

# Delhi Duty Free Services Private Limited

Ind AS Financial statements for the year ended March 31, 2017

Management's Responsibility for the Financial Statements

The Board of Directors of Delhi Duty Free Services Private Limited (the Company) is pleased to present to you the Ind AS Financial Statements for the year ended March 31, 2017. The Ind AS Financial Statements have been prepared in accordance with the Ind AS issued by the Institute of Cost Accountants of India, which are based on the accounting principles and practices adopted by the Company. The Ind AS Financial Statements have been prepared on a going concern basis. The Board of Directors is responsible for the preparation and presentation of the Ind AS Financial Statements. The Board of Directors has also approved the Ind AS Financial Statements and the accompanying notes to the Ind AS Financial Statements. The Board of Directors is also responsible for the overall financial health of the Company and for ensuring that the Ind AS Financial Statements are prepared in accordance with the Ind AS issued by the Institute of Cost Accountants of India.

Management's Responsibility for the Financial Statements (continued)

The Board of Directors is also responsible for the overall financial health of the Company and for ensuring that the Ind AS Financial Statements are prepared in accordance with the Ind AS issued by the Institute of Cost Accountants of India. The Board of Directors is also responsible for the overall financial health of the Company and for ensuring that the Ind AS Financial Statements are prepared in accordance with the Ind AS issued by the Institute of Cost Accountants of India.

Management's Responsibility for the Financial Statements (continued)

The Board of Directors is also responsible for the overall financial health of the Company and for ensuring that the Ind AS Financial Statements are prepared in accordance with the Ind AS issued by the Institute of Cost Accountants of India. The Board of Directors is also responsible for the overall financial health of the Company and for ensuring that the Ind AS Financial Statements are prepared in accordance with the Ind AS issued by the Institute of Cost Accountants of India.



**INDEPENDENT AUDITOR'S REPORT**

To the Members of Delhi Duty Free Services Private Limited

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Delhi Duty Free Services Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

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

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (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, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long -term contracts including derivative contracts;



# **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  
- iv. The Company has provided requisite disclosures in Note 36 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



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**per Yogesh Midha**

Partner

Membership Number: 094941

Place of Signature: New Delhi

Date: May 03, 2017

**Annexure 1 referred to in paragraph [1] of report on other legal and regulatory requirements**

**Re: Delhi Duty Free Services Private Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noted on such verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013 for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in deposition of advance tax installments.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, provident fund, employees' state insurance, value added tax, sales -tax, custom duty, excise duty, service tax, cess and other undisputed statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, wealth tax, service tax, sales tax, value added tax, and cess on account of any dispute, are as follows:



# S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates(A.Y)	Forum where dispute is pending
Income tax Act	Income Tax	947,580	AY 2012-13	CIT(A)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or bank. The company does not have any dues to in respect of debenture holders or government.
- (ix) In our opinion and according to information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Associates LLP**

ICAI Firm registration number: 101049W/E300004

Chartered Accountants

**per Yogesh Midha**

Partner

Membership No.: 094941



Place: New Delhi

Date: May 03, 2017

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DELHI DUTY FREE SERVICES PRIVATE LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of Delhi Duty Free Services Private Limited

We have audited the internal financial controls over financial reporting of Delhi Duty Free Services Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.



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

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



**per Yogesh Midha**

Partner

Membership Number: 094941

Place of Signature: New Delhi

Date: May 03, 2017



Delhi Duty Free Services Private Limited  
Balance Sheet as at 31 March 2017  
(Amount in Rupees crores, unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	8.65	16.51	21.23
Capital work-in-progress	3	8.54	1.82	1.24
Other intangible assets	4	133.72	154.57	162.67
Financial assets	5			
(i) Loans		103.34	92.46	83.27
(ii) Others		2.80	2.63	2.13
Deferred tax assets (net)	17	17.12	20.91	19.46
Other non-current assets and prepayments	6	6.36	5.88	5.41
<b>Total non-current assets</b>		<b>280.53</b>	<b>294.78</b>	<b>295.41</b>
<b>Current assets</b>				
Inventories	7	101.76	118.41	102.41
Financial assets				
(i) Loans	5	33.78	24.88	34.22
(ii) Trade receivables	8	0.47	1.18	2.39
(iii) Cash and cash equivalents	9	31.76	37.87	26.65
Other current assets and prepayments	6	2.63	1.40	0.80
<b>Total current assets</b>		<b>170.40</b>	<b>183.74</b>	<b>166.47</b>
<b>Total assets</b>		<b>450.93</b>	<b>478.52</b>	<b>461.88</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	10	80.00	80.00	80.00
Other equity	11			
(i) General reserve		9.98	9.98	9.98
(ii) Retained earnings		133.60	99.73	67.03
(ii) Foreign currency translation reserve		4.18	3.65	-
<b>Total equity</b>		<b>227.76</b>	<b>193.36</b>	<b>157.01</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
(i) Borrowings	12	76.97	110.81	147.01
(ii) Other financial liabilities	14	29.61	45.92	45.99
Net employee defined benefit liabilities	16	3.24	2.58	1.84
<b>Total non-current liabilities</b>		<b>109.82</b>	<b>159.31</b>	<b>194.84</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings	12	-	19.90	24.68
(ii) Trade payables	13	64.90	62.44	53.09
(iii) Other current financial liabilities	14	37.22	36.18	27.64
Other current liabilities	15	6.29	3.94	3.27
Net employee defined benefit liabilities	16	0.73	0.70	0.52
Liabilities for current tax (net)		4.21	2.69	0.83
<b>Total non-current liabilities</b>		<b>113.35</b>	<b>125.85</b>	<b>110.03</b>
<b>Total equity and liabilities</b>		<b>450.93</b>	<b>478.52</b>	<b>461.88</b>

**Summary of significant accounting policies**

2.2

Notes referred to above form an integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/E300004  
Chartered Accountants

per Yogesh Midha  
Partner  
Membership No.: 094941



Place: New Delhi  
Date: May 03, 2017

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

Director  
DIN 03482239  
Place: New Delhi  
Date: May 03, 2017

Director  
DIN 06955596  
Place: New Delhi  
Date: May 03, 2017

Place: New Delhi  
Date: May 03, 2017

Chief Financial officer  
Place: New Delhi  
Date: May 03, 2017

Company Secretary  
Place: New Delhi  
Date: May 03, 2017



Delhi Duty Free Services Private Limited

Statement of Profit and Loss for the year ended 31 March 2017  
(Amount in Rupees crores, unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>REVENUE</b>			
Revenue from operations	18	1,000.29	939.23
Other income	19	20.64	20.90
<b>Total Revenue</b>		<b>1,020.93</b>	<b>960.13</b>
<b>EXPENSES</b>			
Purchase of traded goods		353.08	360.48
(Increase)/decrease in inventories of traded goods	20	10.79	(16.61)
Employee benefit expenses	21	30.74	27.83
Depreciation and amortization expense	22	19.73	17.99
Finance costs	23	16.05	20.50
Other expenses	24	441.75	414.38
<b>Total expenses</b>		<b>872.14</b>	<b>824.57</b>
<b>Profit/(loss) before tax</b>		<b>148.79</b>	<b>135.56</b>
<b>Tax expense:</b>			
Current Tax		54.31	50.25
Deferred Tax		3.79	(1.45)
<b>Profit/(loss) for the period</b>		<b>90.69</b>	<b>86.76</b>
<b>Other comprehensive income (OCI)</b>			
<b>A Items that will be reclassified to profit or loss</b>			
Exchange difference on translation from functional currency to presentation currency		0.53	3.65
<b>B Items that will not be reclassified to profit or loss</b>			
Re-measurement gains/(losses) on defined benefit plans	25	0.01	0.21
Income tax effect		(0.00)	(0.07)
<b>Total comprehensive income for the period</b>		<b>90.14</b>	<b>82.97</b>
<b>(Comprising profit (loss) and other comprehensive income for the period)</b>			
<b>Earnings per equity share:</b>	26		
(1) Basic		11.27	10.37
(2) Diluted		11.27	10.37
<b>Summary of significant accounting policies</b>	2.2		

Notes referred to above form an integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/E300004  
Chartered Accountants

per Yogesh Midha  
Partner  
Membership No : 094941



Place: New Delhi  
Date: May 03, 2017

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

Director  
DIN 03482239  
Place: New Delhi  
Date: May 03, 2017

Chief Financial officer  
Place: New Delhi  
Date: May 03, 2017

Director  
DIN 06755526  
Place: New Delhi  
Date: May 03, 2017

Chief Executive officer  
Place: New Delhi  
Date: May 03, 2017

Company Secretary  
Place: New Delhi  
Date: May 03, 2017



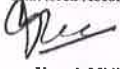
Delhi Duty Free Services Private Limited  
Statement of Cash Flows for the year ended 31 March 2017  
(Amount in Rupees crores, unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A Cash flow from operating activities</b>		
Profit / (loss) before tax	148.79	135.56
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	19.73	17.99
Foreign currency translation reserve adjustments	9.97	(0.99)
Interest income	(15.45)	(15.37)
Finance costs	16.05	20.50
Exchange difference loss/(gain)	(16.18)	6.61
<b>Operating profit before working capital changes</b>	<b>14.12</b>	<b>28.74</b>
<b>Movements in working capital:</b>		
(Increase) in inventories	16.65	(16.00)
(Increase)/decrease in trade receivables, financial/non-financial assets	6.87	3.07
Increase/(decrease) in trade payables and other financial/non-financial liabilities	(9.41)	9.81
Increase in net employee defined benefit liabilities	0.70	1.06
<b>Cash generated from operations</b>	<b>14.81</b>	<b>(2.06)</b>
Less : Direct tax paid ( net of refunds)	(52.79)	(48.43)
<b>Net cash flow from operating activities (A)</b>	<b>124.93</b>	<b>113.81</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment including capital advance, capital creditor and capital work in progress	(9.10)	(2.78)
Interest received	4.68	5.75
Investment in bank deposits (having original maturity of more than 3 months)	(0.02)	(0.37)
<b>Net cash flow used in investing activities (B)</b>	<b>(4.44)</b>	<b>2.60</b>
<b>C Net cash flow from financing activities:</b>		
Interest paid	(16.05)	(20.27)
Interim dividend paid on equity shares including tax	(43.33)	(34.66)
Final dividend paid equity shares including tax	(13.48)	(19.26)
Repayment of term loan	(33.84)	(26.22)
Receipt/ (repayment) of working capital loan	(19.90)	(4.78)
<b>Net cash flow used in financing activities (C)</b>	<b>(126.60)</b>	<b>(105.19)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A + B + C)</b>	<b>(6.11)</b>	<b>11.22</b>
Cash and cash equivalents at beginning of the year	37.87	26.65
<b>Cash and cash equivalents at end of the year</b>	<b>31.76</b>	<b>37.87</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>31 March 2017</b>	<b>31 March 2016</b>
Balances with banks:		
- in current accounts	1.22	1.41
- in EEFC accounts	20.47	29.82
Cash in hand	2.12	4.28
Cash in transit	1.87	-
Margin money deposit	3.00	-
Credit card collections in hand	3.08	2.36
<b>Total cash and cash equivalents</b>	<b>31.76</b>	<b>37.87</b>

Notes referred to above form an integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/E300004  
Chartered Accountants

  
per Yogesh Midha  
Partner  
Membership No : 094941



Place: New Delhi  
Date: May 03, 2017

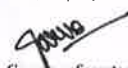
For and on behalf of the Board of Directors of  
Delhi Duty Free Services Private Limited

  
Director  
DIN 03482239  
Place: New Delhi  
Date: May 03, 2017

  
Chief Financial officer  
Place: New Delhi  
Date: May 03, 2017

  
Director  
DIN 6695526  
Place: New Delhi  
Date: May 03, 2017

  
Chief Executive officer  
Place: New Delhi  
Date: May 03, 2017

  
Company Secretary  
Place: New Delhi  
Date: May 03, 2017



Delhi Duty Free Services Private Limited  
Statement of Changes in Equity for the year ended 31 March 2017  
(Amount in Rupees crores, unless otherwise stated)

	Issued capital	Reserves and surplus		Items of OCI		Total equity
		General Reserve	Retained earnings	Remeasurements gains/(losses) on defined benefit plans clubbed under Retained earnings	Foreign currency translation reserve	
As at 1 April 2015	80.00	9.98	67.03	-	-	157.01
Profit for the period	-	-	86.76	-	-	86.76
Appropriations (Payments of dividends and related taxes) Refer note 11	-	-	(53.92)	-	-	(53.92)
Other comprehensive income	-	-	-	(0.14)	3.65	3.51
<b>Total comprehensive income</b>	-	-	<b>32.84</b>	<b>(0.14)</b>	<b>3.65</b>	<b>36.35</b>
At 31 March 2016	80.00	9.98	99.87	(0.14)	3.65	193.36
Profit for the period	-	-	90.69	-	-	90.69
Appropriations (Payments of dividends and related taxes) Refer note 11	-	-	(56.81)	-	-	(56.81)
Other comprehensive income	-	-	-	(0.01)	0.53	0.52
<b>Total comprehensive income</b>	-	-	<b>33.88</b>	<b>(0.01)</b>	<b>0.53</b>	<b>34.40</b>
At 31 March 2017	80.00	9.98	133.75	(0.15)	4.18	227.76

Notes referred to above form an integral part of the financial statements

As per our report of even date attached

For S.R. Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/E300004  
Chartered Accountants

*S.R. Batliboi*  
per Yogesh Midha  
Partner

Membership No.: 094941



Place: New Delhi  
Date: May 03, 2017

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

*[Signature]*  
Director  
DIN 03482259  
Place: New Delhi  
Date: May 03, 2017

*[Signature]*  
Director  
DIN 9955586  
Place: New Delhi  
Date: May 03, 2017

*[Signature]*  
Chief Executive officer  
Place: New Delhi  
Date: May 03, 2017

*[Signature]*  
Chief financial officer  
Place: New Delhi  
Date: May 03, 2017

*[Signature]*  
Company Secretary  
Place: New Delhi  
Date: May 03, 2017



## **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 as per the concession arrangement dated 3 February 2010 entered between Delhi International Airport Limited (previously known as “Delhi International Airport Private Limited” and Delhi Duty Free Services Private Limited.

Information on other related party relationships of the Company is provided in Note 30.

The financial statements were approved for issue in accordance with a resolution of the directors on May 03, 2017.

## **2. Significant accounting policies**

### **2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and Companies (Accounting Standards) Amendment Rules, 2016. These financial statements for the year ended 31 March 2017 are the first financial statements, the Company has prepared in accordance with Ind AS. Refer to note 38 for information on effect of transition to Ind AS.

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

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

### **2.2 Summary of significant accounting policies**

#### **a) 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 purchase of inventories for trading and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle."

#### b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Capital work in progress includes leasehold improvement 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. 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 of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### c) Depreciation on Property, plant and equipment

- (i) The 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
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



- (ii) Leasehold improvements are amortised over the primary period of the lease or economic useful life of 10 years, whichever is lower.
- (iii) Computers are depreciated over a period of 3 years.
- (iv) Assets costing individually Rs. 5,000 or less are depreciated fully in the year of purchase.

**d) 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. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets include softwares and license.

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 the terms of concession arrangement.

Amortization of intangibles – Amortization is recognized in the statement of profit or loss under the straight line method applied to the shorter of the estimated period of future economic benefits the intangible assets will generate, or the concession period, from the date they are available for use.

**e) Inventory**

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

**f) Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing cost. Borrowings cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**g) Impairment of non-financial assets**

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

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment



loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

#### **h) 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 re-imbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

#### **i) Retirement and other Employee Benefits**

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

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

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

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





Remeasurements, comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- i) The date of the plan amendment or curtailment, and
- ii) The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. 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

#### **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 defined benefit obligation at the balance sheet date.

#### **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.

##### **1. 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 except for trade receivable which is initially measured at transaction price. Purchases or sales of financials 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 the Company commits to purchase or sell the assets.

###### **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 profit or loss. This category generally applies to trade receivables and loans. For more information on receivables, refer to Note 8.

Debt instrument at FVTPL: FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L."

### **Derecognition**

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

- 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.

### **Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised as an impairment gain or loss in profit or loss.

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

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

#### **Loans and borrowings at amortised cost**

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

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

#### **Derecognition**

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

#### **Reclassification of financial assets**

The company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when the company either begins or ceases to perform an activity that is significant to its operations. If the company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



**Offsetting of financial instruments**

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

**k) Derivative financial instruments**

The Company uses derivative financial instruments, such as forward currency contracts and cross currency swaps to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

**l) Cash and cash equivalents**

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

Cash dividend to equity holders of the parent

The Company recognises a liability to make cash distribution's to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders, a corresponding amount is recognised directly in equity.

**m) Foreign currency translation**

The financial statements are presented in INR, however the functional currency of the company is USD.

Transactions in 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.

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



**Conversion from functional currency to presentation currency**

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

1. assets and liabilities for each balance sheet presented has been translated at the closing rate at the date of that balance sheet;
2. income and expenses for each statement of profit and loss presented (i.e. including comparatives) has been translated at exchange rates at the dates of the transactions;
3. all resulting exchange differences has been recognised in other comprehensive income

**n) Fair value measurement**

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.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- a) Significant estimates and assumptions (note 27)
- b) Quantitative disclosures of fair value measurement hierarchy (note 33)
- c) Financial instruments (including those carried at amortised cost) (note 32)

**o) Revenue recognition**

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

The specific recognition criteria described below must also be met before revenue is recognised.

**1. Interest income**

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



## **2. Rental income**

Space rental has been recognised as per the terms of the contract with the customer.

### **p) Taxes on income**

#### **Current income tax**

Tax expense comprises current and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

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

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

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

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

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

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



**Delhi Duty Free Services Private Limited**

**Note to financial statements for the year ended March 31, 2017**

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

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) Corporate social responsibility**

The Company has opted to charge its Corporate Social Responsibility (CSR) expenditure to the Statement of Profit & Loss Account.

**s) Leases**

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

**t) Recent accounting pronouncements**

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below.

**1. Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after 1 April 2018.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

**2. Amendment to Ind AS 7**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements.



3. Property, plant and equipment

	Leasehold improvements	Plant & machinery	Furniture & fixtures	Computers	Office equipment	Vehicles	Capital work in progress	Total
<b>Cost</b>								
Cost as at 1 April 2015	26.49	8.83	17.48	2.25	0.38	0.33	1.24	57.00
Additions	0.23	0.14	0.05	0.33	0.02	-	0.48	1.25
Disposals	-	-	(0.02)	-	-	-	-	(0.02)
Adjustments (represents FCTR*)	1.58	0.53	1.04	0.13	0.03	0.02	0.10	3.43
<b>As at 31 March 2016</b>	<b>28.30</b>	<b>9.50</b>	<b>18.55</b>	<b>2.71</b>	<b>0.43</b>	<b>0.35</b>	<b>1.82</b>	<b>61.66</b>
Additions	-	0.32	0.03	0.66	0.01	-	7.00	8.02
Disposals	-	-	-	-	-	-	-	-
Adjustments (represents FCTR*)	(0.64)	(0.22)	(0.41)	(0.06)	0.01	(0.01)	(0.28)	(1.61)
<b>As at 31 March 2017</b>	<b>27.66</b>	<b>9.60</b>	<b>18.17</b>	<b>3.31</b>	<b>0.45</b>	<b>0.34</b>	<b>8.54</b>	<b>68.07</b>
<b>Depreciation</b>								
As at 01 April 2015	10.58	7.42	14.03	1.87	0.32	0.31	-	34.53
Charge for the year	2.77	0.68	1.55	0.18	0.03	0.01	-	5.22
Deductions	-	-	(0.02)	-	-	-	-	(0.02)
Adjustments (represents FCTR*)	1.39	0.70	1.35	0.11	0.02	0.03	-	3.60
<b>As at 31 March 2016</b>	<b>14.74</b>	<b>8.80</b>	<b>16.91</b>	<b>2.16</b>	<b>0.37</b>	<b>0.35</b>	<b>-</b>	<b>43.33</b>
Charge for the year	5.46	0.34	0.80	0.33	0.03	-	-	6.96
Deductions	-	-	-	-	-	-	-	-
Adjustments (represents FCTR*)	1.13	(0.19)	(0.30)	(0.03)	(0.01)	(0.01)	-	0.59
<b>As at 31 March 2017</b>	<b>21.33</b>	<b>8.95</b>	<b>17.41</b>	<b>2.46</b>	<b>0.39</b>	<b>0.34</b>	<b>-</b>	<b>50.88</b>
<b>Net block</b>								
As at 31 March 2017	6.33	0.65	0.76	0.85	0.06	0.00	8.54	17.19
As at 31 March 2016	13.56	0.70	1.64	0.55	0.06	0.00	1.82	18.33
As at 01 April 2015	15.91	1.41	3.45	0.38	0.06	0.02	1.24	22.47
<b>Net book value</b>								
	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>01-Apr-15</u>					
Property, plant and equipment	8.65	16.51	21.23					
Capital work in progress (CWIP)	8.54	1.82	1.24					

**Asset under construction**

Capital work in progress as at 31 March 2017 comprises expenditure for the leasehold improvement in the course of construction. Total amount of CWIP is INR 8.54 Crore (31 March 2016: INR 1.82 Crore, 1 April 2015: INR 1.24 Crore).

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





**Delhi Duty Free Services Private Limited**  
**Notes to financial statements for the year ended March 31, 2017**  
**(Amount in Rupees crores, unless otherwise stated)**

**4. Intangible assets**

	Computer Software	License	Total
<b>Gross block</b>			
Cost as at 1 April 2015	2.60	251.00	253.60
Additions	0.20	-	0.20
Disposals	-	-	-
Adjustments (represents FCTR*)	0.17	15.02	15.19
<b>As at 31 March 2016</b>	<b>2.97</b>	<b>266.02</b>	<b>268.99</b>
Additions	0.22	-	0.22
Disposals	-	-	-
Adjustments (represents FCTR*)	(0.08)	(5.99)	(6.07)
<b>As at 31 March 2017</b>	<b>3.11</b>	<b>260.03</b>	<b>263.14</b>
<b>Amortization</b>			
As at 01 April 2015	2.37	88.56	90.93
Charge for the year	0.17	12.60	12.77
Disposals	-	-	-
Adjustments (represents FCTR*)	0.16	10.56	10.72
<b>As at 31 March 2016</b>	<b>2.70</b>	<b>111.72</b>	<b>114.42</b>
Charge for the year	0.17	12.60	12.77
Disposals	-	-	-
Adjustments (represents FCTR*)	(0.06)	2.29	2.23
<b>As at 31 March 2017</b>	<b>2.81</b>	<b>126.61</b>	<b>129.42</b>
<b>Net block</b>			
As at 31 March 2017	0.30	133.42	133.72
As at 31 March 2016	0.27	154.30	154.57
As at 1 April 2015	0.23	162.44	162.67

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



Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
(Amount in Rupees crores, unless otherwise stated)

5. Financial assets

Loans

	Non current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Carried at amortised cost						
Security deposits						
Unsecured, considered good, to related parties	103.18	92.29	83.10	-	-	-
Unsecured, considered good, to other parties	0.16	0.17	0.17	-	-	-
Loans to related parties						
Unsecured, considered good, to other parties	-	-	-	0.39	0.21	0.40
Loans to others						
Unsecured, considered good, to other parties	-	-	-	33.39	24.67	33.82
Unsecured, considered doubtful, to other parties	-	-	-	1.22	1.34	0.29
				<b>34.60</b>	<b>26.02</b>	<b>34.11</b>
Less: Provision for doubtful loans	-	-	-	(1.22)	(1.34)	(0.29)
<b>Total</b>	<b>103.34</b>	<b>92.46</b>	<b>83.27</b>	<b>33.78</b>	<b>24.88</b>	<b>34.22</b>

Other financial assets

	Non current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Carried at amortised cost						
Non-Current bank balance	2.16	2.14	1.77	-	-	-
Interest accrued but not due	0.64	0.49	0.36	-	-	-
<b>Total other financial assets</b>	<b>2.80</b>	<b>2.63</b>	<b>2.13</b>	<b>-</b>	<b>-</b>	<b>-</b>

Break up of financial assets

	Non current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
At amortised cost						
Loans	103.34	92.46	83.27	33.78	24.88	34.22
Other financial assets	2.80	2.63	2.13	-	-	-
Trade receivable (refer note 8)	-	-	-	0.47	1.18	2.39
Cash and cash equivalents (refer note 9)	-	-	-	31.76	37.87	26.65
<b>Total</b>	<b>106.14</b>	<b>95.09</b>	<b>85.40</b>	<b>66.01</b>	<b>63.93</b>	<b>63.26</b>

6. Other assets

	Non current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Capital advances	0.12	0.05	-	-	-	-
(A)	<b>0.12</b>	<b>0.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Others						
Prepaid expenses	-	0.01	0.04	1.00	1.07	0.69
Staff imprest	-	-	-	0.06	0.33	0.09
Balance with statutory / government authorities	6.24	5.82	5.37	1.57	-	0.02
(B)	<b>6.24</b>	<b>5.83</b>	<b>5.41</b>	<b>2.63</b>	<b>1.40</b>	<b>0.80</b>
<b>Total</b>	<b>6.36</b>	<b>5.88</b>	<b>5.41</b>	<b>2.63</b>	<b>1.40</b>	<b>0.80</b>



Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
(Amount in Rupees crores, unless otherwise stated)

7. Inventories

	31 March 2017	31 March 2016	1 April 2015
(Valued at cost or NRV, whichever is lower)			
Finished Goods	101.76	118.41	102.41
<b>Total</b>	<b>101.76</b>	<b>118.41</b>	<b>102.41</b>

8. Trade receivables

	31 March 2017	31 March 2016	1 April 2015
Trade receivables	0.47	1.18	2.39
Less: Allowances for doubtful receivables	-	-	-
<b>Total</b>	<b>0.47</b>	<b>1.18</b>	<b>2.39</b>

Break up of security details:

	31 March 2017	31 March 2016	1 April 2015
Trade receivables			
Unsecured, considered good	0.47	1.18	2.39
<b>Total</b>	<b>0.47</b>	<b>1.18</b>	<b>2.39</b>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 30.

Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days

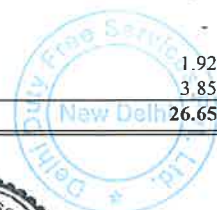
9. Cash and cash equivalent

	31 March 2017	31 March 2016	1 April 2015
Balances with Banks			
-on current accounts	1.22	1.41	0.99
-in EEFC accounts	20.47	29.82	19.89
-Deposits with original maturity of less than three months	3.00	-	-
-Credit card collections in hand	3.08	2.36	1.92
Cash in hand	3.99	4.28	3.85
<b>Total</b>	<b>31.76</b>	<b>37.87</b>	<b>26.65</b>

Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short term deposits rates.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following.

	31 March 2017	31 March 2016	1 April 2015
Balances with Banks			
-On current accounts	1.22	1.41	0.99
- in EEFC accounts	20.47	29.82	19.89
- Deposits with original maturity of less than three months	3.00	-	-
-Credit card collections in hand	3.08	2.36	1.92
Cash in hand	3.99	4.28	3.85
<b>Total</b>	<b>31.76</b>	<b>37.87</b>	<b>26.65</b>



10. Share capital

	31 March 2017	31 March 2016	1 April 2015
<b>Authorised:</b>			
80,000,000 Equity Shares of Rs 10/- Each	80	80	80
<b>Total</b>	<b>80</b>	<b>80</b>	<b>80</b>
<b>Issued:</b>			
80,000,000 (31st March 2016: 80,000,000 and 31st March 2015: 80,000,000) Equity Shares of Rs 10/- Each Fully paid	80	80	80
<b>Subscribed and Paid-up</b>			
80,000,000 (31st March 2016: 80,000,000 and 31st March 2015: 80,000,000) Equity Shares of Rs 10/- Each Fully paid	80	80	80
<b>Total</b>	<b>80</b>	<b>80</b>	<b>80</b>

a. Terms/Rights Attached to equity Shares

The Company has one class of equity shares having a par value of Rs 10 per share. Each shareholder is eligible for one vote per share held. 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. Shares held by holding/ultimate holding company/holding company and/or their subsidiaries/associates.

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	No. of Shares held	Amount	No. of Shares held	Amount	No. of Shares held	Amount
Delhi International Airport Limited	39,920,000	399,200,000	39,920,000	399,200,000	39,920,000	399,200,000
Yalorvin Limited	26,456,000	264,560,000	26,456,000	264,560,000	26,456,000	264,560,000
GMR Airports Limited	13,624,000	136,240,000	13,624,000	136,240,000	13,624,000	136,240,000
<b>Total</b>	<b>80,000,000</b>	<b>800,000,000</b>	<b>80,000,000</b>	<b>800,000,000</b>	<b>80,000,000</b>	<b>800,000,000</b>

c. Details of Shareholders holding more than 5% of equity shares in the Company

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
Delhi International Airport Limited	39,920,000	49.90%	39,920,000	49.90%	39,920,000	49.90%
Yalorvin Limited	26,456,000	33.07%	26,456,000	33.07%	26,456,000	33.07%
GMR Airports Limited	13,624,000	17.03%	13,624,000	17.03%	13,624,000	17.03%
<b>Total</b>	<b>80,000,000</b>	<b>100%</b>	<b>80,000,000</b>	<b>100%</b>	<b>80,000,000</b>	<b>100%</b>

\*Out of above 30% shareholding worth Rs. 240.0 million has been pledged with ICICI bank against term loan in accordance of section 19 (2), 19 (3) of the Banking Regulation Act

GMR Airports Limited also hold 54% shares in Delhi International Airport Private Limited. Accordingly, GMR Airport Limited is the Parent Entity and GMR Infrastructure Limited is the Ultimate Parent Entity of the Company

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

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDF thereon) as at 31 March 2017.



Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
(Amount in Rupees crores, unless otherwise stated)

11. Other equity

	31 March 2017	31 March 2016	1 April 2015
<b>General reserve</b>			
Balance as per last financial statements	9.98	9.98	9.98
Changes during the year	-	-	-
Closing balance for the year	<u>9.98</u>	<u>9.98</u>	<u>9.98</u>
<b>Foreign currency translation reserve (FCTR)</b>	<b>4.18</b>	<b>3.65</b>	-
<b>Surplus in the statement of profit and loss</b>			
Balance as per last financial statements	99.73	67.03	67.03
Add: Net profit for the year	90.69	86.76	-
Less: Appropriations (Dividends and related taxes)			
Proposed dividend on equity shares for the year ended on 31 March 2016 : INR 1.40 per share (31 March 2015 : INR 2 per share)	(11.20)	(16.00)	-
DDT on proposed dividend	(2.28)	(3.26)	-
Interim dividend for the year ended on 31 March 2017 : INR 4.50 per share (31 March 2016 : INR 3.60 per share)	(36.00)	(28.80)	-
DDT on interim dividend	(7.33)	(5.86)	-
<b>Total appropriations</b>	<u>(56.81)</u>	<u>(53.92)</u>	-
Net surplus in the statement of profit and loss	<b>133.61</b>	<b>99.87</b>	<b>67.03</b>
<b>Other items of comprehensive income (OCI)</b>			
Actuarial gain or losses (Net of taxes)	(0.01)	(0.14)	-
	<u>133.60</u>	<u>99.73</u>	<u>67.03</u>
<b>Total reserves and surplus</b>	<u><b>147.76</b></u>	<u><b>113.36</b></u>	<u><b>77.01</b></u>

12. Financial liabilities - Borrowings

	Non - Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
<b>Term loan in foreign currency (Secured)</b>						
<b>From bank:</b>						
Term loan (refer note below)	113.16	146.74	172.96	-	-	-
<b>Loans repayable on demand (Secured)</b>						
<b>From bank:</b>						
Cash credit (refer note below)	-	-	-	-	19.90	24.68
<b>Total</b>	<u>113.16</u>	<u>146.74</u>	<u>172.96</u>	<u>-</u>	<u>19.90</u>	<u>24.68</u>
Less: Current maturities of long term borrowings	36.19	35.93	25.95	-	-	-
<b>Total</b>	<u><b>76.97</b></u>	<u><b>110.81</b></u>	<u><b>147.01</b></u>	<u><b>-</b></u>	<u><b>19.90</b></u>	<u><b>24.68</b></u>

At 31 March 2017, the Company had available INR 42.86 Crore (31 March 2016: INR NIL, 1 April 2015: NIL) of undrawn committed borrowing facilities.

Note:

1. First charge by way of hypothecation of the Company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future, in a form and manner satisfactory to the bank
2. First charge on movable fixed assets of the company, both present and future (except those financed by other financial institution), in a form and manner satisfactory to the bank
3. Pledge of 30% of sponsors shareholding in Delhi Duty Free Services Private Limited worth Rs. 240.0 million in accordance of section 19 (2), 19 (3) of Banking Regulation Act.
4. Escrow agreement between ICICI and borrower for first and exclusive charge on receivable.



**Delhi Duty Free Services Private Limited**  
**Notes to financial statements for the year ended March 31, 2017**  
**(Amount in Rupees crores, unless otherwise stated)**

5. Terms of repayment of term loans

Term Loan I: The loan will be repaid in quarterly installments from December 2011 to September 2020. The rate of interest in above mentioned loan at the year end is 9.80% per annum.

Term Loan II: The loan will be repaid in quarterly installments from March 2015 to December 2017. The rate of interest in above mentioned loan at the year end is 10.60% per annum.

Term Loan III : The loan will be repaid in quarterly installments from September 2017 to June 2018. The rate of interest in above mentioned loan at the year end is 3 month Libor + 3.25% per annum.

Cash credit availed from ICICI bank carries interest rate of 10.75 % per annum and repayable on demand.

**13. Financial liabilities - Trade payables**

	31 March 2017	Current 31 March 2016	1 April 2015
Trade Payable *			
- Related parties	14.38	15.05	25.62
- Others	50.52	47.39	27.47
<b>Total</b>	<b>64.90</b>	<b>62.44</b>	<b>53.09</b>

\*The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, there are no overdues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act.

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms

- Interest payable is normally settled monthly throughout the financial year
- Related parties payables are payable on demand once they get due.

For explanations on the Company's credit risk management processes, refer to Note 34.



Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
(Amount in Rupees crores, unless otherwise stated)

14. Other financial liabilities

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
<b>Financial liabilities at fair value through profit or loss</b>						
Derivative not designated as hedge	29.61	45.92	45.99	-	-	-
	29.61	45.92	45.99	-	-	-
<b>Other financial liabilities at amortised cost</b>						
Creditor for capital goods	-	-	-	1.00	0.21	1.50
Current maturity of long term borrowings (Refer Note 12)				36.19	35.93	25.95
Interest accrued but not due on borrowings				0.03	0.04	0.19
Total other financial liabilities at amortised cost	-	-	-	37.22	36.18	27.64
<b>Total</b>	<b>29.61</b>	<b>45.92</b>	<b>45.99</b>	<b>37.22</b>	<b>36.18</b>	<b>27.64</b>

Break up of financial liabilities carried at amortised cost

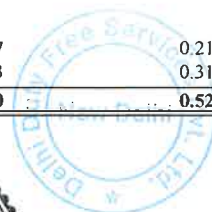
	31 March 2017		31 March 2016		1 April 2015	
	Non Current	Current	Non Current	Current	Non Current	Current
<b>At amortised cost</b>						
Borrowings ( Refer note 12)	76.97	-	110.81	19.90	147.01	24.68
Trade payables ( Refer note 13)	-	64.90	-	62.44	-	53.09
Other financial liabilities	-	37.22	-	36.18	-	27.64
<b>At Fair value through profit or loss</b>						
Derivative not designated as hedge	29.61	-	45.92	-	45.99	-
<b>Total</b>	<b>106.58</b>	<b>102.12</b>	<b>156.73</b>	<b>118.52</b>	<b>193.00</b>	<b>105.41</b>

15. Other liabilities

	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Advance from customer	-	-	-	1.00	0.63	0.44
<b>Statutory liabilities</b>						
Tax deducted at source payable	-	-	-	2.09	0.69	0.62
Custom duty payable	-	-	-	2.77	2.25	1.89
Others	-	-	-	0.43	0.37	0.32
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.29</b>	<b>3.94</b>	<b>3.27</b>

16. Net employee defined benefit liabilities (Current and Non-Current)

	Non current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
<b>Provision for employee benefits</b>						
Provision for compensated absences	1.19	1.05	0.80	0.31	0.27	0.21
Provision for gratuity	2.05	1.53	1.04	0.42	0.43	0.31
<b>Total</b>	<b>3.24</b>	<b>2.58</b>	<b>1.84</b>	<b>0.73</b>	<b>0.70</b>	<b>0.52</b>



17. Income tax

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

Statement of profit and loss:

Profit or loss section

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Current income tax:</b>		
Current income tax charge	54.31	50.25
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	3.79	(1.45)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>58.10</b>	<b>48.80</b>

OCI Section

Deferred tax related to items recognised in OCI during in the year:

Net loss/(gain) on remeasurements of defined benefit plans

Income tax charged to OCI

	(0.00)	(0.07)
<b>Income tax charged to OCI</b>	<b>(0.00)</b>	<b>(0.07)</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Accounting profit before income tax	148.79	135.56
At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	51.49	46.91
<u>Tax effect of expenses that are not deductible in determining taxable profit:</u>		
Charitable donations	0.33	0.29
Capex disallowed	-	0.33
Security deposit	0.72	1.09
Exchange gain/loss on conversion to functional currency	5.37	0.54
Other deductible expenses	0.19	(0.36)
<b>Tax expense</b>	<b>58.10</b>	<b>48.80</b>

Deferred tax:

	Balance sheet			Statement of profit or loss	
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Deferred tax liability</b>					
- Impact of amortization of processing fees paid for the term loan using EIR method over the following years	0.10	0.05	0.06	0.05	(0.01)
<b>Gross deferred tax liability</b>	<b>0.10</b>	<b>0.05</b>	<b>0.06</b>	<b>0.05</b>	<b>(0.01)</b>
<b>Deferred tax asset</b>					
- Fixed Assets: Impact of differences between tax depreciation and depreciation/amortization charged in the financial statements	5.71	4.43	3.77	1.28	0.66
- Impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purposes on payment basis in subsequent years	1.62	1.13	0.92	0.49	0.21
- Provision for custom duty payable	0.96	0.78	0.65	0.18	0.13
- Provision for doubtful debts	0.42	0.46	-	(0.04)	0.46
- Impact of reversal of hedge reserve and amount of provision for mark to market charged to retained earnings	8.51	14.16	14.18	(5.65)	(0.02)
	<b>17.22</b>	<b>20.96</b>	<b>19.52</b>	<b>(3.74)</b>	<b>1.44</b>
<b>Net deferred tax asset</b>	<b>17.12</b>	<b>20.91</b>	<b>19.46</b>	<b>(3.79)</b>	<b>1.45</b>

Reconciliations of deferred tax liabilities/assets (net)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening balance as of 1 April 2016	20.91	19.46
Tax income/(expense) during the year recognised in profit or loss	(3.79)	1.38
Tax income/(expense) during the year recognised in OCI	0.00	0.07
<b>Closing balance as at 31 March 2017</b>	<b>17.12</b>	<b>20.91</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.





**Delhi Duty Free Services Private Limited**

**Notes to financial statements for the year ended March 31, 2017**

**(Amount in Rupees crores, unless otherwise stated)**

**18. Revenue from operations**

Breakup of "Revenue From Operations" in profit and loss is as follows:

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Revenue from operations</b>		
Sale of products	1,000.29	939.23
<b>Total</b>	<b>1,000.29</b>	<b>939.23</b>

**19. Other income**

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Other non operating income</b>		
Space rentals	3.71	4.55
Provisions no longer required, written back	1.48	0.98
<b>Interest income on financial asset measured at amortised cost</b>		
Bank deposits	4.84	5.88
Interest on security deposits	10.61	9.49
<b>Total</b>	<b>20.64</b>	<b>20.90</b>

**20. (Increase)/decrease in inventories of traded goods**

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Closing stock</b>		
- Finished goods	107.39	118.18
<b>Less :</b>		
<b>Opening stock</b>		
- Finished goods	118.18	101.57
<b>(Increase) / decrease</b>		
- Finished goods	10.79	(16.61)



**Delhi Duty Free Services Private Limited**  
**Notes to financial statements for the year ended March 31, 2017**  
**(Amount in Rupees crores, unless otherwise stated)**

**21. Employee benefit expenses**

	Year ended 31 March 2017	Year ended 31 March 2016
Salaries, wages and bonus	26.83	24.47
Contribution to provident and other funds	2.48	2.19
Gratuity expenses	0.68	0.57
Staff welfare expenses	0.75	0.60
<b>Total</b>	<b>30.74</b>	<b>27.83</b>

**22. Depreciation and amortization expense**

	Year ended 31 March 2017	Year ended 31 March 2016
Depreciation of tangible assets (note 3)	6.96	5.22
Amortization of intangible assets (note 4)	12.77	12.77
<b>Total</b>	<b>19.73</b>	<b>17.99</b>

**23. Finance costs**

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Interest expense on financial liability measured at amortised cost</b>		
Interest and finance charges on financial liabilities measured at amortised cost	15.13	19.58
Amortization of transaction cost	0.07	0.05
Bank charges	0.85	0.87
<b>Total</b>	<b>16.05</b>	<b>20.50</b>

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**Delhi Duty Free Services Private Limited**  
**Notes to financial statements for the year ended March 31, 2017**  
**(Amount in Rupees crores, unless otherwise stated)**

**24. Other expenses**

	Year ended 31 March 2017	Year ended 31 March 2016
Rent	1.92	1.78
Insurance	0.58	0.50
Repairs and maintenance	2.63	2.63
Electricity, Fuel and water charges	2.93	3.16
Advertising and sales promotion	4.20	4.98
Consultancy & Professional Fees	6.02	7.34
Travelling and conveyance	1.05	1.05
Payment to auditors (refer details below)	0.28	0.21
Corporate social responsibility expenditure (refer note below)	1.90	1.39
Marketing fees	11.84	11.10
Concession fees	372.34	347.23
Provision for stock loss	0.71	-
Airport service charges	5.49	4.91
Commission on collections	7.54	6.89
Warehouse and transportation	9.07	9.93
Packing charges	2.92	2.91
Detention charges	0.34	0.19
Donation	-	0.25
Exchange differences (net)	7.56	4.35
Provision for doubtful debts	-	1.05
Director's sitting fee	0.14	0.16
Miscellaneous expenses	2.29	2.37
<b>Total</b>	<b>441.75</b>	<b>414.38</b>

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Payment to Auditors (Included in other expenses above)</b>		
<b>As Auditor</b>		
Audit fee	0.14	0.05
Tax audit fee	0.01	0.01
Limited review	0.08	0.08
<b>In other capacity</b>		
Other services(certification fees)	0.03	0.03
-Reimbursement of expenses	0.02	0.02
<b>Total</b>	<b>0.28</b>	<b>0.19</b>

**Details of CSR expenditure:**

	Year ended 31 March 2017	Year ended 31 March 2016
a) Gross amount required to be spent by the company during the year	1.90	1.40
(b) Amount spent during the year ending on 31st March, 2017:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	1.90	1.90
b) Amount spent during the year ending on 31st March, 2016:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	1.39	1.39



25. Components of Other Comprehensive Income (OCI)

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

During the year ended 31 March 2017

	Cash flow hedge reserve	FVTOCI reserve	Foreign currency translation reserve	Revaluation reserve	Retained earnings	Total
Re-measurement gains/(losses) on defined benefit plans	-	-	-	(0.01)	-	(0.01)
	-	-	-	(0.01)	-	(0.01)

During the year ended 31 March 2016

	Cash flow hedge reserve	FVTOCI reserve	Foreign currency translation reserve	Retained earnings	Total
Re-measurement gains/(losses) on defined benefit plans	-	-	-	(0.21)	(0.21)
	-	-	-	(0.21)	(0.21)

26. Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

There is no dilutive potential ordinary shares as at March 31, 2017, March 31, 2016 and April 1, 2015. Thus, diluted EPS equals basic EPS.

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

	31 March 2017	31 March 2016
Profit attributable to equity holders	90.14	82.97
Profit attributable to equity holders of the parent for basic earnings	90.14	82.97
Weighted Average number of equity shares used for computing Earning Per Share (Basic)	80,000,000	80,000,000
Earning Per Share (Basic) (Rs. In crores)	11.27	10.37
Earning Per Share (Diluted) (Rs. In crores)	11.27	10.37
Face value per share (Rs. In crores)	10	10



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

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

### **Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

### **Defined benefit plans (gratuity benefits)**

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

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

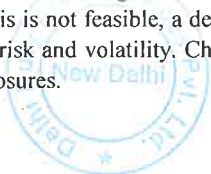
Further details about gratuity obligations are given in Note 28.

### **Contingencies**

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

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

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques 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 32 for further disclosures.



28. Gratuity and other post-employment benefit plans

a) Defined benefit plans

The Company has a defined benefit gratuity plan. 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.

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

	31 March 2017	31 March 2016	1 April 2015
Present value of benefit obligation at year end	(2.47)	(1.96)	(1.35)
Plan assets at the year end, at fair value	-	-	-
Net (liability) recognized in the balance sheet	(2.47)	(1.96)	(1.35)

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March, 2017

	31 March 2017	31 March 2016
Current Service Cost	0.53	0.46
Net Interest Cost	0.15	0.11

Amount recognised in Other Comprehensive Income for the year ended 31st March, 2017

	31 March 2017	31 March 2016
Actuarial (gain)/ loss on obligations	0.01	0.21

Balance sheet

	31 March 2017	31 March 2016
Defined benefit obligation	(2.47)	(1.96)
Fair value of plan assets	-	-
Plan asset / (liability)	(2.47)	(1.96)

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

	31 March 2017	31 March 2016
Opening defined benefit obligation	1.96	1.35
Interest cost	0.15	0.12
Current service cost	0.53	0.46
Benefits paid (including transfer)	(0.18)	(0.18)
Actuarial losses/ (gain) on obligation-experience	0.01	0.21
Closing defined benefit obligation	2.47	1.96

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

	Gratuity		
	31 March 2017	31 March 2016	1 April 2015
Discount rate (in %)	7.35	7.75	8.50
Salary Escalation (in %)	7.00	7.00	7.00
Expected rate of return on assets	-	-	-
Attrition rate (in %)			
Up to 30 Years	23.00	23.00	23.00
From 31 to 44 years	23.00	23.00	23.00
Above 44 years	23.00	23.00	23.00

Gratuity Plan

Sensitivity Level

Sensitivity Level	Assumptions			
	Discount rate		Future salary increases	
31 March 2017	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
31 March 2016	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease

Impact on defined benefit obligation

	Amount in INR crores		Amount in INR crores	
31 March 2017	(0.05)	0.05	0.05	(0.05)
31 March 2016	(0.05)	0.05	0.05	(0.05)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

The following payments are expected contributions to the defined benefit plan in future years:

	31 March 2017	31 March 2016
Within the next 12 months (next annual reporting period)	0.75	0.68



29. Commitments and Contingencies

I Contingent Liabilities

A. Claims made against the company not acknowledged as debts

	31 March 2017	31 March 2016	1 April 2015
Demand on account of transfer pricing and corporate tax under litigation (INR) for AY 2012-13, pending with Commissioner of Income Tax (Appeals)	0.09	0.09	0.26
<b>Total</b>	<b>0.09</b>	<b>0.09</b>	<b>0.26</b>

Based on the discussions with tax advisors, the management feels that the Company has a strong chance of success in above mentioned cases and hence no provision is considered necessary in the accounts.

II Commitments

Capital expenditure contracted for at the end of reporting period but not recognised as liabilities as follows

	31 March 2017	31 March 2016	1 April 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	3.24	0.48	1.14
<b>Total</b>	<b>3.24</b>	<b>0.48</b>	<b>1.14</b>

During the year, Company has laid out plan for redesigning/refurbishment of arrival and departure shops at Delhi International Airport. Estimated cost for the proposed layout change is Rs 50 crores (approx). Till March 31, 2017, Company has incurred Rs 87,245,889 (previous year Rs. 17,204,540) for consultants and suppliers for designing the layouts.

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Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
(Amount in Rupees crores, unless otherwise stated)

30. Related party transactions

(A) Names of related parties and nature of related party relationships

Sl. No.	Description of relationship	Name of the related parties
I	Ultimate holding company	GMR Infrastructure Limited
II	Immediate holding company	GMR Airports limited
III	Joint venture partners	Delhi International Airport Limited (DIAL)
		Yalorvin Limited
		GMR Airports Limited
IV	Enterprises in which joint venture partners have significant influence exists	Delhi Airport Parking Services Private Limited
		Celebi Delhi Cargo Management (I) Private Limited
		Wipro Airport IT Services Limited
		Travel Food Services (Delhi Terminal 3) Private Limited
		TIM Delhi Airport Advertisement Private Limited
		GMR Sports Private Limited
		GMR Varalakshmi Foundation
		V

a. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Transactions during the year	Year ended 31 March 2017	Year ended 31 March 2016
<b>Concession fees, marketing expenses and airport service charges</b>		
- Delhi International Airport Limited	389.67	363.23
<b>Other expenses</b>		
- Delhi International Airport Limited	5.60	5.55
- Delhi Airport Parking Services Private Limited	0.35	0.32
- Celebi Delhi Cargo Management (I) Private Limited	0.43	0.46
- Wipro Airport IT Services Limited	0.53	0.51
- GMR Airports Limited	0.04	0.05
- GMR Airport Developers Limited	-	1.01
- Travel Food Services (Delhi Terminal 3) Private Limited	0.03	-
- TIM Delhi Airport Advertisement Private Limited	0.12	-
<b>Capital work in progress</b>		
- GMR Airport Developers Limited	2.10	-
<b>CSR Donation</b>		
- GMR Varalakshmi Foundation	1.28	0.93
<b>Final dividend paid</b>		
- Delhi International Airport Limited	5.59	7.98
- GMR Airports Limited	3.70	2.72
- Yalorvin Limited	1.91	5.29
<b>Interim dividend paid</b>		
- Delhi International Airport Limited	17.96	14.37
- Yalorvin Limited	11.91	9.52
- GMR Airports Limited	6.13	4.90
<b>Reimbursement made of expenses incurred on our behalf</b>		
- Yalorvin Limited	0.22	0.51
<b>Reimbursement received of expenses incurred on their behalf</b>		
- Yalorvin Limited	1.03	0.03
- Delhi International Airport Limited	0.74	2.19
- GMR Airports Limited	-	0.01
<b>Security deposit made</b>		
- Delhi International Airport Limited	0.67	0.03
<b>Security deposit refunded</b>		
- Delhi International Airport Limited	0.27	0.33





Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
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(b) Details of balances in respect of related party transactions

Balances at the year ended	As At 31 March 2017	As At 31 March 2016	As At 1 April 2015
<b>Trade payables</b>			
- Delhi International Airport Limited	13.86	14.16	21.45
- Yalorvin Limited	0.23	0.65	2.70
- Wipro Airport IT Services Limited	-	0.04	0.04
- GMR Airports Limited	-	-	1.41
- GMR Airport Developers Limited	0.16	0.19	0.02
- TIM Delhi Airport Advertisement Private Limited	0.12	-	-
<b>Financial assets</b>			
- Celebi Delhi Cargo Management (I) Private Limited	0.16	0.09	0.10
- Yalorvin Limited	0.24	0.12	0.23
- Delhi International Airport Limited	-	0.97	-
- GMR Airports Limited	-	0.01	-
- GMR Infrastructure Limited	-	-	0.07
- Travel Food Services (Delhi Terminal 3) Private Limited	-	0.01	-
<b>Security deposits</b>			
- Delhi International Airport Limited	103.18	92.29	83.10
- Delhi Airport Parking Services Private Limited	0.16	0.17	0.17

c. Transactions with key management personnel

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Short-term employee benefits	3.07	1.81

31. Segmental reporting

In the opinion of the management, there are no reportable segments as envisaged by the Ind AS 108 - "Operating Segments" issued by the ICAI. Accordingly, no disclosure for segment reporting has been made in the financial statements.

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### 32. Fair values

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

	Carrying value			Fair value		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Other Financial liabilities at FVTPL</b>						
Derivative liability-mark to market loss on cross currency swap	29.61	45.92	45.99	29.61	45.92	45.99
<b>Total</b>	<b>29.61</b>	<b>45.92</b>	<b>45.99</b>	<b>29.61</b>	<b>45.92</b>	<b>45.99</b>

### Assumption used in estimating the fair values

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

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

### 33. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value</b>					
Derivative not designated as hedge	31 March 2017	29.61	-	29.61	-

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

### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2016:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value</b>					
Derivative not designated as hedge	31 March 2016	45.92	-	45.92	-

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

### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 1 April 2015:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value</b>					
Derivative not designated as hedge	1 April 2015	45.99	-	45.99	-



**34. Financial risk management objectives and policies**

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

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by senior management team that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, loans and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

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

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

The following assumptions have been made in calculating the sensitivity analysis:

1. 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 at 31 March 2017 and 31 March 2016.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

**Interest rate sensitivity**

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

Financial year	Currency	Increase/decrease in basis points	Effect on profit before tax
31 March 2017	INR	+50	-0.79
	INR	-50	0.79
31 March 2016	INR	+50	(0.91)
	INR	-50	0.91

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**  
**Notes to financial statements for the year ended March 31, 2017**  
**(Amount in Rupees crores, unless otherwise stated)**

**Foreign currency risk**

**Foreign currency sensitivity**

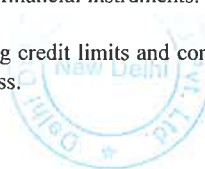
The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency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

Financial year	Change in rate	Effect on profit before tax
<b>31 March 2017</b>		
GBP	5%	(0.02)
	-5%	0.02
Euro	5%	(0.11)
	-5%	0.11
CHF	5%	0.01
	-5%	(0.01)
JPY	5%	-
	-5%	-
INR	5%	0.35
	-5%	(0.35)
<b>31 March 2016</b>		
GBP	+5%	(0.12)
	-5%	0.12
Euro	+5%	(0.01)
	-5%	0.01
CHF	+5%	0.01
	-5%	(0.01)
JPY	+5%	0.00
	-5%	(0.00)
INR	+5%	0.14
	-5%	(0.14)

**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 trade receivables and other financial assets) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables- Customer credit risk is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.



**Delhi Duty Free Services Private Limited**

**Notes to financial statements for the year ended March 31, 2017**

**(Amount in Rupees crores, unless otherwise stated)**

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying amounts as illustrated in note 9 except for derivative financial instruments. The Company's maximum exposure relating to financial derivative instruments is noted in note 33 and the liquidity table below.

**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. Approximately 32 % of the Company's debt will mature in less than one year at 31 March 2017 (31 March 2016: 25%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
-	8.98	27.21	76.97	-	113.16

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35. 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. The Company's policy is to keep the gearing ratio below 75%. The Company includes within net debt, borrowings, trade and other payables, less cash and cash equivalents.

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Total borrowings	76.97	130.71	171.69
Trade payable	64.90	62.44	53.09
Other financial liabilities	0.03	0.04	0.19
Less: Cash and cash equivalents	31.76	37.87	26.65
<b>Net Debt</b>	<b>110.14</b>	<b>155.32</b>	<b>198.32</b>
<b>Capital Components</b>			
Equity [note 10 and note 11]	240.13	193.36	157.01
<b>Capital and debt</b>	<b>350.27</b>	<b>348.68</b>	<b>355.33</b>
<b>Gearing ratio (%)</b>	<b>69%</b>	<b>45%</b>	<b>56%</b>

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 period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

36. Specified bank notes (SBNs)

Details relating to cash in hand for the period 8th November 2016 to 30th December 2016 is as below-

Description	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 8th November, 2016	0.83	0.06	0.89
Add- Permitted receipts	-	9.67	9.67
Less- Permitted payments/amount deposited in banks	-0.83	-9.07	-9.90
Closing cash in hand as on 30th December, 2016	-	0.66	0.66

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

In terms of the requirements of the Micro, Small and Medium Enterprises Development Act, 2006, the Company has asked for confirmations from its vendors. Based on the information available with the Company there are no principal/interest amounts due to micro and small enterprises in the current year as well as previous year.

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### **38. First Time Adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first, the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ended on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1 April 2015, the company's date of transition to Ind AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016 and 31 March 2017.

#### **Exemptions applied:-**

##### **Mandatory exemptions:**

###### **Estimates**

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

Impairment of financial assets based on expected credit loss model.

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS, as of 31 March 2016.

###### **Derecognition of financial assets and financial liabilities**

The company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

###### **Classification and measurement of financial assets**

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

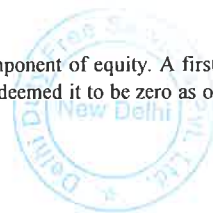
###### **Impairment of financial assets: (Trade receivables and other financial assets)**

At the date of transition to Ind AS, the Company has determined that there will be significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

##### **Optional exemptions:**

###### **Cumulative translation differences (Ind AS 101.D13)**

Ind AS 21 requires an entity to recognise some translation differences in other comprehensive income and accumulate these in a separate component of equity. A first-time adopter need not comply with these requirements for cumulative translation differences that existed at the date of transition to Ind AS and deemed it to be zero as on transition date.



**Delhi Duty Free Services Private Limited**  
**Notes to financial statements for the year ended March 31, 2017**  
**(Amount in Rupees crores, unless otherwise stated)**

**Reconciliations**

The following reconciliations provides the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101.

1. Equity as at 1 April 2015 and March 31, 2016
2. Net profit for the year ended March 31, 2016

**Balance sheet as at April 1, 2015**

		IGAAP April 1, 2015	Ind AS adjustments April 1, 2015	Ind AS April 1, 2015
	<b>Notes</b>			
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		17.25	3.98	21.23
Capital work in progress		1.24	-	1.24
Other intangible assets	2	0.21	162.46	162.67
Financial assets				-
(i) Loans	2	235.32	(152.05)	83.27
(ii) Others		2.13	-	2.13
Deferred tax assets (net)	4	5.34	14.12	19.46
Other non-current assets and prepayments	2	5.37	0.04	5.41
		<b>266.86</b>	<b>28.55</b>	<b>295.41</b>
<b>Current assets</b>				
Inventories		101.57	0.84	102.41
Financial assets				-
(i) Loans		34.22	0.00	34.22
(ii) Trade receivables		2.39	-	2.39
(iii) Cash and cash equivalents		26.65	0.00	26.65
Other current assets and prepayments	2	0.73	0.07	0.80
		<b>165.56</b>	<b>0.91</b>	<b>166.47</b>
		<b>432.42</b>	<b>29.46</b>	<b>461.88</b>
<b>Equity</b>				
Equity share capital		80.00	-	80.00
Other equity				
(i) General reserve		9.98	-	9.98
(ii) Retained earnings		59.13	7.90	67.03
(iii) Other reserves	5	(40.98)	40.98	-
<b>Total equity</b>		<b>108.13</b>	<b>48.88</b>	<b>157.01</b>
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings	1	146.88	0.13	147.01
Other financial liabilities		46.29	(0.30)	45.99
Provisions		1.84	-	1.84
		<b>195.01</b>	<b>(0.17)</b>	<b>194.84</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
Borrowings		24.68	-	24.68
Trade Payable		53.09	-	53.09
Other financial liabilities	1	27.64	-	27.64
Other current liabilities		3.27	(0.00)	3.27
Provisions	3	19.77	(19.25)	0.52
Current tax liability		0.83	(0.00)	0.83
		<b>129.28</b>	<b>(19.25)</b>	<b>110.03</b>
<b>Total liabilities</b>		<b>324.29</b>	<b>(19.42)</b>	<b>304.87</b>
		<b>432.42</b>	<b>29.46</b>	<b>461.88</b>





Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
(Amount in Rupees crores, unless otherwise stated)

Balance sheet as at March 31, 2016

Notes	IGAAP March 31, 2016	Ind AS adjustments March 31, 2016 and 1 April 2015	Ind AS March 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12.79	3.72	16.51
Capital work in progress	1.72	0.10	1.82
Other Intangible assets	2 0.24	154.33	154.57
<b>Financial assets</b>			
(i) Loans	2 235.03	(142.57)	92.46
(ii) Others	2.63	-	2.63
Deferred tax assets (net)	4 6.80	14.11	20.91
Other non-current assets and prepayments	2 5.87	0.01	5.88
	<b>265.08</b>	<b>29.70</b>	<b>294.78</b>
<b>Current assets</b>			
Inventories	118.18	0.23	118.41
<b>Financial assets</b>			
(i) Loans	27.26	(2.38)	24.88
(ii) Trade receivables	1.18	-	1.18
(iii) Cash and cash equivalents	37.87	-	37.87
Other current assets and prepayments	2 1.39	0.01	1.40
	<b>185.88</b>	<b>(2.14)</b>	<b>183.74</b>
	<b>450.96</b>	<b>27.56</b>	<b>478.52</b>
<b>Equity</b>			
Equity share capital	80.00	-	80.00
<b>Other equity</b>			
(i) General reserve	9.98	-	9.98
(ii) Retained earnings	98.58	1.15	99.73
(ii) Foreign currency translation reserve	(38.54)	42.19	3.65
<b>Total equity</b>	<b>150.02</b>	<b>43.34</b>	<b>193.36</b>
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	1 110.60	0.21	110.81
(ii) Other financial liabilities	46.24	(0.32)	45.92
Provisions	2.58	-	2.58
	<b>159.42</b>	<b>(0.11)</b>	<b>159.31</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
(i) Borrowings	19.90	-	19.90
(ii) Trade payables	64.52	(2.07)	62.44
(iii) Other current financial liabilities	1 36.20	(0.02)	36.18
Other current liabilities	3.94	0.00	3.94
Provisions	3 14.27	(13.58)	0.70
Current tax liability	2.69	-	2.69
	<b>141.52</b>	<b>(15.67)</b>	<b>125.85</b>
<b>Total liabilities</b>	<b>300.94</b>	<b>(15.78)</b>	<b>285.16</b>
	<b>450.96</b>	<b>27.56</b>	<b>478.52</b>



Delhi Duty Free Services Private Limited  
Notes to financial statements for the year ended March 31, 2017  
(Amount in Rupees crores, unless otherwise stated)

Statement of profit and loss for the year ended March 31, 2016

	Notes	IGAAP March 31, 2016	Ind AS adjustments March 31, 2016	Ind AS March 31, 2016
<b>REVENUE</b>				
Revenue from operations		939.23	-	939.23
Other income	2	11.41	9.49	20.90
<b>Total Revenue</b>		<b>950.64</b>	<b>9.49</b>	<b>960.13</b>
<b>EXPENSES</b>				
Purchase of traded goods		360.48	-	360.48
Changes in inventories of stock-in-trade		(16.61)	-	(16.61)
Employee benefit expenses	6	28.05	(0.21)	27.83
Depreciation and amortisation expenses	2	5.39	12.60	17.99
Finance costs	1	21.09	(0.59)	20.50
Other expenses	2	416.13	(1.75)	414.38
<b>Total Expenses</b>		<b>814.53</b>	<b>10.05</b>	<b>824.57</b>
<b>Profit/(loss) before tax</b>		<b>136.11</b>	<b>(0.56)</b>	<b>135.56</b>
Current tax		50.25	-	50.25
Deferred tax	4	(1.46)	0.01	(1.45)
<b>Income tax expense</b>		<b>48.79</b>	<b>0.01</b>	<b>48.80</b>
<b>Profit/(loss) for the year</b>		<b>87.32</b>	<b>(0.57)</b>	<b>86.76</b>
<b>Profit for the year</b>		<b>87.32</b>	<b>(0.57)</b>	<b>86.76</b>
<b>Other comprehensive income (OCI)</b>				
<b>A Items that will be reclassified to profit or loss</b>				
Exchange difference on translation from functional currency to presentation currency		-	3.65	3.65
<b>B Items that will not be reclassified to profit or loss</b>				
Re-measurement gains/(losses) on defined benefit plans	6	-	0.21	0.21
Income tax effect	6	-	(0.07)	(0.07)
<b>Total comprehensive income for the period</b>		<b>87.32</b>	<b>(4.36)</b>	<b>82.97</b>
(Comprising profit (loss) and other comprehensive income for the period)				



Notes to the reconciliation of equity as at 1st April, 2015 and 31st March, 2016 and total comprehensive income for the year ended 31st March, 2016

1. Bank Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. According, as at 1 April 2015 the value of borrowing from banks have reduced by INR 0.18 crores with corresponding increase in equity.

During the year ended 31 March 2016, borrowings from bank have been increased by Rs 0.05 crores with corresponding effect of increase in equity.

2. Security deposit

Under the previous GAAP, interest free security deposit given for license and lease arrangements (that are refundable in cash on completion of its term) are recorded at their transaction value. Accordingly, the company has fair valued these security deposit under Ind AS. Difference between the fair value and transaction value of the security deposit given for concession license for operating duty free outlets has been recognised as intangible asset and difference for security deposit given for lease arrangement has been recognised as prepaid expense. Consequent to this change, the amount of security deposit balance has decreased by Rs. 142.57 crores (1st April, 2015 Rs. 152.05 crores). The corresponding impact has increased prepaid expense by Rs. 0.01 crores (1st April 2015, Rs. 0.04 crores) and intangible asset by Rs. 154.33 crores (1st April 2015, Rs. 162.46 crores). The profit for the year and total equity as at March 31, 2016 decreased by Rs. 12.6 crores and Rs. 0.03 cores on account of amortization of intangible assets and prepaid expenses respectively which was partially set off on account of notional interest income on unwinding of security deposits by Rs. 9.49 crores.

3. Proposed dividend

Under Indian GAAP, proposed dividend including dividend distribution tax (DDT), are recognised as liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognised as a liability in the period in which it is declared by the Company, usually when approved by shareholders in a general meeting, or paid.

Therefore, the dividend liability (proposed dividend) including dividend distribution tax liability amounting to Rs 19.26 crores has been derecognised as on the date of transition i.e. 1 April 2015 which is subsequent recognised in the year ended March 31, 2016.

Further, proposed dividend including dividend distribution tax for the year ended March 31, 2016 amounting to Rs. 13.38 crores as per previous GAAP has been reversed.

4. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax assets is of Rs. 14.11 crores (31 March 2015: Rs. 14.12 crores).

5. Hedge reserve

The Company had applied the AS 30 under Indian GAAP and followed the hedge accounting for its derivative instrument i.e. cross currency swap which was entered into to hedge the USD foreign currency exposure. Under Ind AS, Company's functional currency is assessed as USD under Ind AS 21, thus Company has no USD exposure and hence can not apply hedge accounting under Ind AS 109. Thus, the existing hedge reserve appearing in books as 31 March 2016 amounting to Rs 38.54 crores (1 April 2015: Rs 40.98 crores) has been reversed to retained earnings.

6. Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Accordingly, employee benefit cost is reduced by Rs. 0.21 crores and remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

As per our report of even date attached

For S.R. Batliboi & Associates LLP  
ICAI Firm Registration Number: 101049W/E300004  
Chartered Accountants

per Yogesh Midha  
Partner  
Membership No.: 094941



Place: New Delhi  
Date: May 03, 2017

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

Director  
DIN 63 982239  
Place: New Delhi  
Date: May 03, 2017

Director  
DIN 65955536  
Place: New Delhi  
Date: May 03, 2017

Chief Executive officer  
Place: New Delhi  
Date: May 03, 2017

Chief Financial officer  
Place: New Delhi  
Date: May 03, 2017

Company Secretary  
Place: New Delhi  
Date: May 03, 2017