

Delhi International Airport Private Limited
CIN. U63033DL2006PTC146936
Standalone Unaudited Condensed Interim Balance Sheet as at September 30, 2016
(All amounts in Rupees Crores, except otherwise stated)

	September 30, 2016 (Reviewed)	March 31, 2016 (Audited)
Equity and liabilities		
Shareholders' funds		
Share capital	2,450.00	2,450.00
Reserves and surplus:		
Surplus/(Deficit) in statement of profit and loss	64.39	(233.09)
	<u>2,514.39</u>	<u>2,216.91</u>
Non-current liabilities		
Long-term borrowings (Secured)	5,280.60	5,363.43
Deferred tax liability (net)	108.28	27.28
Other long-term liabilities	1,913.48	1,950.91
Long-term provisions	26.29	34.90
	<u>7,328.65</u>	<u>7,376.52</u>
Current liabilities		
Trade payables		
-Total outstanding dues of micro, small and medium enterprises	0.41	0.67
-Total outstanding dues of creditors other than micro small and medium enterprises	418.16	389.71
Other current liabilities	1,354.06	1,201.56
Short-term provisions	138.50	57.59
	<u>1,911.13</u>	<u>1,649.53</u>
TOTAL	<u><u>11,754.17</u></u>	<u><u>11,242.96</u></u>
Assets		
Non-current assets		
Fixed assets		
Tangible assets	7,736.20	7,999.58
Intangible assets	402.74	412.94
Capital work-in-progress	118.66	63.87
Non-current investments	140.41	138.01
Loans and advances	97.29	98.55
Other non-current assets	50.74	54.68
	<u>8,546.04</u>	<u>8,767.63</u>
Current assets		
Current investments	1,659.88	989.87
Inventories	8.00	8.11
Trade receivables	655.12	787.93
Cash and bank balances	546.70	483.88
Loans and advances	87.06	59.57
Other current assets	251.37	145.97
	<u>3,208.13</u>	<u>2,475.33</u>
TOTAL	<u><u>11,754.17</u></u>	<u><u>11,242.96</u></u>

Explanatory notes annexed

The accompanying notes are an integral part of these Standalone Unaudited Condensed Interim Financials Statements and have been taken on record by the board of directors vide their meeting dated November 10, 2016.

As per our report of even date
For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No. : 101049W/E300004
Chartered Accountants

As per our report of even date
For Brahmayya & Co.
ICAI Firm Registration No. : 000515S
Chartered Accountants

For and on behalf of the Board of Directors of
Delhi International Airport Private Limited

per Yogesh Midha
Partner
Membership no: 94941
Place : New Delhi
Date : November 10, 2016

per G. Srinivas
Partner
Membership no: 86761
Place : New Delhi
Date : November 10, 2016

Srinivas Bommidala
Managing Director
DIN-00061464

K. Narayana Rao
Whole Time Director
DIN-00016262

Radhakrishnababu G.
Chief Financial Officer

Place : New Delhi
Date : November 10, 2016

Saurabh Jain
Company Secretary

Place : New Delhi
Date : November 10, 2016



Delhi International Airport Private Limited

CIN. U63033DL2006PTC146936

Standalone Unaudited Condensed Interim Statement of Profit and Loss for the six months period ended September 30, 2016

(All amounts in Rupees Crores, except otherwise stated)

	For the Period ended September 30, 2016 (Reviewed)	For the Period ended September 30, 2015 (Reviewed)
Particulars		
Income		
Revenue from operations:		
Sale of services	2,590.59	2,234.29
Other operating income	47.73	49.04
Other income	103.06	65.88
Total Revenue (i)	2,741.38	2,349.21
Expenses		
Annual fee to Airports Authority of India (AAI)	1,260.72	1,078.28
Employee benefits expense	63.54	60.80
Other expenses	362.72	347.72
Total Expenses (ii)	1,686.98	1,486.80
Earnings before interest, tax, depreciation and amortization (EBITDA) [(i) - (ii)]	1,054.40	862.41
Depreciation of tangible assets	319.81	310.81
Amortization of intangible assets	10.73	4.83
Finance costs	250.38	250.19
Profit before tax	473.48	296.58
Tax expenses		
Current tax	95.00	52.07
Deferred tax charge	81.00	-
MAT credit entitlement	-	(52.07)
Total tax expense	176.00	-
Profit for the period	297.48	296.58
Earning per equity share [nominal value of share Rs. 10 (Sept 30, 2015: Rs. 10)]		
Basic and Diluted (In Rupees)	1.21	1.21
Computed on basis of total profit for the period		

Explanatory notes annexed

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As per our report of even date
For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No. : 101049W/E300004
Chartered Accountants

As per our report of even date
For Brahmayya & Co.
ICAI Firm Registration No. : 0005155
Chartered Accountants

For and on behalf of the Board of Directors of
Delhi International Airport Private Limited

per Yogesh Midha
Partner
Membership no: 94941
Place : New Delhi
Date : November 10, 2016

per G. Srinivas
Partner
Membership no: 86761
Place : New Delhi
Date : November 10, 2016

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Rajhakarishnababu G.
Chief Financial Officer

Saurabh Jain
Company Secretary

Place : New Delhi
Date : November 10, 2016

Place : New Delhi
Date : November 10, 2016



	For the Period ended September 30, 2016 (Reviewed)	For the Period ended September 30, 2015 (Reviewed)
Cash flow from operating activities		
Profit before tax	473.48	296.58
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization expenses	330.54	315.64
Provision for Bad debts / Bad Debts Written off	0.01	(0.32)
Interest income on deposits/current investment	(19.41)	(10.70)
Exchange differences unrealised (net)	(0.22)	0.58
Net Gain on sale of current investments	(50.93)	(21.40)
Dividend Income on long term investments	(28.55)	(25.02)
Other borrowing costs including amortisation	7.07	6.98
Interest on Borrowings	240.91	242.11
Other interest	0.38	-
Operating profit before working capital changes	953.28	804.45
Movements in working capital :		
Increase in trade payables	28.41	21.11
Decrease in other long term liabilities	(37.72)	(49.03)
Increase in other current liabilities	177.49	172.44
Decrease in trade receivables	132.80	69.86
(Increase) / Decrease in inventories	0.11	(0.16)
Decrease in other current assets	(189.04)	(111.82)
(Increase)/ Decrease in long term loans and advances	(0.18)	0.07
Decrease in short term loans and advances	(27.48)	(23.96)
Increase/ (Decrease) in short-term provisions	2.62	0.25
Cash generated from operations	1,040.29	883.21
Direct taxes paid (net)	(16.50)	(5.55)
Net cash flow from operating activities (A)	1,023.79	877.66
Cash flows from investing activities		
Purchase of fixed assets, including CWIP and capital advances	(92.80)	(86.87)
Development fee (DF) realised	83.99	194.95
Purchase of non-current investments	(2.40)	-
Purchase of current investments	(6,467.87)	(6,504.13)
Proceeds from sale/maturity of current investments	5,849.79	6,055.80
Dividend Income	28.55	25.02
Interest received	17.71	8.97
Increase in margin money deposit	(1.12)	(0.38)
Deposits with original maturity of more than three months	(4.28)	(9.02)
Net cash flow used in investing activities (B)	(588.43)	(315.66)
Cash flows from financing activities		
Repayment of long-term borrowings	(135.17)	(221.15)
Other borrowing costs paid	(2.80)	(2.68)
Collection of interest on DF loans from airlines	0.87	25.88
Interest paid	(240.84)	(263.09)
Net cash flow used in financing activities (C)	(377.94)	(461.04)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	57.42	100.96
Cash and cash equivalents at the beginning of the period	407.74	119.70
Cash and cash equivalents at the end of the period	465.16	220.66
Components of cash and cash equivalents		
Cash on hand	0.22	0.23
Cheques/ drafts on hand	3.82	6.81
With banks		
- on current account	81.12	113.62
- on deposit account	380.00	100.00
Total cash and cash equivalents	465.16	220.66

Explanatory notes annexed

1. The above cash flow statement has been compiled from and is based on the Standalone Condensed Interim Balance Sheet as at September 30, 2016 and the related Standalone Condensed Interim Statement of Profit and Loss for the six months period ended on that date.

2. Cash and cash equivalents include Rs. 1.83 Crores (September 30, 2015: Rs. 2.73 Crores), pertaining to Marketing Fund, to be used for sales promotional activities.

The accompanying notes are an integral part of these Standalone Unaudited Condensed Interim Financials Statements and have been taken on record by the board of directors vide their meeting dated November 10, 2016.

As per our report of even date
For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration No. : 101049W/E300004
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Partner
Membership no: 94941
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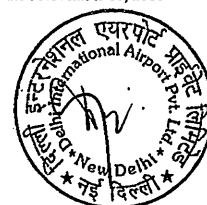
K. Narayana Rao
Whole Time Director
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Radhakrishna Babu G.
Chief Financial Officer

Saurabh Jain
Company Secretary

Place : New Delhi
Date : November 10, 2016

Place : New Delhi
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Delhi International Airport Private Limited
CIN. U63033DL2006PTC146936

Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

Corporate Information

Delhi International Airport Private Limited ('DIAL' or 'the Company') is a deemed Public Company domiciled in India and was incorporated on March 1, 2006 under the provisions of the erstwhile Companies Act, 1956, replaced with Companies Act 2013 with effect from April 1, 2014 for managing the operations and modernization of the Indira Gandhi International Airport ('Delhi Airport'). GMR Airports Limited ('GAL') a subsidiary of GMR Infrastructure Limited ('GIL'), holds majority shareholding in the Company. DIAL had entered into Operation, Management and Development Agreement ('OMDA') with Airports Authority of India ('AAI'), which gives DIAL an exclusive right to operate, maintain, develop, modernize and manage the Delhi Airport on a revenue sharing model for an initial term of 30 years, which can be extended by another 30 years on satisfaction of certain terms and conditions pursuant to the provisions of the OMDA.

1. Basis of preparation

The Unaudited Condensed Interim Financial Statements of the Company for the six months period ended September 30, 2016 have been prepared by the Company in accordance with recognition and measurement principles laid down in Accounting Standard (AS) 25 'Interim Financial Reporting and Accounting Standards' issued by Institute of Chartered Accountants of India (ICAI) and other recognized accounting practices and policies. The Unaudited Condensed Interim Financial Statements have been prepared under the historical cost convention on an accrual basis.

The Company has followed the same accounting policies in preparation of Unaudited Condensed Interim Financial Statements as those followed in preparation of the annual financial statements as at the year ended March 31, 2016.

2. Significant Accounting Policies

a. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the Unaudited Condensed Interim Financial Statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of profit and loss.

b. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:



Income from Services

Revenue from airport operations i.e. Aeronautical and Non Aeronautical operations are recognised on accrual basis, net of service tax, collection charges and applicable discounts when services are rendered. Aeronautical operations include user development fees (UDF), landing and parking of aircraft, fuel farm, operation and maintenance of passenger boarding and other allied services. Non-aeronautical operations include granting rights to use land and space primarily for catering to the needs of passengers, air traffic services and air transport services.

Revenue from commercial property development rights granted to concessionaires is recognized on accrual basis, as per the terms of the agreement entered into with the customers.

Revenue from Management fees for support services rendered is recognized on accrual basis as per the terms of the agreement.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable except the interest income received from customers for delayed payments which is accounted on the basis of reasonable certainty / realisation.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

Claims

Claims on contractors / concessionaires are accounted on the basis of reasonable certainty / realization.

3. Explanatory Notes

3.1 Going concern

The Airport Economic Regulatory Authority ("AERA") vide its powers conferred by Section 13(1) (a) of the AERA Act, 2008 passed an Aeronautical tariff order Viz. 03/2012-13 issued on April 24, 2012 which determined the Aeronautical tariff to be levied at Delhi Airport for the fourth and fifth year of tariff period of first five year control period (i.e. 2009 - 2014). The first five year control period referred to above ended on March 31, 2014.

However, earlier DIAL had filed a writ petition before the Hon'ble Delhi High Court seeking extension of existing tariff as allowed vide AERA order no. 03/2012-13 issued on April 24, 2012 till disposal of DIAL's appeal pending before AERAAT. Subsequently, Hon'ble Delhi High Court vide its final order dated January 22, 2015 ordered that the tariff determined by AERA for the First Control Period vide Tariff Order No.03/2012-13 issued on April 24, 2012, shall continue till the disposal of the appeals pending against the said Tariff Order, by AERAAT. The tariff matters had been listed for hearing by AERAAT on



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October 17, 2016; however, as extension for members of AERAAT was not approved till date, the matter is further adjourned till the next communication by AERAAT.

DIAL has also filed an appeal against the AERA order No. 40/2015-16 dated December 08, 2015 (issued on December 10, 2015), with AERAAT on January 11, 2016. In view of above petitions on the implementation of AERA order for second control period, the said order cannot be implemented till the disposal of all legal issues associated with the order. The revenue so collected by DIAL during this interim period shall be adjusted from the aggregate revenue requirement for the Second control period w.e.f. April 1, 2014.

Earlier, AERA has also filed a Special Leave Petition (SLP) dated April 24, 2015 in Hon'ble Supreme Court of India, seeking interim relief from the final order of Hon'ble Delhi High Court dated January 22, 2015. AERA has also filed an application before Hon'ble Supreme Court seeking directions for the implementation of its tariff order for second control period. The pleadings of the parties are complete and Hon'ble Supreme Court has disposed off SLP on May 12, 2016 with directions to AERAAT to dispose of the Tariff Appeals within three months from receipt of this order.

AERA had released the tariff order No. 40/2015-16 ('AERA order') dated December 08, 2015 (issued on December 10, 2015) for second control period i.e. 2014 -2019, which as per AERA order would be implemented upon the final outcome of the legal proceedings attached to that order. As per AERA order, tariff for aeronautical revenue will be reduced by 89.40% of the existing tariff (i.e. tariff as compared to the first control period).

Based on the above, the profit earned over the last four financial years, Company's business plans and cash projections prepared by the management for the next one year, the management expects to earn sufficient cash profits and do not foresee any difficulty in continuing its business / operations and meeting its financial obligations for foreseeable future and accordingly, these financial results continue to be prepared on a going concern basis.

3.2 Depreciation

a) Tangible Assets

Depreciation is calculated on a straight line basis using the useful lives prescribed under Schedule II to the Companies Act, 2013 except for assets individually costing less than Rs. 5,000/-, which are fully depreciated in the year of acquisition and certain assets class i.e. Internal Approach Roads, Electric Panels and Transformers/Sub-station, the Company, based on a technical evaluation, believes that the useful life of such assets is different from the useful life specified in Schedule II to Companies Act 2013. The following is a comparison of the useful lives of these assets as adopted by the Company and those prescribed under Schedule II to the Companies Act, 2013:



Type of Assets	Useful life as estimated by the Company based on technical evaluation	Useful life as prescribed in Schedule II to the Companies Act, 2013
Internal Approach Roads – Other than RCC	10 years	5 years
Transformers/Power Sub-Stations	15 years	10 years
Electric Panels	15 years	10 years

The useful life of the assets which are not as per Schedule II of the Companies Act 2013, have been estimated by the management based on internal technical evaluation.

- b) On June 12, 2014, the Airport Economic Regulatory Authority (“the Authority”) had issued a consultation paper viz.05/2014-15 in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports wherein it, inter alia, mentioned that the Authority proposes to lay down, to the extent required, the depreciation rates for airport assets, taking into account the provisions of the useful life of assets given in Schedule II of the Companies Act, 2013, for such assets that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector. The Authority has initiated the process to enable it to issue a notification as appropriate, pursuant to the provisions of Part B of Schedule II of the Companies Act, 2013 for this purpose. Pending issuance of final notification by AERA of the useful lives of airport specific assets i.e. Runways, Taxiways and Apron, the Company, in the absence of any specific mention of useful lives of these assets in Schedule II to the Companies Act, 2013, continues to depreciate these assets over their estimated useful lives of 30 years as determined by the management based on an internal technical evaluation. The impact, if any, based on the useful lives as may be notified by the Authority will be adjusted as and when notified.

c) Intangible Assets

Intangible assets include software, upfront fee paid as airport concessionaire rights and other costs (excluding operation support costs) paid to the Airports Authority of India (AAI) pursuant to the terms and conditions of the OMDA.

The Company amortises, upfront fee and other costs paid to AAI referred to above over the initial period of OMDA which is 30 years.

Other intangible assets are amortised over the useful life of asset or six years whichever is lower.

- 3.3** The Company has a receivable of Rs. 543.50 crore as at September 30, 2016 (March 31, 2016: Rs. 516.37 crore) [including unbilled revenue of Rs. 24.75 crore (March 31, 2016: Rs. 13.15 crore) from Air India Limited and its subsidiaries namely Indian Airlines Limited, Airline Allied Services Limited and Air India Charters Limited collectively referred as ‘Air India’. In view of continuing “Airport Enhancement and Financing Service Agreement” with The International Air Transport Association (IATA) for recovery of dues from Air India, the Company considers its dues from Air India as good and fully recoverable.



Delhi International Airport Private Limited
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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

3.4 Contingent liabilities not provided for:

		(Rs. in crore)	
	Particulars	As at September 30, 2016	As at March 31, 2016
(i)	In respect of Income tax matters	68.41	68.41
(ii)	In respect of Indirect tax matters [refer note (f) & (g) below]	190.42	3.99
(iii)	Claim against the Company not acknowledged as debt [Refer (e) below]	41.47	41.47
(iv)	In respect of other matters [Refer (h) and other notes below]	9.01	Nil

Performance guarantees given by the Company on its own behalf are not considered as contingent liability.

- a) As at March 31, 2014, the South Delhi Municipal Corporation (SDMC) [earlier known as Municipal Corporation of Delhi (MCD)] had demanded property tax of Rs. 105.18 crore on the land and properties at IGI Airport. DIAL filed a writ petition in the Hon'ble High Court of Delhi challenging the applicability of the Delhi Municipal Corporation (Amendment) Act, 1957 on the land and properties at the Indira Gandhi International Airport, New Delhi ('Delhi Airport') and deposited an amount of Rs. 30.66 crore under protest till September 30, 2016 (March 31, 2016: Rs. 30.66 crore). SDMC has brought the "Airports & Airports properties" within the purview of property tax with effect from the financial year 2013-14. Accordingly, from 2013-14 the Company has started paying property tax and the same has been charged to Statement of profit and loss of respective years/ periods.

The Hon'ble High Court of Delhi vide its order dated September 13, 2013, directed DIAL to make a proposal to the SDMC for settlement of property tax dispute. Consequently, SDMC vide its order dated February 10, 2015, revised its demand of property tax to Rs. 60.96 crore and also levied interest of Rs. 24.99 crore for assessment years 2006-07 to 2012-13.

The Company had provided Rs. 60.96 crore till September 30, 2016 (March 31, 2016: Rs. 60.96 crore). Further, interest of Rs 24.99 crore had also been provided till September 30, 2016 (March 31, 2016: Rs. 24.99 crore), making the total provision of Rs 81.87 crore (March 31, 2016: Rs. 81.87 crore) [net of self-assessment tax paid of Rs. 4.08 crore in earlier years]. The Company is still contesting on the tax and interest demand. The matter is pending with the Hon'ble High Court of Delhi and is now listed for hearing on November 28, 2016.

- b) The Airports Authority of India (AAI) had claimed service tax on the monthly annual fee (MAF) payable to them considering the same as rental from immovable property w.e.f. June 1, 2007. The Company has disputed the grounds of the levy under relevant provisions of the OMDA and based on a legal opinion obtained in this regard, is of the view that transaction between AAI and DIAL is neither a franchisee agreement nor a Renting of Immovable Property, which are specified taxable services under Section 65(105) of Service Tax Act. The Company has filed a writ petition with Hon'ble High Court of Delhi and was heard on November 17, 2015 and judgment has been reserved. Based on an internal assessment and legal opinion obtained, the management is of the view that no adjustments are required to be made to these Unaudited Condensed Interim Financial Statements.



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

- c) The Ministry of Civil Aviation (MoCA) issued a Circular No. AV 13028/001/2009-AS dated January 8, 2010 giving fresh guidelines regarding the expenditure which could be met out of the PSF (SC) and subsequently clarified by MoCA vide order dated April 16, 2010. Based on the said circular, the Company is not debiting such security expenditure to PSF (SC) escrow account. Further, vide circular No. AV 13024/43/2003-SS (AD) dated May 17, 2012, it was further directed that any such expenditure already debited was required to be credited back to PSF(SC) account. However, security expenditure amounting to Rs. 24.48 crore was already incurred prior to April 16, 2010 and was debited to PSF (SC) account.

The Company had challenged the said circulars issued by MoCA before the Hon'ble Delhi High Court by way of a Writ Petition. The Hon'ble Court, vide its order dated December 21, 2012, had restrained MoCA from taking any coercive measures in the form of initiation of criminal proceedings against the Company and the matter is now listed for hearing on December 09, 2016. Based on an internal assessment and aforesaid order of the Hon'ble High Court, the management is confident that no liability in this regard would be payable and as such no provision has been made in these Unaudited Condensed Interim Financial Statements.

- d) MoCA issued an order no. AV 13024 /03/2011-AS (Pt. I) dated February 18, 2014 requiring the Airport Operators to reverse the expenditure incurred, since inception to till date, towards procurement and maintenance of security systems/equipment and on creation of fixed assets out of PSF (SC) escrow account opened and maintained by DIAL (the Airport Operator) in a fiduciary capacity. The Company had incurred Rs. 297.25 crore towards capital expenditure (excluding related maintenance expense and interest thereon) till September 30, 2016 (March 31, 2016: Rs. 296.90 crore) out of PSF (SC) escrow account as per Standard Operating Procedure (SOPs), guidelines and clarification issued by MoCA from time to time on the subject of utilization of PSF (SC) funds.

In the opinion of the management of the Company, the above order is contrary to and inconsistent with SOPs, guidelines and clarification issued by MoCA from time to time in this regard and as such had challenged the said order before Hon'ble Delhi High court. The Hon'ble High Court, vide its order dated March 14, 2014, stayed recovery of amount already utilized by the Company from PSF (SC) Escrow Account till date. The matter is now listed for hearing on December 09, 2016.

Based on an internal assessment, the management of the Company is of the view that no adjustments are required to be made in the books of accounts. Further, as directed by the Hon'ble High Court and pending further orders, the Company has charged Rs. 49.07 crore from April 1, 2014 till September 30, 2016 (March 31, 2016: Rs.35.62 crore) towards the expenditure incurred on repair and maintenance of security equipment to the Statement of Profit and Loss which includes Rs. 13.45 crore during the six months ended September 30, 2016 (September 30, 2015: Rs 10.26 crore).

- e) The Company was entitled to custom duty credit scrip under Served from India Scheme (SFIS) of Foreign Trade Policy issued by Government of India. Under the terms of SFIS, service providers are entitled to custom duty credit scrip as a percentage of foreign exchange earned by the Company that can be utilized for payment of import duty. As at September 30, 2016 the Company had cumulatively utilized custom duty credit scrip amounting to Rs. 89.60 crore (March 31, 2016: Rs.89.60 crore) in lieu of payment of import duty in respect of import of fixed assets (including capital work in progress).



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The Company was of the view that such credit entitlements constitute capital grant and thus, was recording fixed assets (including capital work in progress) imported, at net amount (after excluding the amount of custom duty paid by using these scrips. However, the Expert Advisory Committee ('EAC') of the Institute of Chartered Accountants of India, pursuant to a specific application by the Company in this regard, has clarified vide its opinion viz. TD/EAC/1484/13 dated November 19, 2013 that such scrips should be recognised and accounted as grant related to revenue under Accounting Standard 12 – Accounting for Government Grants.

Accordingly as allowed under para 15 of Accounting Standard, the Company had adjusted (netted off) Rs. 80.39 crore, [being the difference between the value of duty credit scrips amounting to Rs. 89.60 crore and the depreciation amounting to Rs. 9.21 crore that ought to have been charged on such assets] against certain expenditure, which in its view are related to obtaining such custom duty credit scrip entitlements and had disclosed the same as prior period items (net) in the financial statements for the year ended March 31, 2014.

However, Airport Authority of India ('AAI') has expressed different view on this and argued that amount utilized under SFIS should be treated as revenue and accordingly revenue share on amount of Rs 89.60 crore is payable to AAI. Enforcing their view, AAI has written letter to ICICI bank on July 06, 2015 instructing bank to remit Rs. 41.21 crore from Receivable Escrow Account of the Company as revenue share to AAI's bank account as per terms of the escrow agreement. The Company has disputed the contention of AAI and accordingly written to ICICI Bank not to remit the amount as per the provisions of the escrow agreement.

Further, the Company had also filed a writ petition against the AAI's letter in Hon'ble Delhi High Court on July 10, 2015 disputing the demand and the letter unilaterally issued by AAI and prayed for quashing of demand by AAI. Court has granted the interim relief and disposed with a direction to Company to seek remedy under the provisions of Arbitration law. Accordingly Company filed a petition under section 9 of the Arbitration and Conciliation Act seeking interim restraint to AAI from enforcing its demand which was granted by the court in favour of Company. Now Company has issued a notice to AAI invoking arbitration under article 15.2 of OMDA where Company has nominated its arbitrator and asked AAI to nominate its arbitrator so that further proceedings of arbitration can commence. In the meanwhile Company's petition before Hon'ble Delhi High Court was heard on October 21, 2016 and Hon'ble court has directed AAI to appoint its arbitrator in next 15 days and also directed DIAL to maintain disputed amount balance in escrow account, till the matter is settled by Arbitration tribunal to safeguard the interest of both parties.

Besides, based on an opinion obtained from consultant, DIAL has filed an application to EAC of ICAI on November 23, 2015 seeking clarification that the SFIS utilized for capital goods, should be treated as capital grant.

Further, the management does not anticipate any further utilization for eligible imports.

- f) The Director General of Central Excise Intelligence, New Delhi has issued a Show Cause Notice F. NO. 574/CE/41/2014/Inv./PT.II/11327 dated October 10, 2014 on the Company, proposing a demand of service tax of Rs. 59.91 crore (excluding interest and penalty) considering Advance Development Costs ('ADC') collected by Company from the Commercial Property Developers under the service tax category 'Renting of Immovable Property'.



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The Company has replied to the show cause notice referred to above with appropriate authority on April 17, 2015.

Subsequently, Additional Director General (Adjudication), DGCEI has passed Order No. 10/2016-ST dated May 02, 2016 confirming demand of service tax of Rs. 54.31 crore and imposed equivalent penalty in respect of this matter.

However, based on an internal assessment and legal opinions obtained by the Company in this regard, the Management is of the view that service tax is not leviable on ADC, as these are collected for development of certain infrastructure facilities for the common use and not for the exclusive use of any developer. Any service tax liability on ADC, if arises, shall be adjusted from Advance Development Costs collected by Company from the Commercial Property Developers. The Company has filed appeal before CESTAT, New Delhi on August 02, 2016 against the order dated May 02, 2016; and has disclosed the amount of penalty of Rs. 54.31 crore as contingent liability.

Further, the management of the Company is of the view that no adjustments are required to be made to these Unaudited Condensed Interim Financial Statements.

- g) The Commissioner of Service Tax, New Delhi had issued three Show Cause Notices and one addendum to SCN on the Company, proposing a demand of service tax aggregating to Rs. 275.53 crore (excluding interest and penalty) on the collection of Development Fee ("DF") from passengers in airport for the period from March, 2009 to September, 2013. Out of total demand of service tax of Rs 275.53 crore, service tax amounting to Rs 130.17 crore has already been paid by Company under protest.

The Company replied to the show cause notice referred to above with appropriate authority and the issue was heard on merits on February 17, 2016.

Subsequently, the Commissioner of Service Tax, has passed Order No. C.No D III/ST/IV/16/Hqrs//Adjn/DIAL/153/2015/1862-ST dated July 12, 2016 confirming the demand of service tax of Rs. 262.06 crore (after giving cum duty effect) and out of the said demand has appropriated amount of Rs 130.17 crore already deposited by Company under protest towards service tax, and further imposed a penalty of Rs 131.89 crore in respect of this matter.

However, based on an internal assessment and legal views obtained by Company in this regard, the management is of the view that service tax is not leviable on DF, as the DF is a statutory levy and is meant to bridge financing gap funding for the airport project. The collection of DF from passengers is not in lieu of provision of any service to them. Further, there is no service provider and service recipient relationship between the Company and the passengers paying DF. Any service tax liability on DF, if arises, shall be decided by AERA, keeping in view the final pronouncement of the matter.

The Company has filed appeal against the order before CESTAT, New Delhi on October 10, 2016 and; has disclosed the amount of penalty of Rs. 131.89 crore as contingent liability.

Further, the management of the Company is of the view that no adjustments are required to be made to these Unaudited Condensed Interim Financial Statements.



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- h) During the period ended September 30, 2016, the Delhi Cantonment Board (DCB) has raised provisional invoice demanding property tax of Rs. 9.01 crore in respect of vacant land at IGI Airport for the Financial Year 2016-17.

The abovementioned land area is vacant land area and cannot be commercially let out by the Company because of operational safety, aircraft landing & take off and navigational requirements as per standards laid down by International Civil Aviation Organization (ICAO).

Accordingly, the management of the Company is of the view that no property tax is payable in respect of this land area and requested DCB to withdraw its demand. However, as a matter of abundance caution, the Company has disclosed Rs. 9.01 crore as contingent liability in the Unaudited Condensed Interim Financial Statements for the period ended September 30, 2016.

Further, the management of the Company is of the view that no adjustments are required to be made to these Unaudited Condensed Interim Financial Statements.

3.5 Capital and Other Commitments

Capital Commitments:

At September 30, 2016, the Company has estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) Rs. 169.02 crore (March 31, 2016: Rs. 94.63 crore).

Other Commitments:

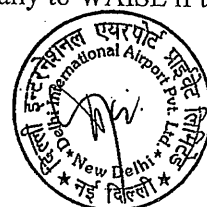
- i. As per the terms of OMDA, the Company is required to pay annual fees to AAI at 45.99% of the revenue (as defined in OMDA) of the Company for an initial term of 30 years starting from May 2006 and which can be extended by another 30 years on satisfaction of certain terms and conditions pursuant to the provisions of OMDA.
- ii. As per the terms of Airport Operator Agreement, the Company is required to pay every year 3% of previous year's gross revenue as operator fee to Fraport AG Frankfurt Airport Services Worldwide.
- iii. The Company has taken Interest Rate Swap ('IRS') of USD 90.23 millions, fixing LIBOR at 1.94% p.a. (on notional amount payable semi-annually and receive USD 6 months LIBOR semi-annually), which are effective from June 30, 2015 and maturity date is June 29, 2018.

However, subsequent to reporting period, the Company has issued 6.125% senior secured notes due 2026 of USD 522.60 millions on October 31, 2016 to refinance its existing external commercial borrowings of USD 83.92 millions and rupee term loans of Rs. 2,928.20 crores.

Consequently, this IRS facility was unwound on October 27, 2016.

With respect to jointly controlled entities & subsidiary company:

- iv. DIAL entered into a tripartite Master Service Agreement (MSA) with Wipro Airport IT Services Limited (WAISL) and WIPRO Limited by which DIAL is committed to pay annually to WAISL if the



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receivable of WAISL falls short of subsistence level (as defined in the said MSA). During the six months ended September 30, 2016, the Company accounted for Rs. 1.11 crore (September 30, 2015: Rs. 12.47 crore) towards such short fall of subsistence level over receivables of WAISL and are included in "Other Expenses".

Also in case of delay in payment of dues from customers to WAISL, the Company would fund the deficit on a temporary basis till the time WAISL collects the dues from such customers. The Company has funded Rs. 12.11 crore till September 30, 2016 (March 31, 2016: Rs. 10.03 crore) towards shortfall in collection from customers.

- v. In respect of its equity investment in Delhi Aviation Fuel Facility Private Limited, the Company cannot transfer/dispose off its shares for an initial period of 5 years starting from July 2010.
- vi. In respect of its equity investment in WAISL, the Company has to maintain minimum 26% of equity shareholding directly or indirectly until the expiry of next 5 years from January 2010 and thereafter minimum 20% of equity shareholding directly or indirectly until the expiry of next 5 years.
- vii. The Company has committed to provide financial support to Travel Food Services (Delhi Terminal 3) Private Limited (Jointly Controlled Entity) in proportion to its shareholding to meet the liabilities of Travel Food Services (Delhi Terminal 3) Private Limited, as and when required.
- viii. The Company has committed to provide financial support to Delhi Aerotropolis Private Limited (Subsidiary Company) in proportion to its shareholding to meet the liabilities of Delhi Aerotropolis Private Limited (Subsidiary Company), as and when required.
- ix. The following investments have been pledged by the Company towards borrowings by these companies:

Company Name	As at September 30, 2016		As at March 31, 2016	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Delhi Duty Free Services Private Limited	11,976,000	119,760,000	11,976,000	119,760,000
Delhi Airport Parking Services Private Limited	18,853,703	188,537,030	18,853,703	188,537,030
Travel Food Services (Delhi Terminal 3) Private Limited	960,000	9,600,000	960,000	9,600,000

- x. In respect of the Company's investment in Joint Venture ('JV') entities, other JV partners have the first right of refusal in case any of the JV partners intend to sell their stake subject to other terms and conditions of respective joint venture agreements.

With respect to Associate Company:

- xi. In respect of its equity investment in East Delhi Waste Processing Company Limited, the Company along with SELCO International Limited has to maintain minimum 51% shareholding for a period of 2



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years from the commissioning of the project and thereafter minimum 26% shareholding for next 10 years. The project is not yet commissioned.

3.6 Leases:**Assets taken on operating Lease****(Rs. in crore)**

Particulars	Six months period ended September 30, 2016	Six months period ended September 30, 2015
Lease payment for the six months period (excluding taxes)	4.82	5.13
	4.82	5.13
	As at September 30, 2016	As at March 31, 2016
Minimum Lease Payments:		
Not later than one year	2.83	3.43
Later than one year but not later than five years	5.38	6.62
Later than five years	-	-
Total	8.21	10.05

The Company has taken office and residential space, information technology equipment under operating lease arrangements. Office premises are obtained on operating lease for terms ranging from 1-5 years and are renewable upon agreement of both the Company and the lessor. There are no non-cancellable sub leases.

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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

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3.7 Related party transactions:

a) Names of related parties and description of relationship:

Sl. No.	Description of relationship	Name of the related parties
I	Ultimate holding company	GMR Enterprises Private Limited (formerly known as GMR Holdings Private Limited) ¹
	Intermediate holding company	GMR Infrastructure Limited
	Holding company	GMR Airports Limited
II	Subsidiary company	Delhi Aerotropolis Private Limited
III	Associate company	East Delhi Waste Processing Company Limited
IV	Fellow subsidiaries (including subsidiary companies of the ultimate/intermediate holding company) (where transactions have taken place)	GMR Energy Limited
		GMR Hyderabad International Airport Limited
		GMR Male International Airport Private Limited
		GMR Airport Developers Limited
		GMR Aviation Private Limited
		Raxa Security Services Limited
		GMR Chhattisgarh Energy Limited
		GMR Kamalanga Energy Limited
		Kakinada SEZ Limited (formerly known as Kakinada SEZ Private Limited) ²
		GMR Warora Energy Limited (formerly known as EMCO Energy Limited)
		GMR Badrinath Hydro Power Generation Private Limited
		GMR Corporate Affairs Private Limited
		GMR Bajoli Holi Hydropower Pvt Ltd
		GMR Megawide CEBU Airport Corporation
		GMR Tambaram Tinidivanam Expressways Private Limited
		GMR Consulting Services Private Limited
		GMR Aerospace Engineering Limited
		GMR Infrastructure (Singapore) Pte Limited
		GMR Tuni Anakapalli Expressways Limited
V	Jointly controlled entities (where transactions have taken place)	Delhi Aviation Services Private Limited
		Delhi Aviation Fuel Facility Private Limited
		Wipro Airport IT Services Limited
		Delhi Airport Parking Services Private Limited
		Travel Food Services (Delhi Terminal 3) Private Limited
		Delhi Duty Free Services Private Limited
		Celebi Delhi Cargo Terminal Management India Private Limited
		TIM Delhi Airport Advertising Private Limited



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

VI	Enterprises in respect of which the company is a joint venture	Airports Authority of India
		Fraport AG Frankfurt Airport Services Worldwide
VII	Enterprises where significant influence of Key management Personnel or their relatives exists	GMR Varalaksmi Foundation
VIII	Key Management personnel	Mr. Srinivas Bommidala - Managing Director
		Mr. Grandhi Kiran Kumar - Executive Director
		Mr. K. Narayana Rao - Whole Time Director

1. GMR Holdings Private Limited and GMR Projects Private Limited has been amalgamated with GMR Enterprises Private Limited (Transferee Company), pursuant to approval of scheme of amalgamation and arrangements by Hon'ble High Court of Madras vide its order No. 8471/16 dated July 06, 2016 effective from August 10, 2016.

2. Kakinada SEZ Private Limited is converted into a Public Company upon completion of all regulatory compliances. Consequently, the name of the Company has been changed to Kakinada SEZ Limited with effect from October 20, 2016.

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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

3.7 (b) (i) Summary of balances with the related parties is as follows:

Balances as on Date	As At September 30, 2016	As At March 31, 2016
<u>Non-Current Investments</u>		
<u>Investments in Equity Share</u>		
<u>Subsidiary companies</u>		
Delhi Aerotropolis Private Limited	0.10	0.10
<u>Associate companies</u>		
East Delhi Waste Processing Company Limited	0.01	0.01
<u>Jointly Controlled Entities</u>		
Delhi Aviation Services Private Limited	12.50	12.50
Celebi Delhi Cargo Terminal Management India Private Limited	29.12	29.12
Delhi Aviation Fuel Facility Private Limited	42.64	42.64
Wipro Airport IT Services Limited	1.30	1.30
Delhi Duty Free Services Private Limited	39.92	39.92
Travel Food services (Delhi Terminal 3) Private Limited	5.60	3.20
TIM Delhi Airport Advertising Private Limited	9.22	9.22
<u>Current Investment</u>		
<u>Investments in Equity Share</u>		
<u>Jointly Controlled Entities</u>		
Delhi Airport Parking Services Private Limited	40.64	40.64
<u>Trade Receivables</u>		
<u>Intermediate holding company</u>		
GMR Infrastructure Limited	1.16	1.28
<u>Jointly Controlled Entities</u>		
Delhi Duty Free Services Private Limited	-	12.86
TIM Delhi Airport Advertising Private Limited	-	21.76
Delhi Airport Parking Services Private Limited	-	1.94
Travel Food Services (Delhi Terminal 3) Private Limited	0.26	5.25
Celebi Delhi Cargo Terminal Management India Private Limited	0.40	11.92
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Aviation Private Limited	0.25	0.14
GMR Consulting Services Private Limited	1.76	1.30
GMR Chhattisgarh Energy Limited	1.21	-
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.37	0.37
<u>Other Current Assets</u>		
<u>Unbilled revenue including Utility recovery not billed</u>		
<u>Intermediate holding company</u>		
GMR Infrastructure Limited	0.01	-
<u>Enterprises in respect of which the company is a joint venture</u>		
Airports Authority of India	1.65	1.02
<u>Jointly Controlled Entities</u>		
Delhi Airport Parking Services Private Limited	1.77	-
TIM Delhi Airport Advertising Private Limited	19.07	-



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

Balances as on Date	As At September 30, 2016	As At March 31, 2016
Travel Food Services (Delhi Terminal 3) Private Limited	0.30	-
Delhi Duty Free Services Private Limited	9.50	-
Delhi Aviation Services Private Limited	1.87	-
Celebi Delhi Cargo Terminal Management India Private Limited	12.04	-
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Aviation Private Limited	0.02	-
GMR Chhattisgarh Energy Limited	0.03	-
GMR Tambaram Tinidivanam Expressways Private Limited	0.01	-
GMR Consulting Services Private Limited	0.04	-
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.03	-
<u>Other Current Assets</u>		
<u>Non- Trade Receivables (including marketing fund)</u>		
<u>Intermediate holding company</u>		
GMR Infrastructure Limited	0.08	0.03
<u>Enterprises in respect of which the company is a joint venture</u>		
Airports Authority of India	1.34	1.37
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Consulting Services Private Limited	0.72	0.41
GMR Chhattisgarh Energy Limited	0.19	0.02
GMR Tambaram Tinidivanam Expressways Private Limited	-	0.02
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.09	0.03
<u>Jointly Controlled Entities</u>		
Travel Food Services (Delhi Terminal 3) Private Limited	0.04	0.73
Celebi Delhi Cargo Terminal Management India Private Limited	0.23	1.26
Delhi Airport Parking Services Private Limited	-	0.17
Delhi Aviation Services Private Limited	-	1.66
TIM Delhi Airport Advertising Private Limited	-	0.21
Delhi Duty Free Services Private Limited	-	1.25
<u>Prepaid Expenses</u>		
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Hyderabad International Airport Limited	0.01	-
<u>Advances recoverable in cash or in kind</u>		
<u>Subsidiary companies</u>		
Delhi Aerotropolis Private Limited	0.07	0.07
<u>Jointly Controlled Entities</u>		
Delhi Aviation Services Private Limited	0.07	0.13
Delhi Airport Parking Services Private Limited	0.06	0.35
Travel Food Services (Delhi Terminal 3) Private Limited	0.06	0.12
Delhi Aviation Fuel Facility Private Limited	0.15	0.15
Celebi Delhi Cargo Terminal Management India Private Limited	0.06	0.08
Delhi Duty Free Services Private Limited	0.02	0.09
TIM Delhi Airport Advertising Private Limited	0.11	0.26



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Balances as on Date	As At September 30, 2016	As At March 31, 2016
Wipro Airport IT Services Limited	8.71	4.62
<u>Enterprises in respect of which the company is a joint venture</u>		
Airports Authority of India	6.80	6.80
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Kamalanga Energy Limited	-	0.05
Kakinada SEZ Limited	0.11	0.07
GMR Hyderabad International Airport Limited	-	0.12
GMR Male International Airport Private Limited	1.44	1.40
GMR Aerospace Engineering Limited	0.08	0.11
GMR Energy Limited	0.01	-
GMR Airport Developers Limited	-	0.07
GMR Infrastructure (Singapore) Pte Limited	-	0.21
GMR Tuni Anakapalli Expressways Limited	0.01	-
GMR Bajoli Holi Hydropower Pvt Ltd	0.01	-
<u>Advances recoverable in cash or in kind</u>		
<u>Non-Current</u>		
<u>Jointly Controlled Entities</u>		
Wipro Airport IT Services Limited	2.82	2.82
<u>Trade payable (including marketing fund)</u>		
<u>Intermediate holding company</u>		
GMR Infrastructure Limited	11.79	7.71
<u>Holding company</u>		
GMR Airports Limited	5.66	10.23
<u>Enterprises in respect of which the company is a joint venture</u>		
Fraport AG Frankfurt Airport services Worldwide	79.72	68.35
Airports Authority of India	57.91	63.46
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Aviation Private Limited	0.05	-
Raxa Security Services Limited	0.95	0.57
GMR Kamalanga Energy Limited	0.03	-
GMR Hyderabad International Airport Limited	0.04	-
<u>Jointly Controlled Entities</u>		
TIM Delhi Airport Advertising Private Limited	-	0.14
Delhi Duty Free Services Private Limited	-	0.97
<u>Other Liabilities</u>		
<u>Holding company</u>		
GMR Airports Limited	0.04	-
<u>Long-term Provision</u>		
<u>Enterprises in respect of which the company is a joint venture</u>		
Airports Authority of India	26.29	34.90
<u>Jointly Controlled Entities</u>		
Wipro Airport IT Services Limited	2.82	-



Delhi International Airport Private Limited**CIN. U63033DL2006PTC146936****Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016****(All amounts in Rupees Crore, except otherwise stated)**

Balances as on Date	As At September 30, 2016	As At March 31, 2016
<u>Short-term Provision</u>		
<u>Enterprises in respect of which the company is a joint venture</u>		
Airports Authority of India	17.34	17.61
<u>Current Liabilities</u>		
<u>Unearned Revenue</u>		
<u>Jointly Controlled Entities</u>		
Celebi Delhi Cargo Terminal Management India Private Limited	13.88	-
Delhi Aviation Fuel Facility Private Limited	8.55	-
TIM Delhi Airport Advertising Private Limited	0.15	0.08
<u>Other Long Term Liabilities</u>		
<u>Deposits from Trade Concessionaires</u>		
<u>Non-Current</u>		
<u>Jointly Controlled Entities</u>		
Delhi Duty Free Services Private Limited	234.83	234.75
Travel Food Services (Delhi Terminal 3) Private Limited	2.19	2.19
TIM Delhi Airport Advertising Private Limited	35.47	35.47
<u>Deposits from Trade Concessionaires</u>		
<u>Current</u>		
<u>Jointly Controlled Entities</u>		
Celebi Delhi Cargo Terminal Management India Private Limited	137.55	137.55
Delhi Aviation Fuel Facility Private Limited	169.29	158.66
Delhi Airport Parking Services Private Limited	3.42	3.14
Delhi Aviation Services Private Limited	15.10	15.10
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Aviation Private Limited	0.11	0.11

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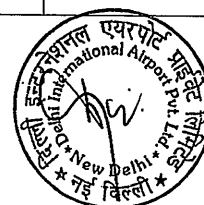
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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

3.7(b) (ii) Summary of transaction with the related parties is as follows:

Transactions During the period	For the six month ended September 30, 2016	For the Six month ended September 30, 2015
<u>Non-current investments</u>		
<u>Investment made in Equity Share</u>		
<u>Jointly Controlled Entities</u>		
Travel Food Services (Delhi Terminal 3) Private Limited	2.40	-
<u>Deposits from trade concessionaires</u>		
<u>Security Deposits Received</u>		
<u>Jointly Controlled Entities</u>		
Delhi Aviation Fuel Facility Private Limited	10.63	-
Delhi Airport Parking Services Private Limited	0.28	0.01
Celebi Delhi Cargo Terminal Management India Private Limited	-	9.63
Delhi Duty Free Services Private Limited	0.11	-
<u>Deposits from trade concessionaires</u>		
<u>Deposits Refunded</u>		
<u>Jointly Controlled Entities</u>		
Delhi Duty Free Services Private Limited	0.03	0.19
<u>Key Managerial Remuneration paid/ payable</u>		
<u>Employee Benefits for Key Management Personnel</u>		
Mr. Grandhi Kiran Kumar	1.42	1.12
Mr. Srinivas Bommidala	1.42	1.12
Mr. K. Narayana Rao	0.52	0.42
<u>Revenue share paid</u>		
<u>Enterprises in respect of which the Company is a joint venture</u>		
Airports Authority of India	1,260.72	1,078.28
<u>CSR activities</u>		
<u>Enterprises where significant influence of key Management personnel or their relative exists</u>		
GMR Varalakshmi Foundation	2.60	0.97
<u>Interest Received</u>		
<u>Jointly Controlled Entities</u>		
Delhi Airport Parking Services Private Limited	-	1.26
Delhi Duty Free Services Private Limited	-	0.15
Celebi Delhi Cargo Terminal Management India Private Limited	-	0.81
Travel Food Services (Delhi Terminal 3) Private Limited	0.97	-
Delhi Aviation Fuel Facility Private Limited	-	1.29
Delhi Aviation Services Private Limited	0.19	-



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

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Transactions During the period	For the six month ended September 30, 2016	For the Six month ended September 30, 2015
<u>Manpower hire charges</u>		
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Airport Developers Limited	19.53	17.52
<u>Airport Operator fees</u>		
<u>Enterprises in respect of which the Company is a joint venture</u>		
Fraport AG Frankfurt Airport Services Worldwide	75.53	64.18
<u>Expenses incurred by Company on behalf of related parties</u>		
<u>Intermediate Holding company</u>		
GMR Infrastructure Limited	-	0.02
<u>Holding company</u>		
GMR Airports Limited	1.86	0.75
<u>Jointly Controlled Entities</u>		
Celebi Delhi Cargo Terminal Management India Private Limited	0.15	0.17
TIM Delhi Airport Advertising Private Limited	0.21	0.25
Delhi Aviation Services Private Limited	0.16	0.18
Delhi Airport Parking Services Private Limited	0.19	0.22
Travel Food Services (Delhi Terminal 3) Private Limited	0.15	0.17
Delhi Duty Free Services Private Limited	0.11	0.12
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Airport Developers Limited	0.02	0.06
GMR Aviation Private Limited		
GMR Hyderabad International Airport Limited	0.07	0.11
Raxa Security Services Limited	0.52	0.41
Kakinada SEZ Limited	0.03	0.11
GMR Bajoli Holi Hydropower Pvt Ltd.	0.01	-
GMR Kamalanga Energy Limited	-	0.04
GMR Infrastructure (Singapore) Pte Limited	-	0.31
GMR Tuni Anapalli Expressways Limited.	0.01	-
<u>Expenses incurred by related parties on behalf of Company</u>		
<u>Holding company</u>		
GMR Airports Limited	-	0.68
<u>Jointly Controlled Entities</u>		
Travel Food Services (Delhi Terminal 3) Private Limited	-	0.01
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Corporate Affairs Private Limited	-	0.26
<u>Corporate Cost Allocation</u>		
<u>Intermediate Holding company</u>		
GMR Infrastructure Limited	19.37	18.02



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

Transactions During the period	For the six month ended September 30, 2016	For the Six month ended September 30, 2015
<u>Holding company</u> GMR Airports Limited	13.17	7.44
<u>Services Received</u> <u>Chartering Cost :</u> <u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u> GMR Aviation Private Limited	2.59	2.54
<u>Security related expenses:</u> <u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u> Raxa Security Services Limited	6.39	6.72
<u>Information technology and related expenses:</u> <u>Jointly Controlled Entities</u> Wipro Airport IT Services Limited	1.11	12.47
<u>Repair and Maintenance - IT System</u> <u>Jointly Controlled Entities</u> Wipro Airport IT Services Limited	0.42	0.18
<u>Director sitting fees</u> <u>Enterprises in respect of which the Company is a joint venture</u> Airports Authority of India	0.02	0.01
<u>Electricity charges recovered</u> <u>Intermediate holding company</u> GMR Infrastructure Limited	0.06	0.02
<u>Jointly Controlled Entities</u> Delhi Aviation Services Private Limited	7.21	5.21
Delhi Airport Parking Services Private Limited	1.00	0.91
Celebi Delhi Cargo Terminal Management India Private Limited	8.56	8.56
TIM Delhi Airport Advertising Private Limited	1.41	1.54
Travel Food Services (Delhi Terminal 3) Private Limited	1.67	1.82
Delhi Duty Free Services Private Limited	1.29	1.36
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u> GMR Aviation Private Limited	0.01	0.01
GMR Energy Limited	-	0.21
GMR Chhattisgarh Energy Limited	0.17	0.11
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.18	0.14
GMR Tambaram Tinidivanam Expressways Private Limited	0.06	-
GMR Consulting Services Private Limited	0.31	0.25



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016
(All amounts in Rupees Crore, except otherwise stated)

Transactions During the period	For the six month ended September 30, 2016	For the Six month ended September 30, 2015
<u>Enterprises in respect of which the Company is a joint venture</u>		
Airports Authority of India	9.06	7.71
<u>Water charges recovered</u>		
<u>Jointly Controlled Entities</u>		
Delhi Aviation Services Private Limited	0.05	0.05
Delhi Airport Parking Services Private Limited	0.22	0.20
Travel Food Services (Delhi Terminal 3) Private Limited	0.20	0.22
Celebi Delhi Cargo Terminal Management India Private Limited	0.66	0.42
Delhi Duty Free Services Private Limited	0.01	-
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Badrinath Hydro Power Generation Private Limited	-	0.01
GMR Energy Limited	-	0.01
GMR Chhattisgarh Energy Limited	0.01	0.01
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.01	-
<u>Enterprises in respect of which the Company is a joint venture</u>		
Airports Authority of India	0.30	-
<u>Space Rental & Land Licence fee.</u>		
<u>Intermediate holding company</u>		
GMR Infrastructure Limited	1.05	0.33
<u>Jointly Controlled Entities</u>		
TIM Delhi Airport Advertising Private Limited	0.75	0.69
Delhi Aviation Fuel Facility Private Limited	8.60	8.00
Celebi Delhi Cargo Terminal Management India Private Limited	13.67	12.53
Delhi Duty Free Services Private Limited	0.88	0.78
Delhi Aviation Services Private Limited	0.08	0.03
<u>Fellow subsidiaries (including subsidiary companies of the ultimate Holding company)</u>		
GMR Energy Limited	-	0.88
GMR Aviation Private Limited	0.03	0.02
GMR Chhattisgarh Energy Limited	0.95	0.59
GMR Consulting Services Pvt. Ltd.	0.95	0.59
GMR Tambaram Tinidivanam Expressways Private Limited	1.05	-
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.95	0.59
<u>Concession fees received</u>		
<u>Jointly Controlled Entities</u>		
Delhi Airport Parking Services Private Limited	8.78	6.65
TIM Delhi Airport Advertising Private Limited	59.39	51.85
Delhi Aviation Services Private Limited	4.40	3.02
Delhi Duty Free Services Private Limited	158.71	144.62
Celebi Delhi Cargo Terminal Management India Private Limited	61.63	54.47
Travel Food Services (Delhi Terminal 3) Private Limited	7.45	7.54



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

Transactions During the period	For the six month ended September 30, 2016	For the Six month ended September 30, 2015
<u>Airport Service, Common Area Maintenance , Screening & Other Charges</u>		
<u>Intermediate holding company</u>		
GMR Infrastructure Limited	0.16	0.05
<u>Jointly Controlled Entities</u>		
Travel Food Services (Delhi Terminal 3) Private Limited	0.94	1.27
Celebi Delhi Cargo Terminal Management India Private Limited	-	0.51
TIM Delhi Airport Advertising Private Limited	0.08	0.07
Delhi Duty Free Services Private Limited	2.46	2.25
Delhi Airport Parking Services Private Limited	0.01	0.01
Delhi Aviation Services Private Limited	0.01	-
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Energy Limited	-	0.09
GMR Consulting Services Private Limited	0.10	0.06
GMR Chhattisgarh Energy Limited	0.10	0.06
GMR Tambaram Tinidivanam Expressways Private Limited	0.16	-
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.10	0.06
<u>Aeronautical Income</u>		
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Aviation Private Limited	0.11	0.11
<u>Enterprises in respect of which the Company is a joint venture</u>		
Airports Authority of India	0.05	0.04
<u>Income from Non current Investments-</u>		
<u>Dividend Income</u>		
<u>Jointly Controlled Entities</u>		
Delhi Duty Free Services Private Limited	13.57	12.77
TIM Delhi Airport Advertising Private Limited	2.77	6.92
Delhi Aviation Fuel Facility Private Limited	7.68	5.33
Delhi Aviation Services Private Limited	2.50	-
Delhi Airport Parking Services Private Limited	2.03	-
<u>Marketing Fund Billed</u>		
<u>Jointly Controlled Entities</u>		
Delhi Duty Free Services Private Limited	5.08	4.66
Delhi Airport Parking Services Private Limited	0.01	0.01
Travel Food Services (Delhi Terminal 3) Private Limited	0.34	0.32
<u>Marketing Fund Utilised</u>		
<u>Jointly Controlled Entities</u>		
Delhi Duty Free Services Private Limited	1.72	-
TIM Delhi Airport Advertising Private Limited	0.13	0.18



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

Transactions During the period	For the six month ended September 30, 2016	For the Six month ended September 30, 2015
<u>CPD Infra Deposit utilization</u>		
<u>Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)</u>		
GMR Airport Developers Limited	0.77	0.32
Raxa Security Services Limited	1.31	0.46

(This space has been intentionally left blank)



3.8 AERA DF Order No. 28/2011-12, 30/2012-13 and AERA tariff order No. 03/2012-13 on determination of Aeronautical Tariff; issued on November 14, 2011, April 24, 2012 and December 28, 2012 respectively

- (a) The Company had accrued Development Fee (DF) amounting to Rs. 350 crore during the year 2012-13, earmarked for construction of Air Traffic Control (ATC) tower; currently work is under progress as at September 30, 2016. DF amounting to Rs. 350 crore (March 31, 2016: Rs. 345.85 crore) has been adjusted against the expenditure on construction of ATC tower incurred till September 30, 2016 and balance DF amounting to Rs. Nil (March 31, 2016: Rs. 4.15 crore), pending utilization, has been disclosed under other current liabilities.

The total expenditure expected to be incurred on construction of ATC tower is Rs. 392.97 crores, which exceeds the earmarked DF of Rs. 350 crore, as the construction got delayed due to security reasons and additional requirements from time to time.

Pending discussion with from AAI for the excess amount, the Company has included the additional amount of Rs. 42.97 crores (March 31, 2016: Rs. Nil) under Capital Work in Progress (CWIP) as at September 30, 2016.

- (b) While calculating such additional DF amount:

- i) In accordance with the earlier Standard Operating Procedure (SOP) approved and issued by the AAI dated February 19, 2009 read with the MoCA order dated February 9, 2009, the Company was adjusting collection charges against DF receipts. However, AERA vide its subsequent order no. 28/2011-12 issued on November 14, 2011 has observed that in terms of Section 22A of the AAI Act, 1994 (amended from time to time) as well as Section 13(1)(b) of the AERA Act, 2008, the function of AERA is limited only to determining the rate/amount of DF and manner of collection and administration cost incurred thereupon is an issue, which had already been prescribed by way of rules by the Central Government. In view of the fact that DF rules notified by the MoCA dated August 2, 2011 do not prescribe adjustment of collection charges from the DF receipts; the Company has capitalised DF collection charges aggregating to Rs. 27.84 crore till September 30, 2016 (March 2016 : Rs. 27.07 crore) from the DF grant.
- ii) The Airport Economic Regulatory Authority of India (AERA) has passed an order vide Order No 03/2012-13 dated December 28, 2012 in respect of levy of Development fee at Delhi Airport. As per the said order, the rate of Airport Development Fee (ADF) has been reduced from Rs. 200 to Rs. 100 and from Rs. 1,300 to Rs. 600 per embarking domestic and international passenger respectively. Further, as per the said order, such revised rates have come into force with effect from January 1, 2013 and estimated DF collection period has been extended up to April 2016. Further, AERA has issued order No.47/2015-16 dated January 25, 2016, restricting cutoff date for collection of ADF upto April 30, 2016. As per the order, AERA has granted AAI six months' time after cutoff date (April 30, 2016) to reconcile and close the account, and to arrive at the over recovery / under recovery of ADF, which will be accounted for on final reconciliation of ADF by AAI. However, DIAL has collected the DF receivable in full and settled the DF loan on May 28, 2016.

- 3.9** The Company has received advance development costs of Rs. 653.13 crore (March 31, 2016: Rs. 653.13 crore) from various Developers at Commercial Property District towards facilitating the development of



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Notes to the Standalone Unaudited Condensed Interim Financial Statements for the six months period ended September 30, 2016

(All amounts in Rupees Crore, except otherwise stated)

common infrastructure there in. As per the term of the agreement, the Company will facilitate the development of common infrastructure upon receipt of advance towards development cost in accordance with the instructions and specifications in the agreement. Further, the Company has no right to escalate the development cost and in case any portion of the advance development cost is not utilized by the Company towards development of any infrastructure facility, the same shall be returned to the Developers upon earlier of the expiry of the initial term of agreement or upon termination of the development agreement.

As at September 30, 2016, the Company has incurred development expenditure of Rs. 459.85 crore (March 31, 2016: Rs. 433.71 crore) which has been adjusted against the aforesaid advance and balance amount of Rs. 193.28 crore (March 31, 2016: Rs. 219.42 crore) is disclosed under other long term liabilities and other current liabilities.

- 3.10** The Company is collecting "Marketing Fund" at a specified percentage from various concessionaires as per the agreement with respective concessionaires and to be utilized towards sales promotional activities as defined in such agreements in accordance with the Marketing Fund policy adopted by the Company. The financial statements of such Marketing Fund are being audited by one of the joint statutory auditors. The Company is collecting Marketing Fund since 2012-2013 and total billing (including accrual) till September 30, 2016 is Rs. 81.31 crore (March 31, 2016: Rs. 71.04 crore) towards such Marketing Fund and has incurred expenditure amounting to Rs. 36.29 crore (net of income on temporary investments) (March 31, 2016: Rs. 31.50 crore) from the amount so collected. The balance amount of Rs. 45.02 crore as at September 30, 2016 (March 31, 2016: Rs. 39.54 crore) pending utilization, against such sales promotion activities is included under "Other liabilities" as specific fund to be used for the purposes to be approved by the Marketing fund committee constituted for this purpose.
- 3.11** The Company has only one business segment, which is operation of airport and providing allied services and operates in a single business segment. Accordingly, the amounts appearing in these Unaudited Condensed Interim Financial Statements relate to the Company's single business segment, disclosures under Accounting Standard (AS) 17 – Segment Reporting are not reported upon separately.
- 3.12** A survey under section 133A of the Income Tax Act, 1961 was carried out at the premises of the Company by the Income Tax authorities on June 22 -23, 2016. The Income Tax department has sought information vide its letter dated July 18, 2016. The management has provided majority of the information and is in the process of providing the rest of the information to the department. The management of the Company believes that it has complied with all the applicable provisions of the Income Tax Act, 1961 and does not expect any additional tax liability on account of survey operations.
- 3.13** The Comptroller and Auditor General of India (CAG) had conducted the performance audit of PPP (Public Private Partnership) project of AAI at Delhi Airport for the period 2006 to 2012. CAG had presented its report before Rajya Sabha on August 17, 2012, wherein they had made certain observations on the Company. The Public Accounts Committee (PAC), constituted by the Parliament of India, has examined the CAG report and submitted its observations and recommendations to Lok Sabha vide its Ninety fourth report in February 2014.



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(All amounts in Rupees Crore, except otherwise stated)

The management of the Company is of the view that the observations in the CAG report and the PAC report do not have any financial impact on the Company.

- 3.14** Airport Economic Regulatory Authority ("AERA") had passed the tariff order No. 40/2015-16 dated December 8, 2015 (issued on December 10, 2015) wherein Authority had decided to adjust DF of Rs. 3,241.37 crore out of allowed DF of Rs. 3,415.35 crore based on the actual expenditure spent towards project. The authority had decided to adjust the balance amount of DF of Rs. 173.98 crore as on March 31, 2014 on utilization basis as and when it is incurred. However, the Company availed Rs. 3,415.35 crore of Loan based on the DF Orders and DF collected from passengers is used for payment of interest and principal till September 30, 2016. Accordingly, the differential interest i.e. paid by the Company on DF Loans and considered on actual spent amounting to Rs. 48.06 crore (March 31, 2016: Rs. 47.90 crore) is required to be absorbed by DIAL. Accordingly, during the six months ended September 30, 2016 interest expense of Rs. 0.16 crore (March 31, 2016: Rs. 47.90 crore) has been provided in the books of accounts.

Further, the Company had incurred a sum of Rs. 17.29 crore towards interest from December 2011 to February 2012 which was not allowed by AERA and accordingly interest expense of Rs. 17.29 crore had also been provided in the books of accounts during previous year ended March 31, 2016.

- 3.15** Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these Unaudited Condensed Interim Financial Statements have been rounded off or truncated as deemed appropriate by the management of the Company.
- 3.16** Previous period / year figures have been regrouped and re-classified wherever necessary to conform to those of current period.

As per our report of even date

For S R BATLIBOI & ASSOCIATES LLP
ICAI Firm Reg. No.: 101049W/E300004
Chartered Accountants

For Brahmayya & Co.
ICAI Firm Reg. No.: 000515S
Chartered Accountants

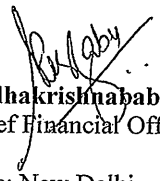
**For and on behalf of the Board of Directors of
Delhi International Airport Private Limited**

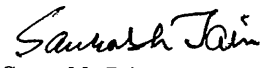
Per Yogesh Midha
Partner
Membership No. 94941
Place: New Delhi
Date: November 10, 2016

Per G. Srinivas
Partner
Membership No. 86761
Place : New Delhi
Date: November 10, 2016

Srinivas Bommidala
Managing Director
DIN – 00061464

K. Narayana Rao
Whole Time Director
DIN – 00016262


Radhakrishnababu G.
Chief Financial Officer


Saurabh Jain
Company Secretary

Place: New Delhi
Date: November 10, 2016

