accounts	4.83	9.59
Cash in hand [including cash in transit Rs. 1.70 crore (March 31, 2022 Rs 2.31 crore)]	3.72	4.07
Deposits with original maturity of less than three months	53.60	50.00
<b>Total cash and cash equivalents</b>	<b>66.64</b>	<b>67.65</b>

**Note:**

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 Walker Chandniok & Co LLP

Chartered Accountants

ICAI Firm Registration No: 001076N/N500013

**Deepak  
Mittal**

Deepak Mittal

Partner

Membership No: 503843

Digitally signed by Deepak  
Mittal

Date: 2023.05.17 18:56:12  
+05'30'

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

VIDEH  
KUMAR  
JAIPURIAR

Digitally signed by  
VIDEH KUMAR  
JAIPURIAR  
Date: 2023.05.17  
18:31:58 +05'30'

Director

DIN: 03097753

Place: Osaka, Japan

Date: May 17, 2023

SHYAM SUNDAR  
GOPALAKRISHN  
AN

Digitally signed by  
SHYAM SUNDAR  
GOPALAKRISHNAN  
Date: 2023.05.17  
18:29:01 +05'30'

Director

DIN: 06955526

Place: New Delhi

Date: May 17, 2023

ASHISH  
CHOPRA

Digitally signed by  
ASHISH CHOPRA  
Date: 2023.05.17  
18:25:19 +05'30'

Chief Executive officer

Place: New Delhi

Date: May 17, 2023

RAJIV  
MADAN

Digitally signed by  
RAJIV MADAN  
Date: 2023.05.17  
17:59:26 +05'30'

Chief Financial officer

Place: New Delhi

Date: May 17, 2023

PARVEE  
N GUPTA

Digitally signed by  
PARVEEN GUPTA  
Date: 2023.05.17  
18:02:36 +05'30'

Company Secretary

Place: New Delhi

Date: May 17, 2023

Place: Gurugram

Date: May 17, 2023

Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)  
Statement of Changes in Equity for the year ended March 31, 2023  
(Amount in Rupees crore, unless otherwise stated)

	Equity Share Capital	Other Equity				Total equity	
		Reserves and surplus		Items of OCI	Total Other equity		
		General Reserve	Retained earnings	Remeasurements gains/(losses) on defined benefit plans clubbed under Retained earnings	Foreign currency translation reserve		
<b>Balance as at April 1, 2022</b>	<b>80.00</b>	<b>9.98</b>	<b>385.01</b>	<b>(0.32)</b>	<b>(4.58)</b>	<b>390.09</b>	<b>470.09</b>
Profit for the year	-	-	266.76	-	-	266.76	266.76
Other comprehensive income (net of tax)	-	-	-	(0.34)	-	(0.34)	(0.34)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>266.76</b>	<b>(0.34)</b>	<b>-</b>	<b>266.42</b>	<b>266.42</b>
Interim dividend	-	-	(164.00)	-	-	(164.00)	(164.00)
<b>Balance as at March 31, 2023</b>	<b>80.00</b>	<b>9.98</b>	<b>487.77</b>	<b>(0.66)</b>	<b>(4.58)</b>	<b>492.51</b>	<b>572.51</b>
<b>Balance as at April 1, 2021</b>	<b>80.00</b>	<b>9.98</b>	<b>244.67</b>	<b>(0.40)</b>	<b>(4.58)</b>	<b>249.67</b>	<b>329.67</b>
Profit for the year	-	-	188.34	-	-	188.34	188.34
Other comprehensive income (net of tax)	-	-	-	0.08	-	0.08	0.08
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>188.34</b>	<b>0.08</b>	<b>-</b>	<b>140.42</b>	<b>140.42</b>
Interim dividend	-	-	(48.00)	-	-	(48.00)	(48.00)
<b>Balance as at March 31, 2022</b>	<b>80.00</b>	<b>9.98</b>	<b>385.01</b>	<b>(0.32)</b>	<b>(4.58)</b>	<b>390.09</b>	<b>470.09</b>

See accompanying notes forming part of the Financial Statements

As per our report of even date attached

For Walker Chandiook & Co LLP

Chartered Accountants

ICAI Firm Registration No: 001076N/N500013

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

**Deepak Mittal**

Digitally signed by Deepak Mittal  
Date: 2023.05.17 18:57:14  
+05'30'

Deepak Mittal  
Partner  
Membership No: 503843

VIDEH KUMAR JAIPURIAR  
Digitally signed by VIDEH KUMAR JAIPURIAR  
Date: 2023.05.17 18:32:37 +05'30'  
Director  
DIN: 03097753  
Place: Osaka, Japan  
Date: May 17, 2023

SHYAM SUNDAR GOPALAKRISHNAN  
Digitally signed by SHYAM SUNDAR GOPALAKRISHNAN  
Date: 2023.05.17 18:29:36 +05'30'  
Director  
DIN: 06955526  
Place: New Delhi  
Date: May 17, 2023

ASHISH CHOPRA  
Digitally signed by ASHISH CHOPRA  
Date: 2023.05.17 18:25:42 +05'30'

Chief Executive officer  
Place: New Delhi  
Date: May 17, 2023

RAJIV MADAN  
Digitally signed by RAJIV MADAN  
Date: 2023.05.17 18:00:09 +05'30'

Chief Financial officer  
Place: New Delhi  
Date: May 17, 2023

PARVEEN GUPTA  
Digitally signed by PARVEEN GUPTA  
Date: 2023.05.17 18:02:55 +05'30'

Company Secretary  
Place: New Delhi  
Date: May 17, 2023

Place: Gurugram  
Date: May 17, 2023

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

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**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 Company was awarded the license to manage and operate the Duty Free Shops at Terminal 3, Indira Gandhi International Airport(IGIA) in Delhi by Delhi International Airport Limited. The registered office of the Company is located at Building No. 301, Ground Floor, Opp. Terminal-3, IGIA, New Delhi-110037.

The Financial Statements were approved for issue by the Company's board of directors on May 17, 2023.

**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 from time to time, other accounting principles generally accepted in India and presentation requirement of division II of schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III) as applicable to the financial statements. The accounting policies followed in preparation of the Financial Statements are consistent with those followed in the preparation of Financial Statements for the year ended March 31, 2022 except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) The Financial Statements have been prepared on the historical cost basis, except for certain instruments 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 Statements are presented in Indian Rupees ("INR") 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

The Management believes that the useful lives as given above best represent the period over which the Management expects to use these assets.

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

**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 Statement of Profit and 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, if any. 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, if any.

Computer Software are amortised on straight line basis over the estimated useful life of 3 years.

**d) Inventory**

Stock-in-trade - Traded goods are valued at lower of cost and net realisable value. Cost (Other than Goods-in-transit) is determined on a moving weighted average basis and includes all applicable costs incurred in bringing goods to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**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.

**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 and 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

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. A contingent asset is disclosed where an inflow of economic benefits is probable.

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 Statement of Profit and 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. The benefits are discounted using market yields at the end of reporting period on Government bonds that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

**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:

- a. Debt instruments at amortised cost
- b. 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:

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

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 Statement of Profit and Loss. This category generally applies to other receivables. For more information on receivables, refer to Note 5B.

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 Statement of Profit and Loss.

**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:

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

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

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:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance .
- b) 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.
- c) 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. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, 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 Statement of Profit & Loss. 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 Statement of Profit and Loss. 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 and 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 Statement of Profit and 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 11.

**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 and 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) 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.

**l) Cash flow statement**

Cash flows are reported using indirect method, whereby Profit before 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.

**m) Foreign currency**

The Financial Statements are presented in INR, and the functional currency of the Company is INR (Functional currency of the Company was USD till March 31, 2018).

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 Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

**n) 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.

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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.

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 29)
- c) Financial instruments (including those carried at amortised cost) (note 28)

**o) 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.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

**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 control/ risks and reward at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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).

**p) 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.

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.

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.

**q) 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.

**r) Leases**

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" applied to all lease contracts existing on April 1, 2019 using the modified retrospective method along with transition option to recognise Right of use assets (RoU) at an amount equal to the lease liability.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Where the Company is the lessee**

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in Statement of Profit and Loss.

**Where the Company is the Lessor**

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

**s) Operating cycle and current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle
  - b) Held primarily for the purpose of trading
  - c) Expected to be realised within twelve months after the reporting period, or
  - d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- a) It is expected to be settled in normal operating cycle
  - b) It is held primarily for the purpose of trading
  - c) It is due to be settled within twelve months after the reporting period, or
  - d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- All other liabilities as non-current.

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

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

**t) Exceptional items**

An item of income or expense which are material by virtue of their size, nature or incidence are disclosed separately as exceptional items to ensure that financial statements allow an understanding of the underlying performance of the business during the year and to facilitate comparison with prior year.

**2.3 Recent accounting pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

**Ind AS 1 – Presentation of Financial Statements** The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

**Ind AS 12 – Income Taxes** The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

**Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors** The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

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

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2023 are as follows:

Particulars	Leasehold improvements	Plant & equipment	Furniture & fixtures	Computers	Office equipment	Vehicles	Total
Gross carrying value as at April 1, 2022	42.25	11.84	20.57	4.86	0.44	0.30	80.26
Additions	-	0.46	0.62	1.37	0.16	0.54	3.15
Disposal	-	(0.88)	(1.19)	(0.66)	(0.02)	(0.15)	(2.90)
Gross carrying value as at March 31, 2023	42.25	11.42	20.00	5.57	0.58	0.69	80.51
Accumulated depreciation as at April 1, 2022	25.07	9.59	13.75	4.56	0.42	0.28	53.67
Charge for the year	6.02	1.45	3.63	0.40	0.03	0.04	11.57
Disposal	-	(0.88)	(0.80)	(0.66)	(0.02)	(0.15)	(2.51)
Accumulated depreciation as at March 31, 2023	31.09	10.16	16.58	4.30	0.43	0.17	62.73
Carrying value as at March 31, 2023	11.16	1.26	3.42	1.27	0.15	0.52	17.78

The changes in the carrying value of property, plant and equipment for the year ended March 31, 2022 are as follows:

Particulars	Leasehold improvements	Plant & equipment	Furniture & fixtures	Computers	Office equipment	Vehicles	Total
Gross carrying value as at April 1, 2021	42.25	11.57	20.38	4.78	0.50	0.30	79.78
Additions	-	0.27	0.22	0.08	0.00	-	0.57
Disposal	-	-	(0.03)	-	(0.06)	-	(0.09)
Gross carrying value as at March 31, 2022	42.25	11.84	20.57	4.86	0.44	0.30	80.26
Accumulated depreciation as at April 1, 2021	18.83	8.03	9.72	4.18	0.46	0.22	41.44
Charge for the year	6.24	1.56	4.06	0.38	0.02	0.06	12.32
Disposal	-	-	(0.03)	-	(0.06)	-	(0.09)
Accumulated depreciation as at March 31, 2022	25.07	9.59	13.75	4.56	0.42	0.28	53.67
Carrying value as at March 31, 2022	17.18	2.25	6.82	0.30	0.02	0.02	26.59

Capital commitment: Refer note 27.A(ii)

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

	As at March 31, 2023	As at March 31, 2022
Capital work in progress	1.39	0.58

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2023

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.07	-	-	0.32	1.39
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	1.07	-	-	0.32	1.39

Capital work in progress (CWIP) Ageing Schedule as at March 31, 2022

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.25	-	0.29	0.03	0.58
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	0.25	-	0.29	0.03	0.58

Project execution plans are modulated basis capacity requirement assessment on an annual basis and all the projects are executed as per rolling annual plan. The Projects in progress are expected to be completed by March 31, 2024 and in none of the cases, the completion is overdue or has exceeded its cost compared to original plan.

(i) Capital work in progress as at March 31, 2023 comprises IT projects and expenditure for the lease hold improvements in the course of construction and includes borrowing costs capitalized Rs Nil (Previous year Rs. Nil)

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**4. Intangible assets**

The changes in the carrying value of intangibles for the year ended March 31, 2023 are as follows:

<b>Particulars</b>	<b>Computer Software (Acquired)</b>	<b>Licenses**</b>	<b>Total</b>
<b>Gross carrying value as at April 1, 2022</b>	<b>5.54</b>	<b>260.85</b>	<b>266.39</b>
Additions	0.47	-	0.47
Disposal	-	-	-
<b>Gross carrying value as at March 31, 2023</b>	<b>6.01</b>	<b>260.85</b>	<b>266.86</b>
<b>Accumulated Amortization as at April 1, 2022</b>	<b>4.95</b>	<b>213.78</b>	<b>218.73</b>
Charge for the year	0.32	17.33	17.65
Disposal	-	-	-
<b>Accumulated depreciation as at March 31, 2023</b>	<b>5.27</b>	<b>231.11</b>	<b>236.38</b>
<b>Carrying value as at March 31, 2023</b>	<b>0.74</b>	<b>29.74</b>	<b>30.48</b>

The changes in the carrying value of intangibles for the year ended March 31, 2022 are as follows:

<b>Particulars</b>	<b>Computer Software (Acquired)</b>	<b>Licenses**</b>	<b>Total</b>
<b>Gross carrying value as at April 1, 2021</b>	<b>4.90</b>	<b>260.85</b>	<b>265.75</b>
Additions	0.64	-	0.64
Disposal	-	-	-
<b>Gross carrying value as at March 31, 2022</b>	<b>5.54</b>	<b>260.85</b>	<b>266.39</b>
<b>Accumulated amortization as at April 1, 2021</b>	<b>4.54</b>	<b>196.44</b>	<b>200.98</b>
Charge for the year	0.41	17.34	17.75
Disposal	-	-	-
<b>Accumulated amortization as at March 31, 2022</b>	<b>4.95</b>	<b>213.78</b>	<b>218.73</b>
<b>Carrying value as at March 31, 2022</b>	<b>0.59</b>	<b>47.07</b>	<b>47.66</b>

\*\*Licenses represents right to run and operate duty free shops (also refer Note 1). The remaining amortization period is 2 years 4 months (as at March 31, 2022 - 3 years 4 months)

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**5A. Loans**

	Non current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good</b>				
Loan to related party (Refer Notes (i) below)	-	67.00	67.00	-
<b>Total</b>	<b>-</b>	<b>67.00</b>	<b>67.00</b>	<b>-</b>

**Note (i): Particulars of unsecured loan given to related party is disclosed below as per Section 186(4) of Companies Act, 2013**

Name of the loanee	Rate of Interest	Purpose	As at	As at
			March 31, 2023	March 31, 2022
GMR Airport Developers Limited	8% P.A	General business requirements	67.00	67.00

As per Agreement, GMR Airport Developers Limited shall repay the loan within 2 years from the date of agreement (i.e. January 22, 2022) or at demand  
Maximum amount outstanding during the year is Rs 67.00 crores ( Previous year Rs. 67.00 crores)

**5B. Other Financial Assets**

	Non current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Carried at amortised cost</b>				
<b>Unsecured, considered good</b>				
<b>Security deposits</b>				
- To related parties	198.33	173.72	1.50	4.10
- To other parties	8.86	8.05	0.31	0.46
Balances with banks to the extent held as margin money against bank guarantees	0.29	0.03	-	-
Interest accrued but not due	0.01	0.00	1.21	1.24
Credit card receivables	-	-	4.08	3.32
Amounts recoverable from related parties	-	-	-	0.26
Amount recoverable towards rebate, promotion, etc.	-	-	59.58	40.17
<b>Credit impaired</b>				
Amount recoverable towards rebate, promotion, etc.	-	-	0.84	0.67
Less: Allowance for impairment (Refer Notes (i) below)	-	-	(0.84)	(0.67)
<b>Total</b>	<b>207.49</b>	<b>181.80</b>	<b>66.68</b>	<b>49.55</b>

**Note (i):**  
**Movement in the allowance for impaired receivable (expected credit loss allowance)**

Particulars	Amount
Balance as at April 1, 2022	(0.67)
Add : Created during the year	(0.17)
Less : Actual write off ( Utilisation of provision)	-
<b>Balance as at March 31, 2023</b>	<b>(0.84)</b>

Particulars	Amount
Balance as at April 1, 2021	(1.22)
Add : Created during the year	(0.99)
Less : Actual write off ( Utilisation of provision)	1.54
<b>Balance as at March 31, 2022</b>	<b>(0.67)</b>

**6. Other assets**

	Non current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Capital advances	0.12	-	-	-
(A)	<b>0.12</b>	<b>-</b>	<b>-</b>	<b>-</b>
Others				
Advance to suppliers	-	-	1.64	10.63
Prepaid expenses	0.04	0.00	3.04	2.58
Balance with government authorities	-	-	50.23	64.31
Considered good	-	-	-	-
(B)	<b>0.04</b>	<b>0.00</b>	<b>54.91</b>	<b>77.52</b>
<b>Total (A+B)</b>	<b>0.16</b>	<b>0.00</b>	<b>54.91</b>	<b>77.52</b>

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
(Amount in Rupees crore, unless otherwise stated)

**7. Inventories**

	As at March 31, 2023	As at March 31, 2022
<b>(Valued at cost or NRV, whichever is lower)</b>		
Stock in trade - traded goods (including goods in transit Rs. 10.90 crores and as at March 31, 2022 Rs. 14.90 crores)	224.74	93.44
<b>Total</b>	<b>224.74</b>	<b>93.44</b>

**Notes:**

- 7.1: The cost of inventories recognised as an expense during the year - Rs. 556.31 crore (year ended March 31, 2022: Rs. 238.22 crore)  
7.2: The cost of Inventories recognized as an expense/(credit) includes Rs.(1.88) crore (March 31, 2022: Rs.(0.83) crore) towards provision/(reversal of provision) for slow/non-moving items during 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, 2023	As at March 31, 2022
Balances with Banks		
-in current accounts	4.49	3.99
-in EEFC accounts	4.83	9.59
- Deposits with original maturity of less than three months	53.60	50.00
Cash in hand [including cash in transit Rs. 1.70 crores (March 31, 2022 Rs 2.31 crores)]	3.72	4.07
<b>Total</b>	<b>66.64</b>	<b>67.65</b>

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

	As at March 31, 2023	As at March 31, 2022
Earmarked balances with banks primarily relate to margin money against bank guarantees and buyer's credit	0.01	0.14
Dividend account	-	14.29
<b>Total</b>	<b>0.01</b>	<b>14.43</b>

**8B. Reconciliation of liabilities arising from financing activities during the year ended March 31, 2023.**

Particulars	As at April 1, 2022	Cash flow during the year			Non Cash Changes	As at March 31, 2023
		Proceeds	Payment	Net Cash Flow		
Long Term Borrowings - Term Loans (including current maturities of long-term borrowings)	9.01	-	(8.59)	(8.59)	-	0.42
Short-term borrowings	-	-	-	-	-	-
<b>Total</b>	<b>9.01</b>	<b>-</b>	<b>(8.59)</b>	<b>(8.59)</b>	<b>-</b>	<b>0.42</b>

**Reconciliation of liabilities arising from financing activities during the year ended March 31, 2022.**

Particulars	As at April 1, 2021	Cash flow during the year			Non Cash Changes	As at March 31, 2022
		Proceeds	Payment	Net Cash Flow		
Long Term Borrowings - Term Loans (including current maturities of long-term borrowings)	19.87	-	(10.86)	(10.86)	-	9.01
Short-term borrowings	11.27	-	(11.27)	(11.27)	-	-
<b>Total</b>	<b>31.14</b>	<b>-</b>	<b>(22.13)</b>	<b>(22.13)</b>	<b>-</b>	<b>9.01</b>

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
(Amount in Rupees crore, unless otherwise stated)

**9. Share capital**

	As at March 31, 2023	As at March 31, 2022
<b>Authorised:</b>		
80,000,000 Equity Shares of Rs.10/- Each	80.00	80.00
	<b>80.00</b>	<b>80.00</b>
<b>Issued and subscribed capital comprises:</b>		
80,000,000 Equity Shares of Rs.10/- each, fully paid	80.00	80.00
	<b>80.00</b>	<b>80.00</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**

	March 31, 2023 No. of Shares held	March 31, 2023 Amount	March 31, 2022 No. of Shares held	March 31, 2022 Amount
Opening balance	80,000,000	80.00	80,000,000	80.00
Add: Issued during the quarter/year	-	-	-	-
Closing balance	<b>80,000,000</b>	<b>80.00</b>	<b>80,000,000</b>	<b>80.00</b>

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

Name of Shareholder	As at March 31, 2023 No. of Shares held	As at March 31, 2023 % Holding in Class	As at March 31, 2022 No. of Shares held	As at March 31, 2022 % Holding in Class
	Delhi International Airport Limited	39,920,000	49.90%	39,920,000
Yalorvin Limited	26,456,000	33.07%	26,456,000	33.07%
GMR Airports Limited*	13,624,000	17.03%	13,624,000	17.03%

\* GMR Airports limited holds 64% shares in Delhi International Airport Limited

**d. Details of shares held by Promoters**

**As at March 31, 2023**

Promoter name	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the end of the year	% of total shares	% change during the year
Delhi International Airport Limited	39,920,000	-	39,920,000	49.90%	-
Yalorvin Limited	26,456,000	-	26,456,000	33.07%	-
GMR Airports Limited*	13,624,000	-	13,624,000	17.03%	-
<b>Total</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>	<b>100%</b>	<b>-</b>

\* GMR Airports Limited holds 64% shares in Delhi International Airport Limited

**As at March 31, 2022**

Promoter name	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the end of the year	% of total shares	% change during the year
Delhi International Airport Limited	39,920,000	-	39,920,000	49.90%	-
Yalorvin Limited	26,456,000	-	26,456,000	33.07%	-
GMR Airports Limited*	13,624,000	-	13,624,000	17.03%	-
<b>Total</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>	<b>100%</b>	<b>-</b>

\* GMR Airports Limited holds 64% shares in Delhi International Airport Limited

e. The Company has not issued any bonus shares nor has there been any buy-back of shares in current reporting year and in last 5 years immediately preceding the current reporting year.

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**10. Other equity**

	As at March 31, 2023	As at March 31, 2022
General Reserve	9.98	9.98
Foreign currency translation reserve	(4.58)	(4.58)
Retained earnings	487.11	384.69
<b>Total</b>	<b>492.51</b>	<b>390.09</b>

Particulars	As at March 31, 2023	As at March 31, 2022
<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</b>		
Balance at the beginning of the year	(4.58)	(4.58)
Changes during the year	-	-
Balance at the end of the year	<b>(4.58)</b>	<b>(4.58)</b>
<b>10.3 Retained earnings</b>		
Balance at the beginning of the year	384.69	244.27
Add: Net profit for the year	266.76	188.34
Less : Interim dividend of Rs. 20.50 per share (Previous year Rs. 6.00) [Refer note (i) below]	(164.00)	(48.00)
	<b>487.45</b>	<b>384.61</b>
<b>Other items of comprehensive income (OCI)</b>		
Other comprehensive income arising from re-measurement of defined benefit obligations net of income tax	(0.34)	0.08
<b>Total retained earnings</b>	<b>487.11</b>	<b>384.69</b>
<b>Total (10.1 + 10.2 + 10.3)</b>	<b>492.51</b>	<b>390.09</b>

**Notes :**

(i) For the year ended March 31, 2023, the Board has approved payment of interim dividend in the month of July 2022, October 2022 and January 2023, aggregating to Rs 20.50 per equity share i.e Rs 164.00 crores (Previous year Rs. 48.00 crores).

(ii) 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.

(iii) Foreign Currency Translation Reserve (FCTR) was created during financial year 2018-19, in accordance with the requirements under 'Ind AS 21- The Effects of Changes in Foreign Exchange Rates' consequent to change in Company's functional currency from USD to INR effective 1 April 2018, to be dealt with in future as per the provisions of the same Ind-AS.

(iv) Retained Earnings: Retained Earnings are the profits that the Company has earned till date, less any transfer to General reserve, dividends or other distributions paid to shareholders.

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**11. Financial liabilities - Borrowings**

	Non - Current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>				
From banks:				
Term loans (Refer Notes (i) & (ii) below)	0.42	9.01	0.42	8.59
Less: Current maturities of long term borrowings shown as current	0.42	8.59	-	-
<b>Total</b>	<b>-</b>	<b>0.42</b>	<b>0.42</b>	<b>8.59</b>

**(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.

**(ii) Terms of repayment of secured loans**

**Term Loan:**

Quarter ending	As at March 31, 2023			As at March 31, 2022		
	No. of Quarters	Quarterly installments	Total amount of Installments	No. of Quarters	Quarterly installments	Total amount of Installments
June 2023	1	0.42	0.42	1	0.42	0.42
March 2023				1	0.43	0.43
December 2022				1	2.71	2.71
September 2022				1	2.71	2.71
June 2022				1	2.74	2.74
<b>Total</b>			<b>0.42</b>			<b>9.01</b>

The present interest rate for Term Loan is in the range of 7.25% to 8.65% p.a.

(iii) The present rate of interest on cash credit (INR) is 7.20% to 8.70% p.a. Also refer note 31.

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**12. Financial liabilities - Trade payables**

	As at March 31, 2023	As at March 31, 2022
Total outstanding due to micro and small enterprises (Refer Note 32)	2.77	2.50
Total outstanding dues of creditors other than micro enterprises and small enterprises *	142.19	119.10
<b>Total</b>	<b>144.96</b>	<b>121.60</b>

\*Includes amount due to related parties Rs. 29.57 crore (Previous year Rs. 38.66 crore)

Credit period varies as per the contractual terms of various suppliers/ vendors. The Company has appropriate policy in place to ensure that all dues are paid within the credit terms agreed with the parties.

**Ageing for trade payables outstanding as at March 31, 2023 is as follows:**

	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	2.77	0.00	-	-	-	2.77
Total outstanding dues of creditors other than micro enterprises and small enterprises	104.48	3.39	0.23	-	0.15	108.25
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
	107.25	3.39	0.23	-	0.15	111.02
Accrued expenses						33.94
<b>Total</b>						<b>144.96</b>

**Ageing for trade payables outstanding as at March 31, 2022 is as follows:**

	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	1.37	1.13	-	-	-	2.50
Total outstanding dues of creditors other than micro enterprises and small enterprises	66.40	12.47	-	1.44	0.05	80.36
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
	67.77	13.60	-	1.44	0.05	82.86
Accrued expenses						38.74
<b>Total</b>						<b>121.60</b>

**13. Other financial liabilities**

	Current As at March 31, 2023	As at March 31, 2022
<b>Other financial liabilities at amortised cost</b>		
Unpaid dividend	-	14.29
Interest accrued but not due on borrowings	0.00	0.00
Payables towards property, plant and equipment**	2.33	2.36
<b>Total</b>	<b>2.33</b>	<b>16.65</b>

\* Includes amount due to related parties Rs. Nil (Previous year Rs. Nil)

# Includes total outstanding micro and small enterprises Rs. 0.13 crore (Previous year Rs. 0.43 crore)

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**14. Other liabilities**

	<b>Current</b>	
	<b>As at</b>	<b>As at</b>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Advances from customers (Refer note 41)	3.71	1.14
Statutory dues	8.07	8.37
<b>Total</b>	<b>11.78</b>	<b>9.51</b>

**15. Provisions**

	<b>Non Current</b>		<b>Current</b>	
	<b>As at</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>March 31, 2023</b>	<b>March 31, 2022</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Provision for employee benefits</b>				
Provision for compensated absences	1.89	1.57	0.32	0.26
Provision for gratuity (Refer note 26)	5.02	4.59	0.80	0.73
<b>Total</b>	<b>6.91</b>	<b>6.16</b>	<b>1.12</b>	<b>0.99</b>

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**16. Income tax**

The major components of income tax expense for the year ended March 31, 2023 is:

Statement of Profit and Loss:

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current income tax:</b>		
Current income tax charge	93.67	56.93
Adjustment of tax relating to earlier periods	(1.32)	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	9.35	1.49
<b>Income tax expenses reported in the Statement of Profit and Loss</b>	<b>101.70</b>	<b>58.42</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	0.11	(0.03)
<b>Tax charged to OCI</b>	<b>0.11</b>	<b>(0.03)</b>

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023:**

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before tax</b>	368.46	246.76
At applicable income tax rate of 25.168% (previous year 25.168%)	92.73	62.10
<u>Tax effect of expenses / (income) that are not deductible while determining taxable profit:</u>		
Unwinding of discount on security deposits for licenses (net)	-	(0.39)
Donation	0.68	0.68
Interest on delayed payment of income tax	0.26	-
Adjustment of tax relating to earlier periods	(1.32)	-
Reversal of deferred tax assets relating to timing difference of block of property plant and equipment *	8.22	-
Others	1.13	(3.97)
<b>Tax expense as per Statement of Profit and Loss</b>	<b>101.70</b>	<b>58.42</b>

**Significant components of net deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:**

	Opening Balance (As at April 01, 2022)	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognised in Equity	Closing balance (As at March 31, 2023)
<u>Tax effect of items constituting deferred tax assets</u>					
- Property plant and Equipment: Impact of differences between tax depreciation and depreciation/amortization charged in the financial statements *	8.22	(8.22)	-	-	-
- Provision for stock loss	1.14	(0.47)	-	-	0.67
- Provision for employee benefits	1.80	0.11	0.11	-	2.02
- Provision for custom duty payable	1.19	0.04	-	-	1.23
- Allowance for bad and doubtful receivables	0.17	0.04	-	-	0.21
- Impact of lease liability	2.49	(0.24)	-	-	2.25
- Others	3.07	(0.61)	-	-	2.46
<b>Net deferred tax asset</b>	<b>18.08</b>	<b>(9.35)</b>	<b>0.11</b>	-	<b>8.84</b>

**Significant components of net deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:**

	Opening Balance (As at April 01, 2021)	Recognised in Statement of Profit and Loss	Recognised in OCI	Recognised in Equity	Closing balance (As at March 31, 2022)
<u>Tax effect of items constituting deferred tax assets</u>					
- Property plant and Equipment: Impact of differences between tax depreciation and depreciation/amortization charged in the financial statements	6.94	1.28	-	-	8.22
- Unabsorbed depreciation and carry forward of loss (refer footnote)	8.61	(8.61)	-	-	-
- Provision for stock loss	1.35	(0.21)	-	-	1.14
- Provision for employee benefits	1.67	0.16	(0.03)	-	1.80
- Provision for custom duty payable	1.06	0.13	-	-	1.19
- Allowance for bad and doubtful receivables	0.48	(0.31)	-	-	0.17
- Impact of lease liability	(0.51)	3.00	-	-	2.49
- Others	-	3.07	-	-	3.07
<b>Net deferred tax asset</b>	<b>19.60</b>	<b>(1.49)</b>	<b>(0.03)</b>	-	<b>18.08</b>

\* During the current year, in accordance with the requirements under Ind-AS 12- "Income Taxes", the management after giving due consideration to the balance period under its license agreements, has reassessed the recoverability of deferred tax asset in relation to the temporary differences in carrying value of property, plant and equipment as per accounting and tax books and consequently, has recorded deferred tax expense of Rs. 8.22 crores, in these financial statements.

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening balance</b>	<b>18.08</b>	<b>19.60</b>
Tax income/(expense) during the year recognised in Statement of Profit and Loss	(9.35)	(1.49)
Tax expense during the year recognised in Equity	-	-
Tax income/(expense) during the year recognised in OCI	0.11	(0.03)
<b>Closing balance</b>	<b>8.84</b>	<b>18.08</b>

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**17. Revenue from operations**

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>		
Sale of products - traded goods (Refer note 41)	1,541.83	645.95
<b>Total</b>	<b>1,541.83</b>	<b>645.95</b>

**18. Other income**

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Interest income earned on financial assets</b>		
- Interest on Bank deposits	0.86	1.06
- Interest on inter-corporate loan	5.36	1.13
-Unwinding of discounts on security deposits given	21.06	18.90
- Interest income from income tax refund	0.02	-
<b>Other non-operating income</b>		
- Visibility charges	0.70	-
- Liability/provisions no longer required written back	0.89	1.99
- Net gain on sale of property, plant and equipment	-	0.00
- Lease liability written back (Refer note 34)	1.21	5.67
- Miscellaneous Income	0.00	3.92
- Exchange differences (net)	7.28	-
<b>Total</b>	<b>37.38</b>	<b>32.67</b>

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Closing stock</b>		
- Stock in trade - traded goods	224.74	93.44
	<b>224.74</b>	<b>93.44</b>
<b>Less :</b>		
<b>Opening stock</b>		
- Stock in trade - traded goods	93.44	102.81
	<b>93.44</b>	<b>102.81</b>
<b>(Increase) / decrease</b>		
- Stock in trade - traded goods	<b>(131.30)</b>	<b>9.37</b>

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**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**20. Employee benefits expenses\***

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Salaries, wages and bonus (including deputed staff cost)	37.57	29.52
Contribution to provident and other funds	3.12	2.54
Gratuity expenses (Refer Note 26(b))	1.12	1.01
Staff welfare expenses	0.97	0.37
<b>Total</b>	<b>42.78</b>	<b>33.44</b>

\*Net of recoveries

**21. Depreciation and amortization expense**

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Depreciation of property, plant and equipment (Refer Note 3)	11.57	12.32
Amortization of intangible assets (Refer Note 4)	17.65	17.75
Amortization of Right of use assets (Refer Note 34)	28.96	26.92
<b>Total</b>	<b>58.18</b>	<b>56.99</b>

**22. Finance costs**

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Interest expense - unwinding	0.71	1.71
Interest on lease liability (Refer note 34)	5.49	6.84
Other borrowing costs (guarantee charges, etc.)	0.12	0.24
Interest on delayed payment of income tax	1.04	2.06
<b>Total</b>	<b>7.36</b>	<b>10.85</b>

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**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**23. Other expenses**

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Rent	2.60	2.42
Insurance	1.98	2.49
Strategic and technical fee	52.47	15.00
Repairs and maintenance		
-Computers	2.73	2.41
-Others	1.53	1.30
Electricity, Fuel and water charges (net of recovery)	3.95	3.63
Advertising and sales promotion	4.71	3.06
Legal and Professional Fees	24.55	13.53
Travelling and conveyance	0.73	0.18
Payment to auditors (Refer Note (i) below)	0.23	0.25
Corporate social responsibility expenditure (CSR) ( Refer note 33)	2.69	2.71
Marketing fees	15.45	6.47
Loss on sale / discard of Property, Plant and Equipment (net)	0.28	-
Airport service charges	7.19	7.18
Commission on collections	11.06	4.35
Warehouse and transportation	1.17	1.18
Packing charges	4.30	0.67
Exchange differences (net)	-	1.24
Provision for bad and doubtful receivables (Refer note(i) of Note 5B)	0.17	0.99
Director's sitting fee	0.13	0.16
Miscellaneous expenses	4.27	2.37
<b>Total</b>	<b>142.19</b>	<b>71.59</b>

**Note (i)**

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
<b>Payment to Auditors: *</b>		
Statutory audit	0.11	0.11
Others	-	0.04
Limited reviews	0.11	0.09
Reimbursement of expenses	0.01	0.01
<b>Total</b>	<b>0.23</b>	<b>0.25</b>

\* Previous year figures includes Rs 0.07 crores remuneration paid to predecessor auditor of the Company

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

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

	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Profit for the year attributable to owners of the Company (Rs. in crores)	266.76	188.34
Weighted Average number of equity shares used for computing Earning Per Share (Basic and Diluted)	80,000,000	80,000,000
Earning Per Share (Basic) (in Rs.)	33.34	23.54
Earning Per Share (Diluted) (in Rs.)	33.34	23.54
Face value per share (in Rs.)	10.00	10.00

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

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

The preparation of the Company's Ind AS Financial Information 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 Ind AS Financial Information 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 material change in the useful life of property, plant and equipment and intangible assets as compared to year ended March 31, 2022.

**Contingent liabilities and provisions**

The Company is involved in various tax matters, the outcome of which may not be favorable to the Company. Management in consultation with the tax advisors assesses the likelihood that appending claim will succeed. The Company has applied its judgement and has recognized liabilities based on whether additional amounts will be payable and has included as contingent where economic outflows are considered but not probable.

**Leases**

Ind AS 116 requires the Company to recognize a right-of-use lease asset and lease liability for operating and finance leases. The right-of-use asset is measured as the sum of the lease liability, prepaid or accrued lease payments, any initial direct costs incurred and any other applicable amounts.

The identification and calculation of the lease liability requires the Company to make certain assumptions for each lease, including identification of asset, substantive right of substitution, right to obtain economic benefits from use, lease term and discount rate implicit in each lease, which could significantly impact the gross lease liability, the duration and the present value of the lease liability. When calculating the lease term, the Company considers the renewal, cancellation and termination rights available to the Company and the lessor. The Company determines the discount rate by calculating the incremental borrowing rate on a collateralized basis at the commencement of a lease or upon a change in the lease term.

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**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)****Notes to Financial Statements for the year ended March 31, 2023**

(Amount in Rupees crore, unless otherwise stated)

**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. 3.12 crores (March 31, 2022: Rs. 2.54 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 recognized in the balance sheet.

Plan assets at the year end, at fair value

**Net employee benefit expense (recognized in Employee Cost)**

	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Service Cost	0.73	0.67
Interest Cost	0.39	0.34
	<b>1.12</b>	<b>1.01</b>

**Amount recognised in Other Comprehensive Income**

	For the year ended March 31, 2023	For the year ended March 31, 2022
Actuarial gain/ (loss) due to DBO experience	0.51	0.08
Actuarial gain/ (loss) due to DBO financial assumption changes	(0.06)	(0.19)
<b>Actuarial gain/ (loss) recognised in Other Comprehensive Income</b>	<b>0.45</b>	<b>(0.11)</b>

**Balance sheet**

	As at March 31, 2023	As at March 31, 2022
Defined benefit obligation	(5.82)	(5.32)
Fair value of plan assets	-	-
<b>Plan asset / (liability)</b>	<b>(5.82)</b>	<b>(5.32)</b>

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**

**Notes to Financial Statements for the year ended March 31, 2023**

(Amount in Rupees crore, unless otherwise stated)

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening defined benefit obligation	5.32	4.95
Interest cost	0.39	0.34
Current service cost	0.73	0.67
Benefits paid	(1.07)	(0.53)
Actuarial losses/ (gain) on obligation-experience	0.45	(0.11)
Closing defined benefit obligation	<b>5.82</b>	<b>5.32</b>

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

	Gratuity	
	As at March 31, 2023	As at March 31, 2022
Discount rate (in %)	7.39%	7.26%
Salary Escalation (in %)	7.00%	7.00%
Expected rate of return on assets	-	-
Attrition rate (in %)		
Up to 30 Years	40.00%	40.00%
From 31 to 44 years	15.00%	15.00%
Above 44 years	1.00%	1.00%

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, 2023	As at March 31, 2022
Year 1	0.80	0.73
Year 2	0.64	0.68
Year 3	0.49	0.50
Year 4	0.46	0.40
Year 5	0.34	0.36
Next 5 years	3.09	2.65

**Experience Adjustments**

Particulars	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Defined benefit obligation	5.82	5.32	4.95	5.14	3.78
Plan assets	-	-	-	-	-
Surplus / (Deficit)	(5.82)	(5.32)	(4.95)	(5.14)	(3.78)
Experience adjustments on plan liabilities (loss)/gain	0.51	0.08	(0.37)	(0.21)	(0.19)
Experience adjustments on plan assets (loss)/gain	-	-	-	-	-

**Gratuity Plan**

**Sensitivity Level**

March 31, 2023

March 31, 2022

**Impact on defined benefit obligation**

March 31, 2023

March 31, 2022

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
(0.21)	0.22	0.20	(0.19)
(0.19)	0.20	0.18	(0.17)

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.

The average duration of the defined benefit plan at the end of the reporting period is 5.45 years ( March 31, 2022: 6.11 years).

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**27. A 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, 2023	As at March 31, 2022
Income tax*	1.16	1.59

\*Income tax demand for AY 2017-18 and AY 2018-19 on account of certain disallowances. The Company has filed an appeal against the demands of the respective assessment years and does not expect any outflow on this account.

(b) The Company had filed three refund applications (for three quarters) dated January 31, 2018, under section 11(B) of Central Excise Act, 1944 seeking refund of Rs. 40.62 Crores being the service tax and cess paid on license fees, marketing fees, airport services charges and utility charges during the period October 2016 to June 2017 for services rendered to the Company at the duty-free shops at T-3, IGI Airport, Delhi. Such refund claims were filed in pursuance of the decision of the CESTAT Mumbai in Commissioner of Service Tax - VII, Mumbai vs. Flemingo Duty Free Pvt Ltd 2018 (8) GSTL 181 (Tri. Mumbai) (Flemingo) wherein it was held that service tax on license fee was not payable since services were provided outside taxable territory of India.

In respect of the said refund applications, the Company received a Show Cause Notice (SCN) dated August 24, 2018 that refund claims for the period October 2016 to January 2017 were barred by limitation and refund cannot be processed. Vide order dated September 06, 2018, the Assistant Commissioner, CGST held that only the period of October 2016 to December 2016 is barred by limitation and denied refund of Rs. 12.78 Crores. The amount of Rs. 27.84 Crores for the period January 2017 to June 2017 was allowed in favor of the Company and subsequently, refunded to the Company, which was recognized as income in Statement of Profit and Loss during the quarter and six months ended September 30, 2018 when this refund was received. The Department filed an appeal against the aforesaid Order dated September 06, 2018 before Commissioner (Appeals) to the extent of refund of Rs. 27.84 Crores held to be payable to the Company. The said appeal of the Department was rejected by the Commissioner (Appeals) vide Order dated May 18, 2020. Subsequently, on August 04, 2020, the Department filed an appeal before the CESTAT, New Delhi against the order of Commissioner (Appeal) dated May 18, 2020.

As against denial of refund of Rs 12.78 Crores, the Company filed an appeal before the Commissioner (Appeals) who rejected the appeal on May 10, 2019 and upheld the Order dated September 06, 2018. The Company filed an appeal before the CESTAT, New Delhi who allowed the Company's appeal vide its Order dated August 14, 2019 and held that since service tax was not payable on license fees and other input services at the airport, the limitation prescribed under Section 11B of the Central Excise Act, 1944 has no application. Accordingly, refund of Rs. 12.78 Crores was allowed in favor of the Company. The Department filed an appeal along with application for stay against the CESTAT Order dated August 14, 2019 before the Honorable High Court of Delhi in March 2020. The Honorable High Court of Delhi in the hearing dated May 06, 2022 observed that service tax was not leviable in (duty free) area, this position has been settled at the Tribunal level in the matter concerning Commissioner of Service Tax-VII, Mumbai v/s M/s Flemingo Duty Free Shop Pvt. Ltd 2018 (8) GSTL 181 (Tri-Mumbai) and mentioned that they would prefer to wait for the decision of Hon'ble Supreme Court in Department's challenge to Flemingo's Order. Further, in the hearing dated April 17, 2023 the counsel of the Department mentioned that an Additional Solicitor General (ASG) will appear in this matter on behalf of the Department and the High court listed the matter for May 17, 2023.

The Company had also filed application dated December 31, 2018 with the Department for the period April 2010 to September 2016 seeking refund of service tax and cess amounting to Rs.182.13 Crores, paid on the input services (concession fee, marketing fee, airport service charges and utility charges) rendered to the Company at the duty-free shops at T-3, IGI Airport, Delhi. The Assistant Commissioner issued the Order dated June 26, 2019 rejecting the refund claim filed by the Company on the ground that the Duty-free shops are in non-taxable territory. Subsequently, the Company filed an appeal on August 07, 2019 against the Assistant Commissioner's Order before Commissioner (Appeals) and received a favorable Order dated May 26, 2020 allowing the refund of Rs. 182.13 Crores. The Company requested the Asst. Commissioner to process the refund based on the said Order passed by the Commissioner (Appeals). The Assistant Commissioner issued a SCN dated August 04, 2020 asking the Company to explain that the refund claim is not hit by the bar of unjust enrichment as incidence of duty appears to be passed by the Company to their customers at the time of sale of goods. Subsequently, on August 04, 2020, the Department filed an appeal before the CESTAT, New Delhi against the Order of Commissioner (Appeals) dated May 26, 2020. The Company filed a reply before the CESTAT on December 24, 2020 against the department's appeal dated August 04, 2020.

In the meanwhile, the Assistant Commissioner issued two separate Orders dated December 10, 2020 on the respective SCNs and rejected the refund of service tax of Rs 182.13 crores and Rs 12.78 crores. The Company filed a rectification / recall request under Section 74 of the Finance Act, 1994 dated December 23, 2020 against both the rejection Orders before the Principal Commissioner and the Assistant Commissioner. Subsequently, on February 15, 2021, the Company also filed an Appeal against both the rejection Orders passed by the Assistant Commissioner before the Commissioner (Appeals).

The Company received Order-in-Appeal from the Commissioner Appeals dated September 24, 2021 for refund of Rs. 182.13 crores and Rs. 12.78 crores, upholding the Order-in-Original passed by the Assistant Commissioner, both dated December 10, 2020. The Company had filed appeals against both the Orders of Commissioner Appeals before CESTAT on November 03, 2021.

At Company's request, all the above matters before CESTAT were clubbed together. The Company received favourable order for all the above four matters from CESTAT on February 28, 2023. The Company basis inputs from its legal counsel has assessed that there are high chances that the aforesaid favorable order from CESTAT will be challenged by the Department before the Honorable High Court/Supreme Court, considering a similar appeal involving Company for Rs. 12.78 crores is already pending at High Court level. Accordingly, the management in line with previous periods, considering the status of matters as referred above, legal opinion and taking into consideration the inherent uncertainty in predicting the final outcome in the above litigations involving refunds, which is sub-judice, has assessed the refund of Rs. 27.84 Crores (as at March 31, 2022 – Rs. 27.84 crores) received in the quarter ended September 30, 2018 as contingent liability, in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets' as at March 31, 2023.

**(ii) Capital Commitments**

	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	0.76	0.67

**27. B** The Company had filed GST refund applications aggregating to Rs.259.40 crores pertaining to the period July 01, 2017 to March 31, 2021. Till April 30, 2022, the Company had been granted and received GST refunds aggregating to Rs. 180.43 crores which had been accounted for and presented as 'Exceptional Income' in the financial statements for the year ended March 31, 2022.

During the year ended March 31, 2023, GST refunds aggregating to Rs. 16.82 crores, pertaining to month of July 2019 and period January 2021 to March 2021, have been received, that have been accounted for and presented as 'exceptional income' in these Financial Statements. While refund claims of similar nature pertaining to earlier periods were accepted and processed by the authorities during financial year ended March 31, 2022, the management had assessed the pending claims aggregating to Rs. 16.82 crores, to be in the nature of contingent assets as at March 31, 2022, that should be accounted for as income, only on receipt of refund amount from the authorities.

For balance GST refund claims aggregating to Rs.62.15 crores pertaining to the period July 2017 to October 2018 and July 2019, the department had previously denied the refund claims citing that there was no mechanism or provision to process the revised claims and procedural lapses for filing the refund claims. The Company has received the favorable orders from the Special Commissioner (Trade & Taxes Department) and received the refunds aggregating to Rs. 62.15 crores which have been accounted for and presented as 'exceptional income' in these Financial Statements.

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(Amount in Rupees crore, unless otherwise stated)**

**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, 2023**

<b>Financial Assets</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Loans	-	-	67.00	<b>67.00</b>	67.00
Cash and cash equivalents	-	-	66.64	<b>66.64</b>	66.64
Other financial assets	-	-	274.18	<b>274.18</b>	274.18
<b>Total</b>	-	-	<b>407.82</b>	<b>407.82</b>	<b>407.82</b>

<b>Financial Liabilities</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Borrowings	-	-	0.42	<b>0.42</b>	0.42
Trade payables	-	-	144.96	<b>144.96</b>	144.96
Lease Liabilities	-	-	83.10	<b>83.10</b>	83.10
Other financial liabilities	-	-	2.33	<b>2.33</b>	2.33
<b>Total</b>	-	-	<b>230.81</b>	<b>230.81</b>	<b>230.81</b>

**As at March 31, 2022**

<b>Financial Assets</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Loans	-	-	67.00	<b>67.00</b>	67.00
Cash and cash equivalents	-	-	67.65	<b>67.65</b>	67.65
Other financial assets	-	-	245.78	<b>245.78</b>	245.78
<b>Total</b>	-	-	<b>380.43</b>	<b>380.43</b>	<b>380.43</b>

<b>Financial Liabilities</b>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Borrowings	-	-	9.01	<b>9.01</b>	9.01
Trade payables	-	-	121.60	<b>121.60</b>	121.60
Lease Liabilities	-	-	80.88	<b>80.88</b>	80.88
Other financial liabilities	-	-	16.65	<b>16.65</b>	16.65
<b>Total</b>	-	-	<b>228.14</b>	<b>228.14</b>	<b>228.14</b>

**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.

**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.

**29. Fair value hierarchy**

The fair value of financial instruments as referred to in note (28A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

<b>Particulars</b>	<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
	<b>Carrying value</b>	<b>Fair Value</b>	<b>Carrying value</b>	<b>Fair Value</b>
Security deposits	209.00	209.00	186.33	186.33

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

**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
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**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 and loans.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and as at March 31, 2022.

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 the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place as at March 31, 2023 and as at March 31, 2022.

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, 2023 and as at March 31, 2022.

**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:

<b>Financial year</b>	<b>Currency</b>	<b>Increase/Decrease in basis point</b>	<b>Effect on profit/(loss) before tax</b>
March 31, 2023	INR	+50	(0.00)
	INR	-50	0.00
March 31, 2022	INR	+50	(0.05)
	INR	-50	0.05

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

**Delhi Duty Free Services Private Limited**  
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**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 as the Company is naturally hedged since the Company also collects foreign currency against sale of products at the duty free outlets.

Financial year	Change in rate	Effect on profit before tax
<b>March 31, 2023</b>		
GBP	5%	0.04
	-5%	(0.04)
Euro	5%	0.08
	-5%	(0.08)
CHF	5%	0.05
	-5%	(0.05)
SGD	5%	(0.03)
	-5%	0.03
USD	5%	(1.74)
	-5%	1.74

Financial Year	Change in rate	Effect on profit before tax
<b>March 31, 2022</b>		
GBP	5%	0.02
	-5%	(0.02)
Euro	5%	0.05
	-5%	(0.05)
CHF	5%	(0.11)
	-5%	0.11
SGD	5%	(0.01)
	-5%	0.01
USD	5%	(0.96)
	-5%	0.96

**Particulars of unhedged foreign currency exposure as at March 31, 2023 and March 31, 2022**

Foreign currency exposures on account of receivable/payables not hedged by derivative instruments are as follows:

Particulars	31-Mar-23		31-Mar-22	
	Amount in foreign currency (in Crores)	Amount in INR (in Crores)	Amount in foreign currency (in Crores)	Amount in INR (in Crores)
<b>Receivable - Financial assets</b>				
GBP	-	-	0.00	0.00
Euro	0.01	0.90	0.01	1.13
CHF	0.01	1.06	0.00	0.04
USD	0.29	23.64	0.32	23.86
<b>Total</b>	<b>0.31</b>	<b>25.60</b>	<b>0.33</b>	<b>25.03</b>
<b>Payables - Financial liabilities</b>				
GBP	-	-	0.01	0.92
Euro	0.01	0.49	0.02	1.39
CHF	0.01	0.80	0.03	2.85
SGD	0.01	0.79	0.01	0.61
USD	0.74	61.11	0.68	52.04
<b>Total</b>	<b>0.77</b>	<b>63.19</b>	<b>0.75</b>	<b>57.81</b>
<b>Balance with banks in EEFC accounts and Cash on hand</b>				
GBP	0.01	0.76	0.01	1.29
Euro	0.01	1.17	0.01	1.19
CHF	0.01	0.74	0.01	0.69
SGD	0.00	0.22	0.01	0.41
USD	0.03	2.61	0.12	9.00
<b>Total</b>	<b>0.06</b>	<b>5.50</b>	<b>0.16</b>	<b>12.57</b>

**Delhi Duty Free Services Private Limited**  
**Notes to Financial Statements for the year ended March 31, 2023**  
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**Credit risk**

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

The Company is not exposed to significant concentrations of credit risk as policies are in place to cover retail sales where Collections are primarily made in cash or through credit card payments. The Company adopts prudent criteria in its investment policy, the main objectives of which are to reduce the credit risk associated with investment products and the counterparty risk associated with financial institutions. The Company considers the solvency, liquidity, asset quality and management prudence of the counter parties, as well as the performance potential of the counter parties in stressed conditions.

In relation to credit risk arising from commercial transactions related to rebates and promotion schemes related recoverable from the vendors, the Company generally has payable balance for purchases towards the same vendor, on an ongoing basis, in the normal course of business and hence, the credit risk from receivable perspective is not significant. Impairment losses, if any, are recognized for such recoverable when objective evidence exists that the Company will not be able to recover all the outstanding amounts, in accordance with the original conditions of the respective arrangements, after taking into consideration the solvency, liquidity and other related parameters of the counter parties.

**Liquidity risk**

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities as at March 31, 2023 based on contractual undiscounted payments.

<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
-	156.84	27.64	53.61	-	238.09

The table below summarises the maturity profile of the Company's financial liabilities as at March 31, 2022 based on contractual undiscounted payments.

<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
-	149.21	28.55	60.28	-	238.05

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**Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)**  
**Notes to Financial Statements for the year ended March 31, 2023**  
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**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.

	As at March 31, 2023	As at March 31, 2022
Debt - Borrowings (including short term borrowings)	0.42	9.01
<b>Debt (A)</b>	<b>0.42</b>	<b>9.01</b>
<b>Capital Components</b>		
Total Equity (B)	572.51	470.09
<b>Capital and debt (A+B)</b>	<b>572.94</b>	<b>479.10</b>
<b>Gearing ratio (%) [A/(A+B)]</b>	<b>0.07%</b>	<b>1.88%</b>

As at March 31, 2023, the Company had available undrawn committed borrowing of Rs. 100 crore (March 31, 2022: Rs. 100 crores) under cash credit facility

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, 2023 and during the year ended March 31, 2022.

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

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end*	2.90	2.93
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the Year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

\*Refer note 12 and 13.

**33. Corporate Social Responsibility**

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
Contribution to healthcare, education and other community development projects	2.69	2.71
1. Amount required to be spent under Section 135 of the Companies Act, 2013	2.69	2.71
2. Amount of expenditure incurred:		
(i) Construction / acquisition of an asset	-	-
(ii) On purposes other than (i) above	2.69	2.71
3. Shortfall at the end of the year	-	-
4. Total of previous years shortfall	-	-
5. Reason for shortfall	NA	NA
6. Nature of CSR activities	Promoting Education including vocational skills; Gender equality, women empowerment and livelihood; Promoting health care including preventive health care	Promoting Education including vocational skills; Gender equality, women empowerment and livelihood; Promoting health care including preventive health care
7. Details of related party transactions, in relation to CSR expenditure as per relevant Accounting Standard	1.80	1.76
8. Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

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**34. Leases**

(i) Delhi International Airport Limited ('DIAL') had entered into Operation, Management and Development Agreement (OMDA) Airports Authority of India ('AAI'), which gives DIAL an exclusive right to operate, maintain, develop, modernise and manage the Indira Gandhi International Airport (IGIA), New Delhi ('Delhi Airport') on a revenue sharing model for the period mentioned in the said OMDA. In the year 2010, Delhi International Airport Limited ('DIAL') had given license to the Company for running the duty free operations at Delhi Airport on payments of specified sum. The license fees for the duty free outlets are based on higher of the revenue share amount and the Actual Monthly Guarantee (MMG) amount calculated in the manner set out in the License agreements entered by the Company with DIAL.

The Company has also entered into certain cancellable operating lease agreements mainly for office premises and warehouses. The Company has also entered into a non-cancellable agreement for a warehouse in respect of which the Company has given interest free security deposits of Rs. 11.04 crores (As at March 31, 2022 Rs. 11.04 crores).

(ii) With effect from 1 April 2019, the Company has adopted Ind AS 116, 'Leases' and applied to all lease contracts existing on 1 April, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application (1 April 2019). Right-of-use (ROU) assets at 1 April, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for any related prepayments). The Company has elected not to apply the requirements of Ind AS 116 to short-term leases.

In respect of certain duty free outlets where MMG are not fixed throughout the term, the management has assessed that the payments do not fulfil the definition of lease payments (i.e. not fixed or in substance fixed and not variable payments linked to an index) and thus are not to be included in the lease payments for the purpose of computing lease liability under Ind AS 116 and presented separately in the Statement of Profit and Loss as concession fees.

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023:

**Right of use assets**

Following are the changes in the carrying value of right of use assets :

**Right of use assets**

Particulars	As at March 31, 2023				As at March 31, 2022		
	Shops & Warehouse	Furniture and fixtures	Vehicle	Total	Shops & Warehouse	Furniture and fixtures	Total
Opening Balance	71.00	2.90	-	73.90	97.84	-	97.84
Additions	30.79	-	0.33	31.12	-	2.98	2.98
Deletions	-	-	-	-	-	-	-
Depreciation	27.88	0.99	0.09	28.96	26.84	0.08	26.92
<b>Closing Balance</b>	<b>73.91</b>	<b>1.91</b>	<b>0.24</b>	<b>76.06</b>	<b>71.00</b>	<b>2.90</b>	<b>73.90</b>

The following is the movement in lease liabilities :

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Lease Liability</b>		
Opening Balance	80.88	99.88
Addition	30.10	2.98
Finance cost accrued during the year	5.49	6.84
Lease liability written back	(1.21)	(5.67)
Payment of lease liabilities	(32.55)	(23.62)
Foreign exchange loss	0.39	0.47
<b>Closing Balance</b>	<b>83.10</b>	<b>80.88</b>

In view of the Covid-19 outbreak, DIAL on March 30, 2020 had decided to suspend the levy and payment of minimum guarantee amount for the period from March 1, 2020 till July 31, 2022 under the License Agreement. Accordingly, the Company has reassessed the lease liability and written back lease liability of Rs 1.21 Crores (Previous year Rs. 5.67 Crores).

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

Particulars	As at March 31, 2023	As at March 31, 2022
Non - current	51.25	55.00
Current	31.85	25.88
<b>Total</b>	<b>83.10</b>	<b>80.88</b>

Following amount has been recognised in statement of profit and loss

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation/amortisation on right to use asset	28.96	26.92
Interest on lease liability	5.49	6.84
Foreign exchange (gain) / loss	0.39	0.46
Lease liability written off	(1.21)	(5.67)
<b>Total amount recognised in statement of profit and loss</b>	<b>33.63</b>	<b>28.55</b>

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

Less than 3 months	less than 1 year	1 to 5 years	> 5 years	Total
<b>March 31, 2023</b>	36.77	53.61	-	90.38
<b>March 31, 2022</b>	30.93	59.86	-	90.79

**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.

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**36. Additional Regulatory Information - Ratios**

Ratio	Numerator	Denominator	As at March 31, 2023	As at March 31, 2022	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	2.48	1.60	54.6%	Note 1
Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.15	0.19	-23.7%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	6.30	4.04	56.0%	Note 2
Return on Equity ratio (in %)	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	51.17%	47.10%	8.6%	
Inventory Turnover ratio	Cost of goods sold	Average Inventory	3.50	2.43	44.0%	Note 3
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	5.16	2.50	106.5%	Note 3
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	5.39	5.68	-5.2%	
Net Profit ratio (in %)	Net Profit	Net sales = Total sales - sales return	17.30%	29.16%	-40.7%	Note 2
Return on Capital Employed (in %)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	69.49%	61.23%	13.5%	Note 2
Return on Investment (in %)	Interest (Finance Income)	Investment	5.14%	1.87%	175.4%	Note 4

Note 1: Current ratio improved mainly due to increase in inventory and operations. Loan given to related party Rs. 67 crore classified from non-current to current as per repayment terms.

Note 2: Earning increased on account of GST refund received pertaining to earlier periods and operations during the previous year was low on account of COVID-19 which has improved in current year resulting in an improvement in the ratio

Note 3: Operations during the previous year was low on account of COVID-19 which has improved in current year resulting in an improvement in the ratio

Note 4: Loan to related party was given in January 2022, hence interest income was only accrued for part of the year in the previous year.

**Details of items included in numerator and denominator for computing the above ratios:**

Particulars	Numerator	Denominator	Content of Numerator	Content of Denominator
Current Ratio	Current Assets	Current Liabilities	Total Current Assets	Total Current Liabilities
Debt-Equity Ratio	Total Debt	Shareholder's Equity	Total Debt = Non Current borrowings + Current borrowings + Lease liabilities	Equity = Share Capital + other Equity
Debt Service coverage ratio	Earning for debt service = Net profit after taxes + Non- cash operating expenses	Debt service = Interest & Lease payments + Principal repayments	PAT + Depreciation and amortization + other non-cash operating expenses	Repayments of Interest expense on borrowings, Leases and principal repayment of borrowings and leases
Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	PAT + Preference dividend (if any)	(Opening Equity + Closing Equity)/2, Equity = Share Capital + other Equity
Inventory Turnover Ratio	Cost of Goods sold	Average inventory	Cost of goods sold	(Opening inventory + Closing inventory)/2
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases purchase return	Average Trade Payables	Net credit purchases = Total credit purchases - purchase return.	(Opening trade payables + Closing trade payables)/2
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	Net profit from continuing operations	Net sales = Total sales - sales return
Return on Capital Employed	Earning before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	Net profit from continuing operations + taxes + Interest expense	Tangible Net worth = Total assets - Total liabilities - intangible assets Total Debt = Non Current Borrowings + Current borrowings + Lease Liabilities
Return on Investment	Interest (Finance Income)	Investment	Interest (Finance Income)	Investments

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**37 Related party transactions**

**37.a List of related parties and nature of relationship with whom transactions have taken place during the year.**

Description of relationship	Names of related parties
(i) Entities with joint control over the reporting entity	Delhi International Airport Limited (DIAL) Yalorvin Limited* GMR Airports Limited
*Transaction have taken place with Aer Rinta International cpt (Holding company of Yalorvin Limited)	
(ii) Entities in which companies covered in (i) exercise significant influence	Delhi Airport Parking Services Private Limited Celebi Delhi Cargo Terminal Management (I) Private Limited Travel Food Services (Delhi Terminal 3) Private Limited GMR Airport Developers Limited
(iii) Key Management Personnel (KMP)	Mr. Subba Rao Amarthaluru (Independent Director) (w.e.f. September 23, 2022) Ms. Kameshwari Vissa (Independent Director) (Till September 23, 2022) Mr. Pawan Kumar Malhotra (Independent Director) Mr. Emandi Sankara Rao (Independent Director) (w.e.f. November 9, 2021 )
(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.	

**37.b Details of related party transactions and balances outstanding**

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>Details of related party transactions</b>					
<b>Concession Fee (including lease payment)#</b>					
- Delhi International Airport Limited	482.90 (201.20)				482.90 (201.20)
<b>Marketing fee</b>					
- Delhi International Airport Limited	15.45 (6.47)				15.45 (6.47)
<b>Airport service charges including</b>					
- Delhi International Airport Limited	7.19 (7.18)				7.19 (7.18)
<b>Airport entry pass charges</b>					
- Delhi International Airport Limited	0.03 (0.01)				0.03 (0.01)
<b>Electricity &amp; Water charges</b>					
- Delhi International Airport Limited	3.95 (3.63)				3.95 (3.63)
<b>Repairs &amp; maintenance charges - others</b>					
- Delhi International Airport Limited	0.49 (0.37)				0.49 (0.37)
<b>Rent</b>					
- Delhi International Airport Limited	2.60 (2.42)				2.60 (2.42)
<b>Deputed staff cost</b>					
- Delhi International Airport Limited	0.64 (0.61)				0.64 (0.61)

Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)

Notes to Financial Statements for the year ended March 31, 2023

(Amount in Rupees crore, unless otherwise stated)

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>Terminal, Storage and Processing (TSP) charges</b>					
Celebi Delhi Cargo Terminal Management (I) Private Limited		0.71 (0.36)			0.71 (0.36)
<b>Staff welfare</b>					
Travel Food Services (Delhi Terminal 3) Private Limited		0.00 -			0.00 -
<b>Strategic and Technical fee</b>					
- GMR Airports Limited (GAL)	34.98 (10.00)				34.98 (10.00)
- Aer Rianta International cpt (ARI)	17.49 (5.00)				17.49 (5.00)
<b>Interest income</b>					
- GMR Airport Developers Limited		5.36 (1.13)			5.36 (1.13)
<b>CSR Donation</b>					
- GMR Varalakshmi Foundation				1.80 (1.76)	1.80 (1.76)
<b>Interim dividend paid/Payable</b>					
- Delhi International Airport Limited	81.84 (23.95)				81.84 (23.95)
- GMR Airports Limited	27.93 (8.17)				27.93 (8.17)
- Yalorvin Limited	54.23 (15.87)				54.23 (15.87)
<b>Reimbursement received of expenses incurred on their behalf</b>					
- Delhi International Airport Limited	7.54 (4.75)				7.54 (4.75)
- GMR Airports Limited	0.00 -				0.00 -
<b>Directors sitting fees</b>					
- Mr. R S S L N Bhaskarudu			- (0.03)		- (0.03)
- Ms. Kameshwari Vissa			0.02 (0.05)		0.02 (0.05)
- Mr. Subba Rao Amarthaluru			0.02 -		0.02 -
- Mr. Emandi Sankara Rao			0.05 (0.03)		0.05 (0.03)
- Mr. Pawan Kumar Malhotra			0.05 (0.06)		0.05 (0.06)

Delhi Duty Free Services Private Limited (CIN : U52599DL2009PTC191963)

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(Amount in Rupees crore, unless otherwise stated)

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>Balances outstanding as at March 31, 2023 (As at March 31, 2022)</b>					
<b>Trade Payables</b>					
- Delhi International Airport Limited	13.88 (32.55)				13.88 (32.55)
- Aer Rianta International cpt	4.33 (1.69)				4.33 (1.69)
-GMR Airports Limited	11.36 (4.42)				11.36 (4.42)
<b>Dividend payable</b>					
- Yalorvin Limited	- (14.29)				- (14.29)
<b>Other Financial Assets - Amount recoverable</b>					
- Delhi International Airport Limited	- (0.01)				- (0.01)
- Aer Rianta International cpt	- (0.00)				- (0.00)
- GMR Infrastructure Limited	- (0.20)				- (0.20)
<b>Other assets- Advances to suppliers</b>					
- GMR Airports Limited	- (7.86)				- (7.86)
- Celebi Delhi Cargo Management (I) Private Limited		0.12 (0.06)			0.12 (0.06)
<b>Interest accrued</b>					
- GMR Airport Developers Limited		1.13 (1.13)			1.13 (1.13)
<b>Loan given</b>					
- GMR Airport Developers Limited		67.00 (67.00)			67.00 (67.00)
<b>Security deposits given</b>					
- Delhi International Airport Limited **	199.83 (177.81)				199.83 (177.81)
@ 0.00 implies value less than Rs.1,00,000.					
Previous year figures have been shown in brackets.					

# Concession fees is net of lease payment amounting Rs. 9.84 crores (Previous year Rs 3.67 crores) on account of IND AS 116. In view of the Covid-19 outbreak referred to in Note 39, DIAL decided to suspend the levy and payment of MMG amount under the License Agreement, accordingly, the Company has reassessed the lease liability and written back lease liability of Rs 1.21 Crores (year ended March 31, 2022 Rs. 5.67 Crores)

\*\* Security Deposit outstanding as disclosed above is the carrying amount in books at amortised cost. Total security deposit given as at March 31, 2023 is Rs. 240.26 Crores (March 31, 2022: Rs. 237.47 Crores).

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 are unsecured and interest free (other than loan given) and settlement occurs in cash.
- No amount has been written off/provided for or written back in respect of amount receivable from or payable to the related parties.

**38. 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.

**39:** The Company had received a Demand cum Show Cause Notice dated April 21, 2022, based on special audit under Section 72A of Finance Act, 1994 for the second half of financial year 2016- 17 and period April 1, 2017 till June 30, 2017 conducted during quarter ended March 31, 2022, wherein the Commissioner of Central Tax and CGST, Delhi ("Department") had sought to recover service tax dues along with interest and penalty aggregating to Rs. 40.16 crores pertaining to the said period related to input tax credit and other matters. The Company, through its legal counsel had filed a writ petition before the Honorable High Court of Delhi on April 26, 2022, challenging the initiation of special audit and consequential Demand cum Show Cause Notice mentioned above, citing that the due procedures had not been followed by the Department and no opportunity of being heard was given to the Company.

The final hearing happened on 3 March 2023, Honorable High Court has quashed the SCN and the demand. As per the High Court's Order, the department is at liberty to issue a fresh notice and must consider the explanation of the petitioner in respect of the observations made in the special audit report before taking any further step. The company has received a letter from the Department asking to submit the replies to draft audit report dated 5 April 2022. Company submitted its reply on 20 March 2023. Based on inputs from its tax expert, the management believes that the likelihood of any liability (in relation to service tax dues, interest and penalty) devolving on the Company is not probable and thus, no adjustment is considered necessary in these financial statements at this stage.

**40.** The Code on Social Security,2020 ("Code") relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**41. Revenue from Contracts with Customers**

<b>Assets and liabilities related to contracts with customers</b>				
<b>Description</b>	<b>As at March 31, 2023</b>		<b>As at March 31, 2022</b>	
	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>	<b>Current</b>
<b>Contract liabilities related to sale of goods</b>				
Advance from customers	-	3.71	-	1.14
<b>Contract assets related to sale of goods</b>				
Trade receivables	-	-	-	-

**Significant changes in contract assets and liabilities**

There has been no significant changes in contract assets/contract liabilities during the year

**Revenue recognised in relation to contract liabilities**

Ind AS 115 also requires disclosure of major changes on account of revenue recognised in the reporting period from the contract liability balance at the beginning of the period and other changes.

<b>Description</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
Opening balance	1.14	0.64
Addition during the year	97.94	23.25
Revenue recognised during the year	(95.37)	(22.75)
<b>Closing balance</b>	<b>3.71</b>	<b>1.14</b>

**Disaggregation of revenue**

Revenue arises only from the sale of traded goods

(This space has been intentionally left blank)

**42. Other disclosures required as per Schedule III**

- (i) The Company has not been declared as willful defaulter by any bank or financial institution or any other lender.
- (ii) The Company does not have any charges or satisfaction, which is yet to be registered with Registrar of Companies, beyond the statutory period prescribed under the Companies Act, 2013 and the rules made thereunder.
- (iii) The Company has not entered into any transaction which has not been recorded in the books of account, that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (iv) The Company has not traded or invested in crypto currency or virtual currency during the year.
- (v) The Company does not have any Benami property and further, no proceedings have been initiated or are pending against the Company, in this regard.
- (vi) The Company has not entered into any transactions with struck off companies, as defined under the Companies Act, 2013 and rules made thereunder.
- (vii) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (viii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities(Funding Party) with the understating (whether recorded in writing or otherwise) that the company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (ix) The Company has not given any loans and advances which are either repayable on demand or without specifying any terms or period of repayment.

As per our report of even date attached  
**For Walker Chandio & Co LLP**  
**Chartered Accountants**  
**ICAI Firm Registration No: 001076N/N500013**

**Deepak  
Mittal**

Digitally signed by  
Deepak Mittal  
Date: 2023.05.17  
18:59:08 +05'30'

**Deepak Mittal**  
Partner  
Membership No: 503843  
Place: Gurugram  
Date: May 17, 2023

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

**VIDEH  
KUMAR  
JAIPURIAR**

Digitally signed by  
VIDEH KUMAR  
JAIPURIAR  
Date: 2023.05.17  
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**Director**  
DIN: 03097753  
Place: Osaka, Japan  
Date: May 17, 2023

**SHYAM  
SUNDAR  
GOPALAKRISHNAN**

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SHYAM SUNDAR  
GOPALAKRISHNAN  
Date: 2023.05.17  
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**Director**  
DIN: 06955526  
Place: New Delhi  
Date: May 17, 2023

**ASHISH  
CHOPRA**

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by ASHISH  
CHOPRA  
Date: 2023.05.17  
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**Chief Executive officer**  
Place: New Delhi  
Date: May 17, 2023

**RAJIV  
MADAN**

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RAJIV MADAN  
Date: 2023.05.17  
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**Chief Financial officer**  
Place: New Delhi  
Date: May 17, 2023

**PARVEEN  
GUPTA**

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PARVEEN GUPTA  
Date: 2023.05.17  
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**Company Secretary**  
Place: New Delhi  
Date: May 17, 2023