IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (A) PERSONS OR ADDRESSEES OUTSIDE OF THE UNITED STATES OR (B) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") PURSUANT TO RULE 144A OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this page (the "Offering Memorandum"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO IN THE FOLLOWING OFFERING MEMORANDUM HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Section 309B(1) Notification — the Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the Securities and Futures Act, Chapter 289 of Singapore)) that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The following Offering Memorandum is not a prospectus for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area.

CONFIRMATION OF YOUR REPRESENTATION: IN ORDER TO BE ELIGIBLE TO VIEW THE OFFERING MEMORANDUM, INVESTORS MUST COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THIS DOCUMENT AT YOUR REQUEST AND ON THE BASIS THAT YOU HAVE CONFIRMED TO CITIGROUP GLOBAL MARKETS INC., DEUTSCHE BANK AG, SINGAPORE BRANCH, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, J.P. MORGAN SECURITIES PLC, STANDARD CHARTERED BANK, FIRST ABU DHABI BANK P.J.S.C., MUFG SECURITIES ASIA LIMITED, UBS AG SINGAPORE BRANCH AND YES BANK LIMITED, IFSC BANKING UNIT (TOGETHER, THE "INITIAL PURCHASERS") THAT YOU (1) EITHER ARE OUTSIDE THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) OR YOU ARE A QIB PURSUANT TO RULE 144A OF THE SECURITIES ACT AND, TO THE EXTENT THAT YOU PURCHASE THE SECURITIES DESCRIBED IN THE FOLLOWING OFFERING MEMORANDUM, YOU WILL BE DOING SO EITHER IN AN OFFSHORE TRANSACTION (AS DEFINED IN REGULATION S) IN COMPLIANCE WITH REGULATION S OR PURSUANT TO RULE 144A OF THE SECURITIES ACT; AND (2) CONSENT TO DELIVERY OF THE FOLLOWING OFFERING MEMORANDUM AND ANY AMENDMENTS OR SUPPLEMENTS THERETO BY ELECTRONIC TRANSMISSION.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person. If this is not the case, you must return this Offering Memorandum to us immediately. You may not, nor are you authorized to, deliver or disclose the contents of this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of Delhi International Airport Limited (the "Company") in such jurisdiction.

The Offering Memorandum has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Initial Purchasers or any person who controls any of them or any of their respective commissioners, directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

OFFERING MEMORANDUM **CONFIDENTIAL**

US$350,000,000

Delhi International Airport Limited

(incorporated with limited liability under the laws of the Republic of India)

6.45% SENIOR SECURED NOTES DUE 2029

Issue price per note: 100.0%

The Issuer:

- We hold the exclusive right to operate, manage and develop Indira Gandhi International Airport in New Delhi, India — the busiest and largest airport in India in terms of passenger traffic and passenger capacity, according to data compiled by the Airports Authority of India.

The Offering:

- **Notes Offered**: US$350,000,000 aggregate principal amount of 6.45% senior secured notes due 2029, which we refer to as the "Notes."
- **Use of Proceeds**: We will use the gross proceeds of this offering to partly finance the Phase 3A Expansion. See "Use of Proceeds."

The Senior Secured Notes:

- **Maturity**: The Notes will mature on June 4, 2029.
- **Interest Payments**: The Notes will bear interest at a rate of 6.45% per annum. We will pay interest on the Notes semi-annually in cash in arrears on June 4 and December 4 of each year, beginning on December 4, 2019.
- **Guarantees**: The Notes initially will not be guaranteed by any of our subsidiaries or joint ventures. The Notes also will not be guaranteed by any of our parent entities, nor will the Notes be guaranteed by the Government of India or any agency thereof.
- **Security**: The Notes will be secured by first-priority liens, subject to permitted liens, on certain of our assets, subject to certain exceptions, that will from time to time secure our Existing Notes, senior secured credit facilities, existing hedging facilities and all future Permitted Pari Passu Secured Indebtedness pursuant to a Memorandum of Hypothecation on a first-priority *pari passu* basis.
- **Change of Control**: Upon the occurrence of a Change of Control Triggering Event (as defined herein), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. Prior to any redemption of the Notes, we will be required to obtain the written approval of the Reserve Bank of India (the "RBI") or the designated authorized dealer bank, in accordance with the ECB Master Directions to effect such redemption, and such approval of the RBI or the designated authorized dealer bank may not be granted. See "Risk Factors — Risks Related to the Notes and the Collateral — We may not be able to repurchase the Notes upon a Change of Control Triggering Event or redeem the Notes upon Mandatory Redemption."

For a more detailed description of the Notes, see "Description of the Notes" beginning on page 195.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 28.

There is currently no market for the Notes. Approval in-principle has been received for the listing and quotation of the Notes on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, the Company or associated companies or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any U.S. state securities laws or the securities laws of any other jurisdiction. The Notes are being offered or sold only to qualified institutional buyers ("QIBs") in accordance with Rule 144A under the Securities Act ("Rule 144A") and outside the U.S. in offshore transactions in accordance with Regulation S under the Securities Act ("Regulation S"). You are hereby notified that the Company may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this offering memorandum, see "Plan of Distribution" and "Transfer Restrictions."

The Notes will not be offered or sold, directly or indirectly, in India or to, or for the account or benefit of, any resident in India. This offering memorandum has not been and will not be approved or authorized by or filed with, and will not be registered as a prospectus with the Registrar of Companies, the Securities Exchange Board of India ("SEBI"), RBI or any other regulator in India, nor have the Initial Purchasers circulated or distributed, nor will they circulate or distribute, this offering memorandum or any material relating thereto, directly or indirectly, to the public or any members of the public in India.

The Notes sold within the United States to QIBs pursuant to Rule 144A under the Securities Act will be evidenced by a global note (the "144A Global Note") in registered form. The Notes sold outside the United States pursuant to Regulation S under the Securities Act will be evidenced by a global note (the "Regulation S Global Note" and together with the 144A Global Notes, the "Global Notes") in registered form. The Global Notes will be deposited with a custodian for, and registered in the name of, a nominee of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, the records maintained by DTC and their respective accountholders.

Joint Global Coordinators

Citigroup **Deutsche Bank** **HSBC** **J.P. Morgan** **Standard Chartered Bank**

Joint Lead Managers and Joint Bookrunners

Citigroup **Deutsche Bank** **HSBC** **J.P. Morgan** **Standard Chartered Bank** **First Abu Dhabi Bank** **MUFG** **UBS** **YES Bank**

The date of this offering memorandum is May 28, 2019.

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This offering memorandum does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time after that date.

IN CONNECTION WITH THIS OFFERING, THE STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER, OR ANY PERSON ACTING FOR IT, WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILIZING MANAGER AND NOT FOR OR ON OUR BEHALF.

NOTICE TO INVESTORS

You should rely only on the information contained in this offering memorandum. We have not, and Citigroup Global Markets Inc., Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Standard Chartered Bank, First Abu Dhabi Bank P.J.S.C., MUFG Securities Asia Limited, UBS AG Singapore Branch and YES Bank Limited, IFSC Banking Unit (the "Initial Purchasers") have not, authorized anyone to provide you with information that is different from that contained in this offering memorandum. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, the Notes only in jurisdictions where offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or any sale of the Notes. Our business, financial condition, results of operations and prospects may have changed since that date.

We confirm that (i) this offering memorandum contains all information with respect to us referred to in this offering memorandum and the Notes that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this offering memorandum relating to us are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering memorandum with regard to us are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us and the Notes, the omission of which would, in the context of the issue and offering of the Notes, make this offering memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable inquiries to ascertain such facts and to verify the accuracy of all such information and statements.

U.S. federal, state or foreign securities commissions or regulating authorities have not approved of, disapproved of or recommended the Notes being offered hereby, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States and may be a criminal offense in other jurisdictions.

This offering memorandum is highly confidential. This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum is personal to the offeree to whom it has been delivered and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes. We are providing it solely for the purpose of enabling you to consider a purchase of the Notes. You should read this offering memorandum before making a decision whether to purchase the Notes. You must not use this offering memorandum for any other purpose, or disclose any information in this offering memorandum to any other person.

You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under "Transfer Restrictions."

The information contained in this offering memorandum has been provided by us and the other sources identified herein. No representation or warranty, express or implied, is made by the Initial Purchasers, Citicorp International Limited (the "Trustee"), Citibank N.A., London Branch (the "Principal Paying Agent" and the "Registrar," together, the "Agents") or any of their affiliates or advisors as to the accuracy, completeness or sufficiency of the information set forth herein, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise, representation or warranty. To the fullest extent permitted by law, none of the Initial Purchasers, the Trustee, the Agents nor any of their respective affiliates, directors or employees accept any responsibility for the contents of this offering memorandum or for any other statement in connection with the issue and offering of the Notes made or purported to be made by the Initial Purchasers, the Trustee or the Agents or on their behalf. The Initial Purchasers, the Trustee and the Agents accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this offering memorandum or any such statement.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our affiliates or the Notes (other than as contained herein) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

Neither the delivery of this offering memorandum nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

We are not, and the Initial Purchasers are not, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this offering memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales. None of us or the Initial Purchasers shall have any responsibility therefor. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this offering memorandum, see "Transfer Restrictions" and "Plan of Distribution."

In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. We are not making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice, respectively, regarding an investment in the Notes.

We reserve the right to withdraw the offering of the Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

In accordance with applicable provisions of Indian regulations, only (i) residents (including individuals) of a country which is a FATF Compliant Country (as defined in this Offering Memorandum) or an IOSCO Compliant Country (as defined in this Offering Memorandum); or (ii) multilateral and regional financial institutions where India is a member country or (iii) foreign branches or subsidiaries of Indian banks, can subscribe to the Notes.

The Offering Memorandum has not been and will not be registered, produced or made available to all as an offer document (whether as a prospectus in respect of a public offer or an information memorandum or private placement offer letter or other offering material in respect of any private placement under the Companies Act, 2013 or any other applicable Indian laws) with the Registrar of Companies of India ("RoC"), Reserve Bank India ("RBI") or the Securities and Exchange Board of India ("SEBI") or any other statutory or regulatory body of like nature in India, save and except for any information from any part of the Offering Memorandum which is mandatorily required to be disclosed or filed in India under any applicable Indian laws for the time being in force, including, but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, each as amended, supplemented or re-enacted and the rules framed thereunder or pursuant to the sanction of any regulatory and adjudicatory body in India.

In addition, holders and beneficial owners shall be responsible for compliance with the restrictions on the ownership of the Notes imposed from time to time by applicable laws or by any regulatory authority or otherwise. In this context, holders and beneficial owners of the Notes shall be deemed to have acknowledged, represented and agreed that such holders and beneficial owners are eligible to purchase the Notes under applicable laws and regulations and are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. Potential investors should seek independent advice and verify that they are a residents of a country which is a FATF Compliant Country or an IOSCO Compliant Country (as defined in the Offering Memorandum) prior to any purchase of the Notes.

NOTIFICATION UNDER SECTION 309B(1) OF THE SFA

The Company has determined, and hereby notifies all persons (including all relevant persons (as defined in Section 309A(1) of the Securities and Futures Act, Chapter 289 of Singapore)) that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL AND ECPS ONLY TARGET MARKET

The target market assessment in respect of the Notes by certain proposed distributors in the EEA of the offering, solely for the purpose of MiFID II and its product governance determination under Article 10 of Delegated Directive (EU) 2017/593, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor subject to MiFID II subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes and determining its own distribution channels.

PRIIPS REGULATIONS/PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, ''MiFID II''); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the ''Insurance Mediation Directive'') where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the ''PRIIPs Regulation'') for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRESENTATION OF FINANCIAL INFORMATION

Our fiscal year ends on March 31. Accordingly, references in this offering memorandum to a particular fiscal year are to the year ended March 31 of that year. References to a year other than a "fiscal year" are to the calendar year ended December 31 of that year.

The financial statements presented in this offering memorandum as at and for the fiscal years ended March 31, 2019, 2018 and 2017, have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time ("Ind-AS"), and presentation requirement of division II schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the standalone financial statements. Ind-AS differs in certain respects from International Financial Reporting Standards ("IFRS"). See "Risk Factors — Risks Related to India — Indian accounting principles and audit standards differ from those which prospective investors may be familiar with in other countries" and "Summary of Certain Significant Differences Between Ind-AS and IFRS."

Although the provisions of Ind-AS require us to prepare consolidated financial statements for the year ended March 31, 2019, 2018 and 2017, we have not included the consolidated financial statements incorporating the results of operation and financial condition of our sole subsidiary and our joint venture or associate entities in this offering memorandum because we believe the standalone financials provide adequate information to the investors in making their investment decision. Our sole subsidiary is an Unrestricted Subsidiary without any significant operations, assets or liabilities, and our interests in our sole subsidiary and our joint ventures and associates are accounted for in our financial statements as long-term investments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Presentation of Financial Information" for further details.

Certain financial information in this offering memorandum has been rounded for convenience and, as a result, the totals of the data presented in this offering memorandum may vary slightly from the actual arithmetic totals of such information.

The financial information in our audited standalone financial statements included elsewhere in this offering memorandum is, unless otherwise stated therein, stated in Indian Rupees in "crore," whereas in the rest of this offering memorandum, financial information is stated in millions of Indian Rupees, unless otherwise specified. One crore is equal to 10 million.

Due to certain regroupings and reclassifications, the amounts of certain line items as of and for the fiscal year ended March 31, 2018 as presented in our audited standalone financial statements and as of and for the fiscal year ended March 31, 2019 have been reclassified and regrouped from such amounts as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2018. In this offering memorandum, we have used the amounts of such line items as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2018. Similarly, the amounts of certain line items as of and for the fiscal year ended March 31, 2017 as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2018 have been reclassified and regrouped from such amounts as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2017. In this offering memorandum, we have used the amounts of such line items as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2017. For additional information on the regroupings and reclassifications, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Components of Our Income and Expenditures — Revenue" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Components of Our Income and Expenditures — Operating Expenses."

We publish our financial statements in Indian Rupees. Unless otherwise stated, all translations in this offering memorandum from Indian Rupees to United States dollars have been made on the basis of the Rs./U.S.$ closing exchange rate as of March 29, 2019 of Rs. 69.17 = U.S.$1.00. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupee or the United States dollar amounts referred to herein could have been or could be converted into any other currency, at any particular rate, the above rate or at all. See "Exchange Rate Information."

NON-IND-AS FINANCIAL MEASURES

EBITDA and the related ratios as presented in this offering memorandum are supplemental measures of our performance and liquidity, and although EBITDA is a widely used financial indicator of a company's ability to service and incur debt, we caution you that EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating activities. See "Summary Financial and Other Data" and "Selected Financial and Other Data" for a reconciliation of EBITDA to profit for the year.

We also have provided earnings before interest and tax expense ("EBIT"), net debt, average net worth, return on average net worth, capital employed and average capital employed in this offering memorandum, none of which are standard measures under Ind-AS. We have included these non-Ind-AS financial measures because we believe they are a useful supplement to measure our performance and our ability to generate cash flow from operations to cover debt service. Nevertheless, these non-Ind-AS financial measures have limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for, analysis of our financial condition or results of operations, as reported under Ind-AS. Because of these limitations, all non-Ind-AS financial measures included in this offering memorandum should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

You should also note that EBITDA as presented in this offering memorandum is calculated differently from Consolidated EBITDA as defined and used in the indenture governing the Notes. For the purpose of calculating EBITDA as presented in this offering memorandum, other income has been included. See "Description of the Notes" for a description of the manner in which Consolidated EBITDA is defined for purposes of the indenture governing the Notes.

MARKET AND INDUSTRY DATA

This offering memorandum contains estimates and projections regarding market and industry data that were obtained from third-party sources, such as market research, consultant surveys, publicly available information, industry publications and surveys, as well as internal company surveys. We believe the information provided or made available by these third-party sources is generally reliable.

However, market and industry data is subject to change and cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey, interpretation or presentation of market and industry data and management's estimates and projections. In addition, the outcomes of projections are not guaranteed. As a result, you should be aware that market and industry data set forth herein, and estimates, projections and beliefs (i) based on such data and (ii) relating to certain financial and performance metrics presented herein, may not be reliable. See "Risk Factors — Risks Related to India — We cannot guarantee the accuracy of statistical and other information with respect to India, the Indian economy or the airport industry contained in this offering memorandum." Neither we nor the Initial Purchasers have independently verified any of the data from third-party sources nor have we or the Initial Purchasers ascertained the underlying economic assumptions relied upon therein, and neither we nor the Initial Purchasers can guarantee its accuracy or completeness. Similarly, internal company surveys, which we believe to be reliable, are based upon management's knowledge of the industry as of the date of such surveys and have not been verified by any independent sources. Accordingly, neither we nor the Initial Purchasers can guarantee the accuracy or completeness of any such information, and you should not place undue reliance on such information when making your investment decision.

This offering memorandum includes industry data and forecasts that we have obtained from industry publications and surveys, reports of governmental agencies, publicly available corporate information and internal company surveys, as well as from industry reports prepared by CRISIL Research ("CRISIL Research"), ICF SH&E, Inc. ("ICF International"), International Air Transport Association ("IATA") and Knight Frank Indian Pvt. Ltd. ("Knight Frank"). No representation or warranty, express or implied, is made by ICF International or Knight Frank as to the accuracy or completeness of the information set forth in this offering memorandum, and nothing contained in this offering memorandum shall be relied upon as a promise or representation, whether as to the past or future. CRISIL Research does not guarantee the accuracy, adequacy or completeness of the information it has provided for inclusion in this offering memorandum and is not responsible for any errors or omissions or any results obtained from the use of such information, nor is such information to be considered a recommendation to invest nor be construed as expert advice or any form of investment banking under any law or regulation, nor as providing or intending to provide any services in jurisdictions where CRISIL Research does not have the necessary permission or registration to carry out its business activities in such regard. CRISIL Research has no liability whatsoever to any users, transmitters or distributors of such information, and we will be responsible for ensuring compliance, and the consequences of non-compliance, for the use of such information outside India. CRISIL Research operates independently of, and does not have access to information obtained by, nor does the information included in this offering memorandum reflect the views of, the Ratings Division of CRISIL Limited or CRISIL Risk and Infrastructure Solutions Limited, and the information CRISIL Research has provided for inclusion in this offering memorandum may not be published or reproduced in whole or in part without the prior consent of CRISIL Limited. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of the information. While reasonable actions have been taken by us to ensure that the information is extracted accurately and in its proper context, neither we nor the Initial Purchasers have independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains "forward-looking statements" that relate to future events, which are, by their nature, subject to significant risks and uncertainties. Forward-looking statements include all statements that do not relate solely to historical or current facts, and you can identify forward-looking statements because they contain words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "estimates," "projects" or "anticipates" or similar expressions that concern our strategy, plans or intentions. All statements other than statements of historical or current facts contained in this offering memorandum, including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals, targets, and future developments in the markets where we participate or are seeking to participate, are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe our assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect our actual results.

Some of the important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this offering memorandum, including, without limitation, in conjunction with the forward-looking statements included in this offering memorandum. All subsequent forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

While we may elect to update forward-looking statements in the future, we specifically disclaim any obligation to do so, even if our estimates change, and you should not rely on those forward-looking statements as representing our views as of any date subsequent to the date of this offering memorandum.

ENFORCEMENT OF CIVIL LIABILITIES

We are a public company incorporated in India, all of our assets are located in India, and most of our directors and other senior management are residents of India. As a result, it may not be possible for you to effect service of process outside India, including in the United States, upon such persons or us. In addition, you may be unable to enforce judgments obtained against such persons or us in courts outside of India, including in courts in the United States, or such person's other jurisdiction of residence.

Section 44A of the Indian Code of Civil Procedure, 1908, as amended (the "Civil Procedure Code"), provides that where a foreign judgment has been rendered by a superior court in any country or territory outside of India which the Government of India has declared to be a reciprocating territory, such foreign judgment may be enforced in India by proceedings in execution as if the judgment had been rendered by an appropriate court in India. However, the enforceability of such judgments is subject to the exceptions set forth in Section 13 of the Civil Procedure Code. This section, which is the statutory basis for the recognition of foreign judgments, states that a foreign judgment is conclusive as to any matter directly adjudicated upon between the same parties or between parties under which they or any of them claim litigating under the same title except:

- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or refusal to recognize the law of India in cases where such law is applicable;
- where the proceedings in which the judgment was obtained are opposed to natural justice;
- where the judgment has been obtained by fraud; or
- where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code is applicable only to decrees or judgments under which a sum of money is payable not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties and does not include arbitration awards. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy or practice in India.

Under the Civil Procedure Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, the statutory basis for recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Civil Procedure Code. A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; such presumption may be displaced by proving want of jurisdiction.

If a judgment of a foreign court is not enforceable under Section 44A of the Civil Procedure Code as described above, it may be enforced in India only by a suit filed upon the judgment, subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. The United Kingdom, Singapore and Hong Kong (among others) have been declared by the Government of India to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code. However, the United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Accordingly, a judgment of a court in the United States may be enforced only by filing a fresh suit on the basis of the judgment and not by proceedings in execution.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is difficult to predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to delay.

A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under the Foreign Exchange Management Act, 1999, as amended ("FEMA"), to repatriate any amount recovered pursuant to such enforcement, and such amount may be subject to income tax in accordance with applicable laws. Any judgment in a foreign currency would be converted into Indian Rupees on the date of judgment and not on the date of payment, which could also increase risks relating to foreign exchange.

CERTAIN DEFINITIONS

In this offering memorandum, except where otherwise indicated or where the context otherwise requires, references to:

- "2022 Indenture" are to the indenture dated February 3, 2015, pursuant to which the 2022 Notes were issued;
- "2022 Notes" are to US$288,750,000 senior secured notes due 2022 issued by the Company on February 3, 2015;
- "2026 Indenture" are to the indenture dated October 31, 2016, pursuant to which the 2026 Notes were issued;
- "2026 Notes" are to US$522,600,000 senior secured notes due 2026 issued by the Company on October 31, 2016;
- "AAI" are to the Airports Authority of India, an Indian government authority established under the Airports Authority of India Act 1994, as amended;
- "AERA" are to The Airports Economic Regulatory Authority of India, an independent regulator established by the Government of India;
- "AERAAT" are to the AERA Appellate Tribunal;
- "the Airport" or "our Airport" are to Indira Gandhi International Airport located on the land leased to us from AAI pursuant to the Lease Deed;
- "ATMs" are to air traffic movements, which are all aircraft arrivals and departures to and from an airport;
- "Aviation Policy 2016" are to the Aviation Policy issued by the Government of India on June 15, 2016 introducing various measures aimed at promoting the growth of the Indian civil aviation sector;
- "Base Airport Charges" are to certain minimum amounts we are entitled to charge for certain aeronautical services, including landing charges, housing charges, parking charges, baggage x-ray charges, fuel farm and passenger service fees (facilitation component), pursuant to the SSA;
- "the Concession" or "our Concession" are to our rights to operate, manage and develop the Airport as provided in the OMDA, the SSA, the SGSA, the Lease Deed and other related agreements (which, collectively, are referred to as "the Concession Agreements");

- "CAG" are to the Comptroller and Auditor General of India;
- "CUTE" are to common user terminal equipment;
- "DGCA" are to the Director General of Civil Aviation of India;
- "ECB Master Directions" are to the Foreign Exchange Management Act, 1999, as amended read with the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2018 read together with the Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations, FED Master Direction No. 5/2018-19 dated March 26, 2019 issued by the RBI, as amended, modified, replaced or substituted from time to time by any rules, regulations, notifications, circulars, press notes or orders issued by the RBI or other Indian governmental agency in relation to external commercial borrowings;
- "Escrow Account Agreement" are to the escrow account agreement dated April 28, 2006 between the Company and ICICI Bank Limited, as amended;
- "Existing Indentures" are to the 2022 Indenture and the 2026 Indenture;
- "Existing Notes" are to the 2022 Notes and the 2026 Notes;
- "FATF Compliant Country" are to a country that is a member of the Financial Action Task Force ("FATF") or a member of a FATF-style regional body, and should not be a country identified in the public statement of the FATF as: (a) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies;
- "Fraport" are to Fraport AG Frankfurt Airport Services Worldwide;
- "GMR Group" are to GMR Infrastructure Limited and its subsidiaries;
- "GOI" and "Government of India" are to the central government of the Republic of India;
- "Hedging Facilities" are collectively to the hedging facilities made available pursuant to separate agreements between the Company and ICICI Bank Limited, Axis Bank Limited, Deutsche Bank AG, Mumbai, HSBC Bank, JP Morgan Chase Bank, National Association and Barclays Bank PLC, Mumbai Branch, and individually each one of them is referred to as a "Hedging Facility;"
- "IATA" are to the International Air Transport Association;
- "Ind-AS" are to Indian accounting standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended with effect from April 1, 2016 and applicable to the Company;
- "Indian Rupees," "Rupees" and "Rs." are to Indian Rupees;
- "Intercreditor Agreement" are to the third amended and restated intercreditor agreement entered into between, among others, the Trustee, the Security Trustee, the account bank and creditors under the Existing Senior Debt, dated the Original Issue Date, as may be further amended, acceded, replaced or supplemented from time to time;
- "IOSCO Compliant Country" are to a country whose securities market regulator is a signatory to the International Organisation of Securities Commission's ("IOSCO") Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to a bilateral Memorandum of Understanding with the Securities and Exchange Board of India ("SEBI") for information sharing arrangements;

- "Lease Deed" are to the lease deed relating to the land on which the Airport is located dated April 25, 2006 between AAI as the lessor and the Company as the lessee, and includes any subsequent amendments thereto;

- "Master Plan" are to the master plan for the long-term development of the Airport that we prepared and updated in consultation with, among others, the Government of India, in accordance with the OMDA and the SSA, and as was revised in 2016, and includes any subsequent amendments thereto;

- "MoCA" are to the Ministry of Civil Aviation, GOI;

- "MoH" are to the Unattested Memorandum of Hypothecation to be executed by us in favor of the Axis Trustee Services Limited as security trustee on the Original Issue Date;

- "OMDA" are to the Operation, Management and Development Agreement entered into between AAI and us on April 4, 2006 and subsequent amendments thereto;

- "Phase 3A Expansion" are to the current phase of development at the Airport pursuant to the Master Plan, which we began in March 2019;

- "Previous GAAP" are to generally accepted accounting principles in India, including the Accounting Standards specified under Section 133 of the Indian Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rule, 2014, and applicable to the Company until March 31, 2016;

- "Regional Connectivity Scheme" are to the scheme under the Aviation Policy 2016 which envisages to enhance regional connectivity through fiscal support and infrastructure development;

- "SGSA" are to the State Government Support Agreement entered into between the Government of the National Capital Territory of Delhi and us on April 26, 2006 and subsequent amendments thereto;

- "SHA" are to the Shareholders Agreement entered into between AAI, GMR Infrastructure Ltd., GMR Energy Ltd., GMR Airports Ltd. (formerly GMR Airports Holding Limited), Fraport AG Frankfurt Services Worldwide, Malaysia Airports (Mauritius) Private Limited, India Development Fund and us on April 4, 2006 and subsequent amendments thereto;

- "Stabilizing Manager" are to Standard Chartered Bank;

- "SSA" are to the State Support Agreement entered into between the Government of India and us on April 26, 2006;

- "User Development Fees" and "UDF" are to certain fees we charge on passengers departing from the Airport and which include passenger service fees (facilitation component) with effect from December 1, 2018;

- "Trust and Retention Account Agreement" are to the fifth amended and restated trust and retention account agreement entered into between the Company, the Security Trustee and the account bank, dated the Original Issue Date, as may be further amended, replaced or supplemented from time to time;

- "we," "us," "our," "DIAL," "our Company" and "the Company" are to Delhi International Airport Limited; and

- "Working Capital Facility" means the working capital facility made available pursuant to the Master Working Capital Facility Agreement between the Company and ICICI Bank Limited on July 14, 2006, as amended.

SUMMARY

This summary highlights information contained elsewhere in this offering memorandum but does not contain all the information that may be important to you. Before making an investment decision, you should read this entire offering memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information appearing elsewhere in this offering memorandum. You should also carefully consider the information set forth under the headings "Risk Factors," "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and accompanying notes thereto appearing elsewhere in this offering memorandum.

INTRODUCTION

We hold the exclusive right to operate, manage and develop Indira Gandhi International Airport — the busiest and largest airport in India in terms of passenger traffic and passenger capacity, according to data compiled by the Airports Authority of India, or AAI. Our core activities include the development, management, maintenance and operation of the Airport and management of commercial and other activities conducted at the Airport. The Airport serves New Delhi and the entire National Capital Region of India, which constitutes the second largest urban agglomeration in the world, according to the United Nations. Servicing 66 passenger airlines flying direct to 148 destinations, including 76 international destinations and 72 domestic destinations as of March 31, 2019, the Airport is emerging as a leading aviation hub in South Asia. The Airport handled more passenger traffic than any other airport in India in the year ended March 31, 2019, according to IATA.

Located within the city of New Delhi between the Connaught Place central business district and the key commercial and residential suburb of Gurugram, the Airport is connected to the surrounding region by several links, including a dedicated high-speed Airport Express metro line connecting directly to Terminal 3, an eight-lane access road linked to National Highway 8, a major transportation artery in the National Capital Region and Terminal 1 has been recently joined to the Delhi Metro network, connecting it with all parts of the city. With no other major international airport serving northern India, we expect to benefit from the projected increase in international and domestic passenger traffic to the region, which is projected to reach 25 million and 67 million, respectively, by fiscal year 2022 according to the ICF Report. See "Industry" for additional information about the aviation sector in India.

In March 2010, we successfully completed the first phase of our Master Plan for the Airport, which included construction of a third runway and a new state-of-the-art passenger terminal, at a total capital expense of Rs. 125 billion, as recognized by the Airports Economic Regulatory Authority of India, or AERA. The only airport in India with three runways, the Airport currently has the capacity to handle 66 million passengers and 1.8 million metric tons of cargo per year. The Airport's facilities include two cargo terminals and three passenger terminals, with a total of 321 check-in counters and 84 aerobridges, as well as three A380 compliant boarding gates. The current phase of our Master Plan, the Phase 3A Expansion, includes, among others, (i) expansion of Terminal 1, including improvements to the terminal approach, the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of a grade separator, new roads and a new access tunnel. Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year.

Under our management, the Airport has received numerous awards and has been recognized in various rankings in recent years, including the "Best Airport in India and Central Asia" in 2019 and "Best Airport Staff in India and Central Asia" in 2018, each awarded by SKYTRAX "Best Airport in the World" among over 40 million passenger-sized airports in each of 2018 and 2017 by the Airport

Council International, "Most Sustainable and Green Airport" from FICCI for 2018, "Best Airport in India" in 2018 from Travel + Leisure Magazine, Golden Peacock Business Excellence Award under Transportation (Aviation) sector for 2018, "Smartest Building in India", "Smartest Large Airport in India", "Greenest Building in India", Safest Building in India" and Most Productive Building in India" from the Network 18 and Honeywell Smart Building Awards 2017, and International Safety Award in Distinction Category from the British Safety Council for 2016."

Incorporated in March 2006, we were formed following a competitive bidding process in which a consortium, led by the GMR Group, was awarded an exclusive concession to operate, maintain and develop the Airport. Our Concession has an initial term of 30 years, and we have an option to extend for an additional 30 years to 2066 without a renewal fee, subject to the non-occurrence of a default under Operation, Management and Development Agreement, or OMDA, that we entered into with AAI. The OMDA governs our rights and obligations under the Concession, while the SSA and SGSA entered into with the Government of India and the Government of the National Capital Territory of Delhi, or GONCT, respectively, provide for certain support services and incentives to us for the development of the Airport, as well as a right of first refusal to match the winning concession bid to develop any new airport within 150 kilometers of the Airport, subject to certain conditions, including our initial bid being within 10% of the winning bid. The Government of India has guaranteed AAI's payment obligations to us of all undisputed transfer payments, which include debt (as defined in the OMDA), subject to certain parameters.

Our Concession also includes the right to commercially develop approximately 230 acres of land at the Airport for certain identified commercial purposes. We have already awarded development rights to third parties for hospitality, retail and commercial spaces, with the aim of progressively transforming the Airport into an international-caliber "aerotropolis." We expect demand for space and land in our land bank, which is centrally located in the Delhi region, to continue to grow and contribute visible and predictable revenues generated by long-term leases.

Passenger traffic at the Airport has grown substantially under our management, from 16.2 million passengers in 2006 at the beginning of our Concession, to nearly 69.2 million passengers in fiscal year 2019, a compound annual growth rate ("CAGR")[1] of over 11.8%. Cargo volume has also increased rapidly, from 383,052 metric tons in fiscal year 2006 to 1,042,948 metric tons in fiscal year 2019. In the fiscal years ended March 31, 2019, 2018 and 2017, total passenger traffic at the Airport was 69.2 million, 65.7 million and 57.7 million, respectively, while our total cargo traffic in metric tons was 1,042,948, 963,032 and 857,419, respectively, for the same periods. In fiscal year 2019, the Airport handled 476,720 air traffic movements, or ATMs, which are all aircraft arrivals and departures to and from the Airport. Subject to tariff levels, increasing passenger and cargo traffic through the Airport is a key driver of our growth and increased revenue.

For the fiscal year ended March 31, 2019, we had total income of Rs. 37,932.6 million (US$ 548.4 million) and EBITDA of Rs. 10,425.4 million (US$ 150.7 million), a decrease of 6.2% and 12.0%, respectively, from total income of Rs. 40,428.4 million and EBITDA of Rs. 11,844.5 million for fiscal year ended March 31, 2018. See "Selected Financial and Other Data" for details on our calculation of EBITDA.

Our majority shareholder is a subsidiary of the GMR Group, a leading diversified infrastructure group in India with substantial experience in the development and operation of airports, power plants, roads and urban infrastructure. Our other shareholders include AAI, a Government of India enterprise, and Fraport AG Frankfurt Airport Services Worldwide, a leading international airport operator. See "Principal Shareholders" for more information about our shareholders.

1 CAGR = (ending value/beginning value)$^{(1/\text{no. of years})}$-1

Overview of our Sources of Revenue

Our revenue is derived principally from aeronautical operations, which include domestic and international landing fees, domestic and international parking and housing fees, user development fees, baggage x-ray charges, fuel farm and common user terminal equipment ("CUTE") counter charges and are regulated by AERA under the terms of the OMDA and the SSA, and non-aeronautical services, which are derived primarily from commercial and other activities at the Airport and are not regulated. We also earn lease rental revenue from license fees in connection with certain commercial property development activities at the Airport.

Revenue from aeronautical operations was Rs. 9,878.0 million, Rs. 17,054.8 million and Rs. 39,315.3 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 26.0%, 42.2% and 66.3% of our total income in those years. Revenue from non-aeronautical operations was Rs. 20,909.1 million, Rs. 17,988.1 million and Rs. 15,284.7 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 55.2%, 44.5% and 25.8% of our total income in those years. Revenue from commercial property development was Rs. 1,839.4 million, Rs. 1,766.8 million and Rs. 1,642.3 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 4.8%, 4.3% and 2.7% of our total income in those years. For more information regarding our sources of revenues, see "Business — Our Sources of Revenue."

Overview of our Concession

We have exclusive rights to operate, maintain and develop the Airport for a 30-year period until 2036, with an option to extend the term for an additional 30 years without a renewal fee, if we comply with our obligations under the OMDA. Our rights and the rights and obligations of AAI, the Government of India and other state bodies in respect of the Concession are provided in a series of agreements, including the OMDA and the SSA, executed following the award of the concession in January 2006.

Operation, Management and Development Agreement

We entered into the OMDA in April 2006 with AAI, pursuant to which we were appointed to undertake certain functions relating to the operation, maintenance, development, design, construction, upgrade, modernization, financing and management of the Airport and to perform certain aeronautical and non-aeronautical services at the Airport. Under the terms of the OMDA, we paid AAI a one-time upfront fee of Rs. 1,500 million and agreed to pay AAI an annual fee in monthly installments throughout the term of the Concession equal to 45.99% of the projected revenue, including all revenue from aeronautical and non-aeronautical services and commercial property development, for each year. We are currently involved in an arbitration with AAI relating to the determination of "revenue" as defined under the OMDA, which is the basis for the calculation of the annual fee we pay to AAI. The term "revenue" as defined under the OMDA includes only certain types of revenue, rather than the gross receipts credited to the profit and loss account. See "Business — Legal Proceedings — Arbitration Proceedings." The OMDA also places certain restrictions on the transfer of our shares and limits our scope of business to operating, maintaining and developing the Airport, as well as commercially developing the approximately 230 acres of land for specified purposes at the Airport granted to us for the term of the Concession. In addition, it provides a mechanism for AAI and our Lenders (as defined in the OMDA) to replace us with a substitute party if we default under the OMDA or our senior secured credit facilities extended by such Lenders. As of the date of this offering memorandum, we are in compliance with the terms of the OMDA, including the required capital development projects. For more information regarding the OMDA, see "Business — Our Concession — Operation, Management and Development Agreement."

State Support Agreement

We entered into the SSA with the Government of India in April 2006, pursuant to which the Government of India agreed to provide certain support services and incentives to us for the development of the Airport. Specifically, the Government of India has agreed to provide services related to customs, immigration, plant and animal quarantine, health, meteorology and security, in addition to certain aeronautical services, at the Airport during the term of the Concession. The Government of India also has granted us a right of first refusal in the event it initiates a competitive bid for the development and operation of another airport within a radius of 150 kilometers of the Airport, giving us the right to match the most competitive bid received if our initial bid for the new airport is within 10% of such bid. In addition, the Government of India has guaranteed the payment obligations of AAI to us of all undisputed amounts owed to us under the OMDA, subject to certain parameters. For more information regarding the SSA, please see “Business — Our Concession — State Support Agreement.”

COMPETITIVE STRENGTHS

We believe our competitive strengths include the following:

Asset of national importance and government support

Our business operations fulfill a number of socio-economic goals that are important to the Indian government, such as employment and infrastructure development, and our operational, development and expansion plans are closely aligned with the government’s objectives, including supporting the economic development of India and encouraging the growth of tourism. In addition, 26% of our shares are currently owned by AAI, making the Government of India one of our key shareholders and making us a quasi-sovereign asset. The Government of India has invested in infrastructure linking Terminal 3 with the Airport’s Express Metro Line and Terminal 1 with other metro stations of the national capital region. Further, the Delhi Metro has also upgraded one of the Airport’s Express metro stations into an interchange station at Dhaula Kuan, a major intersection in Delhi.

On June 15, 2016, the Government of India released the Aviation Policy 2016, introducing various measures to promote the growth of the Indian civil aviation sector. Under its Regional Connectivity Scheme, the MoCA will levy a small charge on domestic flights and will use it to fund a subsidy given to airlines which provide capped airfares for certain under-served regional routes at a target rate of Rs. 2,500 per passenger per hour of flight time. The policy also eliminates the existing requirement that airlines must fly domestic routes for at least five years before they fly international routes, so that airlines with at least 20 aircraft can immediately start flying internationally. Going forward, the Government of India will seek to enter into “open sky” air service agreements on a reciprocal basis with member countries of the South Asian Association for Regional Cooperation (“SAARC”) and countries that are more than 5,000 kilometers away from India.

In line with the national importance of the Airport, which is a regulated asset, the Government of India has guaranteed AAI’s payment obligations to us of all transfer payments, which includes Debt (as defined in the OMDA). See “Business — Our Concession — Operation, Management and Development Agreement.” In addition, it granted us the Concession for a term of 30 years, which may be renewed for an additional 30 years without a renewal fee, giving us access to long-term, sustainable future cash flows for the length of the Concession. The government also plays a range of other important roles with respect to our business, including through regulatory, supervisory, operational coordination and contractual counterparty roles across many aspects of our airport operations and other activities. For example, we are assisted by the OMDA Implementation Oversight Committee (“OIOC”), which meets bi-annually and is chaired by the Secretary of MoCA. OIOC provides us with a medium to raise and resolve any issues directly at the MoCA level. This committee has met several times since its establishment. We believe that due to the pivotal importance of air travel to the economic development of India, we will benefit from the ongoing support of the Government of India.

In addition, our revenue from aeronautical services, which is generated from fees we collect from airlines and passengers, is set by AERA, an independent regulator established by the Government of India, and based on agreed-upon principles provided in the SSA. Those principles include transparency, economic efficiency and commercial considerations. We also have the right to appeal AERA's tariff rates to a separate appellate tribunal, which provides us with an avenue to address potential concerns. See "Indian Regulatory Environment — Regulatory Bodies — AERA."

Strategically located with a dominant position in an industry with high barriers to entry

The Airport is the busiest and largest airport in India in terms of passenger traffic and passenger capacity, according to data compiled by AAI. The Airport is located within the city of New Delhi, 16 kilometers south of the city center, and is well connected to the rest of the National Capital Region of India via commuter rail. New Delhi, which together with its surrounding suburbs constitutes one of the largest urban conglomerations in the world according to the United Nations, is a major financial, industrial and political center in India. The National Capital Region, and New Delhi in particular, has provided a steady flow of business travelers and cargo through the Airport, which also serves as the gateway to the "golden triangle" of North India comprising the tourist destinations of Agra, Jaipur and Delhi.

Under our Concession, we have leased from AAI a land bank in the vicinity of the Airport of approximately 230 acres, which we have been authorized to develop for certain identified purposes. We have already awarded development rights to third parties for hospitality, retail and commercial space, with the aim of progressively transforming the Airport into an international-caliber "aerotropolis." Given the excellent connectivity to central and south Delhi, as well as Gurugram and other parts of the National Capital Region from the Airport, we expect demand for space and land in our land bank to continue to grow and contribute to our visible and predictable revenues.

We believe the Airport is a leading aviation hub in the South Asia region, with no other airport in northern India competing with us for international passenger traffic, and all of South Asia. Air India, the national carrier of India and a member of the Star Alliance, offers the largest number of routes to and from the Airport and is currently using the Airport as its hub. Certain other airlines also use the Airport as a hub and operating base.

The Airport serves 76 international and 72 domestic destinations and, according to IATA, for the year ended March 31, 2019, it ranked number one among all Indian airports in both passenger traffic and cargo handled. In fiscal year 2019, we served a total of approximately 69.2 million passengers, supported 1,042,948 metric tons of cargo traffic and accounted for 476,720 ATMs. In 2017, the Airport served as gateway to 28.35% of the international tourists that arrived via air into India according to a report by the India Ministry of Tourism. The Airport has a built-up capacity to cater to 66 million passengers and 1.8 million metric tons of cargo per year, making us well placed to benefit from the passenger and cargo traffic growth projected in the ICF Report without the need for further expansion in the near term. We believe that the Phase 3A Expansion will ensure that we are prepared for growth in the mid- to long-term.

We believe our industry is characterized by high barriers to entry inherent to airport construction and operation, especially in New Delhi, where the lack of available land for airport expansion in attractive locations, the need for significant capital investments to develop a new competing facility and the extensive regulatory approvals required to operate in a highly regulated industry are natural barriers to potential new entrants. In addition, even if another airport is planned for construction within a radius of 150 kilometers of the Airport, the Government of India has granted us a right of first refusal for the development and operation of such an airport, whereby we have the right to match the most competitive bid received if our bid is within 10% of such bid.

Diversified operations and sources of revenues

The Airport benefits from a diversified passenger base from various markets, including the Asia Pacific region, the Middle East, the United States and Europe. The Airport served 66 passenger airlines as of March 31, 2019, and most of the major global and regional airlines call on the Airport, with several new airlines added in each of fiscal years 2017, 2018 and 2019 and no single airline accounting for more than 18.3% of our revenue from aeronautical services in fiscal year 2019. We believe that this has contributed to traffic at the Airport being relatively resilient to the effects of seasonality and economic cycles affecting specific regions and tourism traffic. Of the international passengers that travelled through our airport in the calendar year 2018, 33.7% travelled to or from the Asia Pacific region, 20.0% travelled to or from the Middle East, 21.6% travelled to or from Europe, 16.2% travelled to or from North America and 5.2% travelled to or from the Australasia region. Our revenue from non-aeronautical operations are not subject to regulatory control and have risen to Rs. 20,909.1 million in fiscal year 2019 from Rs. 17,988.1 million and Rs. 15,284.7 million in fiscal years 2018 and 2017, respectively. Since the beginning of the Concession period, the amount of cargo handled at the Airport has increased at a compound annual growth rate of 7.9%. International cargo accounted for approximately 62.5% of cargo traffic in each of fiscal years 2019, 2018 and 2017. Through our joint ventures, we have coordinated with offsite air freight stations in major manufacturing areas around North India to facilitate increased cargo traffic at the Airport. The Airport is the first airport in India to achieve compliance with the International Air Transport Association's e-freight standards through the Airport's cargo community system, which provides end-to-end connectivity for all parties in the air cargo industry. While our revenues from aeronautical and non-aeronautical operations are both tied to passenger traffic, our commercial property development business provides a revenue stream largely delinked from air travel. For example, we have recently given the first tranche of development rights for 4.9 million sq. feet of commercial space, and granted options for an additional tranche of development rights for 4.8 million sq. feet of commercial space. We believe our diversified sources of revenues and broad customer base help create a solid revenue generation capability.

The markets in which we operate possess robust macroeconomic and demographic indicators

India, the world's largest democracy in terms of population (an estimated 1,366 million, as of April 2019), had an estimated GDP adjusted for purchasing power parity of approximately US$9.5 trillion in 2017 according to the CIA World Factbook. This makes it the third largest economy by GDP in the world after the U.S. and China. According to the IMF, India's real GDP grew by approximately 7.1% and 7.3% per annum in the financial year 2017-2018 and financial year 2018-2019, respectively, and according to the World Bank, is expected to grow by approximately 7.5% in the financial year 2019-2020. Expansion of India's middle class, coupled with increased disposable incomes due to an expanding economy, are projected to help achieve some of the fastest growth in the world over the next 20 years.

Economic growth and other positive macroeconomic indicators in the country have been reflected in overall growth in passenger traffic in India and in particular in our Airport. According to IATA, India had the fastest year-on-year domestic passenger growth among the world's largest domestic markets as of January 2019, including China, the United States and Russia. In fiscal years 2019, 2018 and 2017, passenger traffic in India was 344.7 million, 308.8 million and 265.0 million, respectively, representing a CAGR of 14.05%. At the same time, in fiscal years 2019, 2018 and 2017, passenger traffic in our Airport was approximately 69.2 million, 65.7 million and 57.7 million, respectively, and has experienced a CAGR of 9.5% since the beginning of our Concession in 2006. One of the drivers behind this passenger traffic growth has been tourism, with foreign tourist arrivals ("FTAs") in India increasing to 10.0 million during 2017 from 8.8 million in 2016. The growth rate in FTA's during 2017 over 2016 was 14.0% as compared to 9.7% during 2016 over 2015 according to the Ministry of Tourism in India. International passenger traffic in India for fiscal years 2019, 2018 and 2017 was 69.48 million, 65.5 million and 59.3 million, respectively, while international passenger traffic in our Airport was 18.7 million, 17.4 million and 15.5 million, respectively.

Excellent reputation and highly experienced management

Our highly experienced management team has leveraged that experience to make substantial infrastructure and operational improvements at the Airport and greatly improve the Airport's reputation. Our management team is composed of experienced professionals with extensive knowledge of airport safety and operations, finance, business development, infrastructure projects and human resources management in airport-related operations. We believe our management team's capabilities and core understanding of our business, as well as the related regulatory environment, enable us to operate efficiently and manage risk effectively. This has allowed us to, among other things, operate the Airport without ever having experienced suspended operations, to construct our new state-of-the-art Terminal 3 in only 37 months, as compared to more than four years for each of Beijing Capital Airport and Kuala Lumpur International Airport, and to handle an increasing number of passengers and air traffic movements, while at the same time maintaining our world-class service standards.

As a result of our management's continued efforts, coupled with that of our partners, our Airport has been recognized by several industry observers and has earned a number of awards, including the following:

- SKYTRAX World Airport Award for "Best Airport in India and Central Asia 2019";
- "Apex in Safety" Recognition and "Platinum Recognition" in the Over 45 Million Passengers per Annum category under ACI Asia-Pacific Green Airports Recognition 2019;
- Best Airport by Size (over 40 million passenger category) for 2018 and 2017 and Region (Asia Pacific) for 2018, in each case by Airports Council International;
- Wings India Award for "Most Sustainable and Green Airport" from FICCI for 2018;
- "Best Airport in India" from Travel + Leisure Magazine for 2018;
- SKYTRAX World Airport Award for "Best Airport Staff in India and Central Asia 2018";
- Golden Peacock Business Excellence Award under Transportation (Aviation) sector for 2018;
- National Award for Excellence in Energy Management 2018 by the Confederation of Indian Industry;
- First prize in the KAIZEN Competition under the 5S, Safety and Morale in Large Industries category in the 27th Kaizen Conference and Competition, organized by the Confederation of India Industry 2017;
- Golden Peacock Award for Corporate Ethics 2017;
- "Smartest Building in India", "Smartest Large Airport in India", "Greenest Building in India", Safest Building in India" and Most Productive Building in India" from the Network 18 and Honeywell Smart Building Awards 2017;
- Golden Peacock Occupational Health & Safety Award 2017;
- International Safety Award in Distinction Category from the British Safety Council for in 2016 and 2015;
- First prize in the KAIZEN Competition under the Renovative Category in the 26th Kaizen Conference and Competition, organized by Confederation of India Industry (CII) — Institution of Quality in 2016;
- The first Indian airport ranked number one airport in the 25-40 million Passenger Category by Size (in 2014 and 2015), ranked number one in the 25-40 million Passenger Category in

Size and Region — Asia Pacific in 2015 and ranked number two in the Best Airport by Region — Asia Pacific in 2015, in each case by Airports Council International;

- "Best Emerging Airport — Asia" at the 2015 Asian Freight Logistics and Supply Chain (AFLAS) Awards; and
- SKYTRAX World Airport Award 2014 for "Best Airport in India/Central Asia" and "Best Airport Staff in India / Central Asia 2015";

We believe our competitive position compared to other world-class airport operators and a continuing reputation for operational excellence within the airport services industry is a significant competitive advantage.

STRATEGIES

We intend to seek to increase revenues and improve efficiencies through the following key measures:

Successfully implement the Phase 3A Expansion

As the passenger traffic at the Airport nears the passenger capacity of the Airport, we will seek to increase passenger capacity through the construction of additional facilities, which we expect will contribute to an increase in both aeronautical and other revenues. Under the terms of the SSA and the OMDA, we are required to update and resubmit the Master Plan to the Government of India every ten years or more frequently if justified by traffic growth or other reasons covering the anticipated demands in the next 20 years.

In 2016, because of the growth of low cost carriers, higher traffic growth than was previously assumed, changes in flights and passenger demand and other various factors, we submitted to MoCA a revised Master Plan consisting of several phases of development. Our current phase of development is set forth in Phase 3A of the Master Plan, which includes, among others, (i) expansion of Terminal 1, including improvements to the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of new roads and a new access tunnel. See "Summary — Recent Developments — Phase 3A Expansion." Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year.

We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. This capital expenditure is expected to be funded principally through (i) cash on hand and cash generated from operations of Rs. 40 billion, (ii) deposits from our commercial property development business of Rs. 15 billion, (iii) the incurrence of additional U.S. dollar indebtedness in the form of the Notes offered hereby of Rs. 24.5 billion, and (iv) the balance through additional deposits from our commercial property development business, or, if required, the incurrence of additional debt. The final capital expenditures and the composition of the Phase 3A Expansion are based on our estimates and are thus subject to change as a result of detailed design and final bid amounts. They are also subject to consultation with stakeholders and regulatory approvals. See "Risk Factors — Risks Related to Our Business — We expect to incur significant capital expenditure in connection with the Phase 3A Expansion, which we may not fully recover through tariff increases." We will seek to manage our increased leverage and debt-servicing needs by capturing additional revenue through increased passenger traffic, and by preserving our existing cash flow by minimizing disruptions to existing passenger traffic and promptly executing the construction plan for Phase 3A Expansion. We believe that a successful implementation of the Phase 3A Expansion will allow us to capture additional revenue through increased tariff rates, increased passenger traffic, enhanced competitiveness of the Airport as a hub and improved customer satisfaction.

Increase air routes and passenger traffic

A key driver of our revenue growth, subject to tariff levels, is related to passenger traffic. We are therefore committed to developing new air routes at our Airport by encouraging new airlines to call on the Airport and existing airline customers to add further routes to and from the Airport. We intend to enhance our market position as a transit point for international flights. The geographic location of Delhi makes it suitable as a hub for international passenger traffic, especially as it provides easy access to and from various major cities in the National Capital Region of India. We have developed a comprehensive route development strategy, backed by our team of experienced professionals, with the goal of developing new routes, attracting new airlines and increasing overall passenger traffic at Delhi. We believe our strategy is yielding results as international routes increased from 58 in fiscal year 2007 to 76 in fiscal year 2019, and 4, 1 and 5 new airlines began serving the Airport in fiscal years 2017, 2018 and 2019 respectively. Air India, now a member of the Star Alliance, and certain other airlines currently use the Airport as a hub, which has helped increase the number of transfer passengers transiting through our Airport. We are working closely with Air India, IndiGo, Vistara and Spice Jet to align their schedules of departures and arrivals to maximize connection options and minimize connecting times for passengers. We believe that these efforts will facilitate the development of additional routes and further increase passenger traffic and revenues.

Develop the Airport into an international air traffic hub for cargo

Relying on the two cargo terminals at the Airport, including our state-of-the-art greenfield cargo terminal with advanced temperature controlled facilities that we completed during our Concession, we will seek to develop the Airport into an international air traffic hub for cargo in India by pursuing several initiatives, including enhancing our air cargo logistics center to attract new freight forwarders and developing new revenue streams for renting warehouse and commercial cargo space. We will also continue to promote paperless transactions, as evidenced by IATA certifying us as the first e-freight compliant airport in India, and participate in the Air Cargo Forum of India, a national platform for various cargo stakeholders such as freight forwarders, Indian customs authorities, exporters and importers. In addition, we plan to develop air freight stations with higher volume and better operational efficiency and promote the Airport as a trans-shipment hub.

Drive growth in commercial property development and non-aeronautical services revenues

We earn revenue in our commercial property development segment from licensing parcels out of our total land bank of approximately 230 acres. We are currently focused on increasing the percentage contribution from commercial property development and non-aeronautical services to our overall operating revenue. The terms of our Concession also provide us with flexibility and control in developing non-aeronautical services, which are generally not subject to government tariff regulation. These non-aeronautical services, including food and beverage outlets in the Airport, advertising in Airport premises, operation of car parks and our in-house retail operations consisting of the sale of duty-free and non-dutiable goods, are all provided through various partner concessionaires. In addition, non-aeronautical services revenues include those we earn from the leases of commercial space such as offices and airline lounges. Our combined revenue from non-aeronautical operations and commercial property development have risen to Rs. 22,748.5 million in fiscal year 2019 from Rs. 19,754.9 million and Rs. 16,927.0 million in fiscal years 2018 and 2017, respectively. With our sizable retail space and land bank and increasing consumer purchasing power in India, we believe there are significant opportunities to increase non-aeronautical operations revenue per passenger. We expect to focus on this objective through a range of initiatives, including:

- *Generate revenue from commercial property development.* Under the terms of the OMDA, we have the right to develop approximately 230 acres in the vicinity of the Airport for certain identified commercial purposes. We have already given out development rights to third parties for (i) a hospitality district comprising 11 hotels and three commercial developments across approximately 45 acres, (ii) an Airbus virtual training center occupying approximately 1.1 acres, (iii) an integrated retail development project occupying approximately 23 acres and (iv) the first tranche of development rights for 4.9 million sq. feet of commercial space. We have also granted options for an additional tranche of development rights for 4.8 million sq. feet of commercial space. In exchange for these rights, we are entitled to receive refundable security deposits, annual license fees, lease rentals or revenue sharing, subject to escalations as per terms of the respective agreements. We expect demand for space and land in our land bank, which is centrally located in the National Capital Region of India, to continue to grow and contribute to our revenues.

- *Create stronger commercial focus*. We are in the process of optimizing our retail and other service offerings. In connection with these initiatives we are seeking to reorganize, reposition and diversify our retail, food and beverage and other commercial offerings in our Airport to maximize customer traffic and visibility and minimize the distance and processing times from retail or other shops to boarding gates. We utilize extensive benchmarking via best practices learned from the leading airports in the world to enhance our optimization process. We are also working with our joint venture ("JV") partners to better differentiate and diversify our offerings in order to target the contrasting needs of full-service and low-cost carrier passengers and widen our overall product and services ranges to enhance passenger experience in our airports. Furthermore, we seek to promote our Airport branding through extensive marketing and communication of our products and services.

- *Enhance duty free operations*. Through our joint venture, we operate a full-range duty-free products business in the Airport. We have leveraged expert networks, such as the Boston Consulting Group to study and provide recommendations for enhancing the revenue contribution from these duty-free retail operations by means of targeted marketing, better brand promotion and optimization of the business with (i) nationality-focused marketing initiatives aimed at improving sales from Chinese, Japanese and Russian passengers; (ii) loyalty programs; (iii) in-store promotions; and (iv) customer behavior studies. We also plan to broaden the range of products, in particular electronics, sold at duty-free outlets. For the fiscal year 2019, revenue from duty-free sales contributed 22.1% of our revenue from non-aeronautical operations.

- *Enhance our business capabilities*. We seek to expand commercial airport operations by supporting better business decision-making methodologies through the improvement of our business intelligence analytics, point-of-sales data analysis, business relationship management and customer relationship management systems. We believe that enhancing our business management capabilities will allow us to leverage the expansion of our commercial operations infrastructure into compounding business growth.

We believe the above steps have resulted in a significant increase in revenue from non-aeronautical operations from the beginning of our Concession and we will continue to implement these strategies. Revenue from non-aeronautical operations in fiscal year 2019 was Rs. 20,909.1 million, accounting for 55.2% of our total income in the period.

Continue to enhance service levels and passenger satisfaction

Having been named Best Airport by Size (over 40 million passenger category) for 2018 and 2017, in each case by Airport Council International, we continue to aim to improve service levels and overall passenger satisfaction by working with AAI and regulatory partners to introduce passenger friendly policies. Initiatives in passenger friendly policies include no frisking for transfer passengers, visa on arrival for citizens from more countries, improvement in accuracy and timeliness in reporting of traffic data and improvement of transfer area facilities. These initiatives are expected to reduce waiting times, increase available space for retail activities and reduce our operating costs.

Other initiatives to enhance service levels which we are working with governmental partners to accomplish include improving surface and metro connectivity for passengers, for example by expediting the extension of the Airport Express Metro to Gurugram, for which we expect to provision land at the Airport. By aligning our airport infrastructure planning with the expected growth in passenger levels, we hope to satisfy the changing needs and expectations of passengers at the Airport. In addition to building a customer-focused organization, we are continually implementing initiatives to develop and train our human capital, including employee engagement and welfare initiatives, to ensure that we have the capabilities to deliver the highest service standards.

Further enhance operational efficiency

In an effort to optimize the operating efficiency of the Airport, we have implemented several initiatives designed to manage costs while maintaining the quality of the airport experience. We intend to continue exploring and implementing similar initiatives in the future in order to improve our operational efficiencies, which we believe are already among the best in the airport industry. Examples of initiatives we have recently implemented that we intend to continue exploring in the future include the following:

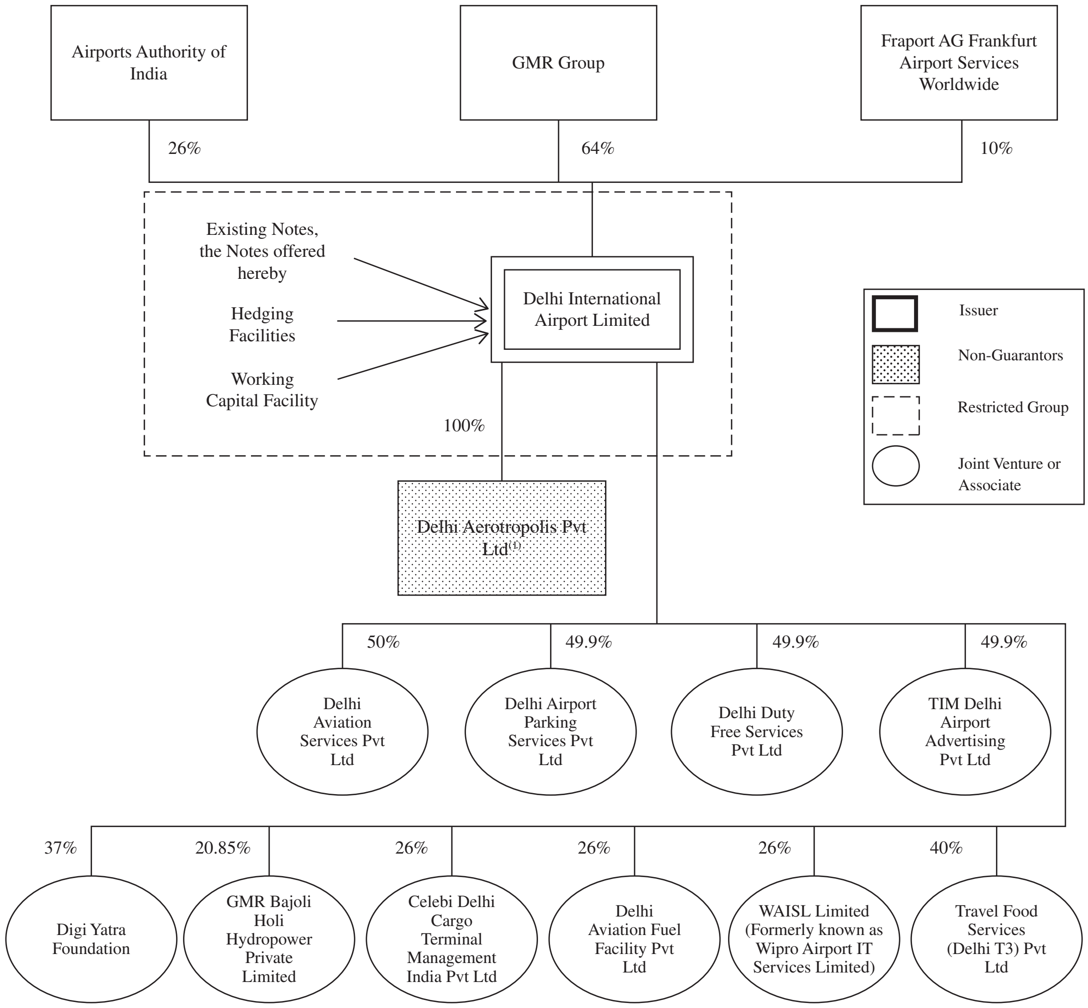
- *Rationalizing energy consumption at the Airport.* The Airport has implemented various energy audits and energy saving measures as part of its environmental sustainability management, and is the first airport in the world to achieve the Energy Management System Certification (ISO 50001:2011) from the British Standards Institution. We received the Excellent Energy Efficient Unit Award 2012 from the Confederation of Indian Industry. We have also successfully registered "Energy efficiency measures at Terminal T3" at UNFCCC in 2013. In addition, we have installed more than 300 rainwater harvesting wells spread across the Airport premises to conserve and sustain water resources. We are accredited by Airport Council International (ACI) for our carbon management at the Airport to the level of "Neutrality." We have also installed a 7.18 megawatt solar power plant at the Airport and are the first airport in India that has an on-site mega solar power plant. We have invested in a 180 MW hydropower project as a source of captive energy for the Airport through our joint venture in GMR Bajoli Holi Hydropower Private Limited. We will continue analyzing our operations to further reduce costs and enhance efficiency.

- *Improving air traffic movements and on-time performance.* We implemented certain recommendations from an air traffic study we commissioned, which resulted in the increase of maximum ATMs per hour that we are able to handle from 60 in fiscal year 2012 to 75 in fiscal year 2019. We also implemented the Airport-Collaborative Decision Making program in close cooperation with air traffic control, ground handlers and the airlines, which highly improved our on-time performance. Furthermore, we have installed a Category III instrument landing system, which has contributed to improvements in our air traffic control and on-time performance.

- *Maintaining effective headcount and controlling administrative expenses.* We are continuously assessing efficiency initiatives and targeting these measures to achieve economies of scale through the consolidation of our core corporate functions and administrative expenses. We will continue to analyze our headcount requirements as permitted by our operations in an effort to optimize efficiency without adversely affecting the airport experience.

OUR CORPORATE AND FINANCING STRUCTURE

The chart below sets forth a simplified summary of our corporate and financing structure as of March 31, 2019 after giving effect to the offering of the Notes and the proceeds therefrom. The diagram is intended for illustrative purposes only and does not include all legal entities or debt obligations of the legal entities actually presented. The financial condition and results of operations of Delhi Aerotropolis Pvt Ltd are not consolidated in our standalone financial statements. For further information, see "Use of Proceeds," "Capitalization" and "Principal Shareholders." For a summary of the material financing arrangements identified in this diagram, see "Description of Material Indebtedness," "Description of the Notes" and "Capitalization."



GENERAL INFORMATION

We were incorporated in India on March 1, 2006 as Delhi International Airport Private Limited. On April 10, 2017, we converted to a public company and our name was changed to Delhi International Airport Limited. Our registered office is located at New Udaan Bhawan, Opp. Terminal-3, Indira Gandhi International Airport, New Delhi 110 037, India. Our corporate headquarters is located at the same address. Our website is *www.newdelhiairport.in*. Information contained on our website does not constitute part of this offering memorandum.

RECENT DEVELOPMENTS

Aeronautical Tariff Proceedings

In an order dated January 22, 2015, the Delhi High Court responded to our petition seeking expeditious disposal of our appeals before the AERA Appellate Tribunal ("AERAAT") in respect to certain of AERA's methodologies, calculations and classifications of various factors used to set the aeronautical tariff structure for the first control period, which spans fiscal years 2010 through 2014. In its order, the Delhi High Court issued directions to MoCA to take steps to appoint the chairperson and members of the AERAAT within four weeks of the date of the order. The Delhi High Court also directed the reconstituted AERAAT to adjudicate our pending appeals within twelve weeks of the date of the order. Further, the Delhi High Court directed that the current aeronautical tariff structure from the first control period continue until the disposal of our appeals by the AERAAT. On April 24, 2015, AERA filed a special leave petition to the Supreme Court of India, seeking interim relief from this order. On May 12, 2016, the Supreme Court of India heard and disposed of the special leave petition of AERA with directions to AERAAT to expedite and adjudicate the appeals pending before it within three months of its order.

In addition, the Delhi High Court observed that the appeals pending before the AERAAT involved substantial issues with respect to the methodology for determination of tariffs and the correctness of certain regulatory principles applied by AERA, which would be significant in determining the aeronautical tariffs for the second control period, which spans fiscal years 2015 through 2019, and for subsequent control periods. The Delhi High Court directed AERA to not proceed with the implementation of the aeronautical tariff for the second control period, pending a decision on the matters under appeal before the AERAAT. As a result, we did not implement the aeronautical tariff for the second control period, although AERA issued an order dated December 8, 2015 to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff structure for the first control period. We filed an appeal against this order before the AERAAT, which tribunal was merged into Telecom Disputes Settlement and Appellate Tribunal ("TDSAT") as directed by Ministry of Finance in a notification dated May 2, 2017. On July 3, 2017, in response to a special leave petition filed by Air India, the Supreme Court of India vacated the order of the Delhi High Court relating to the continuation of the aeronautical tariff structure from the first control period and directed TDSAT to dispose of the appeal within two months of its order. On July 7, 2017, we implemented the December 8, 2015 AERA order to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff for the first control period, which has had a significant negative impact on our aeronautical revenue. On April 23, 2018, TDSAT issued a judgment to dispose of all appeals pertaining to the first control period tariff. We subsequently applied to AERA for upward adjustment of the tariff set under the December 8, 2015 AERA order on the basis that the tariff fell below the Base Airport Charges to which we are entitled under the SSA. On November 19, 2018, AERA issued a further order setting the tariff for the second control period to an amount equal to the Base Airport Charges, including a 10% escalation as provided for in the SSA.

For further details on the aeronautical tariff structure, see "Risk Factors — Risks Related to Our Business — Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Volatility and Unpredictability of Our Results of Operations Due to Regulation and Implementation of Our Aeronautical Charges."

Arbitration Proceedings

Under the OMDA, we are required to pay AAI an annual fee in monthly installments throughout the term of the Concession equal to 45.99% of our projected "revenue" for each given year. However, the term "revenue" as defined under the OMDA includes only certain types of revenue instead of the gross receipts credited to the profit and loss account. The distinction as to what constitutes revenue under the OMDA was not initially recognized when calculating the annual fee paid/payable by us to AAI and, as a result, we mistakenly based our calculation of the annual fee on a figure that took into account our gross receipts which included (a) capital costs recovered by us through aeronautical charges; (b) recovery of the payments made by us, through tariff, for the activities undertaken by the Relevant Authorities (as defined under the OMDA) such as customs, security and immigration; (c) the amounts that accrued to us from the sale of any capital assets (not limited to profit); and (d) earnings from other sources not being aeronautical services or non-aeronautical services. The mistake was noticed while undertaking a financial review exercise in and around February 2016 which lead to a further examination of the provisions of our Concession by legal counsel. After this further examination, we issued a notice to AAI on December 26, 2016 claiming a refund of excess annual fees paid by us in the amount of Rs. 42,963.2 million (US$621.1 million) plus interest for the period from inception up to March 31, 2016. In its meeting held on December 9, 2016, our Board of Directors decided to pay further annual fees under protest until the matter is resolved. Pursuant to its letter dated March 27, 2017, AAI agreed to examine our claim but later refused to recognize our contentions leading to the ongoing dispute, and we subsequently invoked arbitration pursuant to the arbitration agreement in the OMDA. We have filed a statement of claim, making claims of Rs. 105,372 million, comprising Rs. 66,632.60 million (US$963.3 million) towards restitution and return of excess annual fee paid by us and interest thereon amounting to Rs. 38,739.40 million (US$560.1 million) for the period from May 3, 2006 to September 30, 2018, together with excess annual fee paid from October 1, 2018 forward, as well as interest to cover the period up to the resolution of the matter. The matter is presently at the stage of completion of pleadings.

Base Airport Charges

The SSA sets certain Base Airport Charges which represent the minimum amount we are entitled to charge for certain aeronautical services, including landing charges, housing charges, parking charges, baggage x-ray charges, fuel farm and passenger service fees (facilitation component). The specific amounts of the Base Airport Charges are set out in the SSA and are subject to a 10% escalation beginning in the fourth year of the SSA and throughout the duration of the Concession. Pursuant to the December 8, 2015 AERA order for the second control period, as implemented with effect from July 8, 2017, the aeronautical charges fixed by AERA for the second control period fell below the Base Airport Charges. Accordingly, AERA in its order dated November 19, 2018, ordered that we are entitled to maintain the minimum aeronautical charges equivalent to the Base Airport Charges plus 10% thereof in any year during the term of the Concession. Pursuant to Base Airport Charges, we charge passenger service fees (facilitation component) on passengers departing from the Airport. We no longer charge UDF and CUTE counter charges. The new Base Airport Charges came into effect on December 1, 2018, except with respect to baggage x-ray charges, which came into effect on February 1, 2019.

Phase 3A Expansion

In March 2019, we commenced work on the Phase 3A Expansion. Our proposed Phase 3A Expansion plan includes expansion and improvements to our airside and landside infrastructure, including expansion of Terminal 1 and renovations enabling capacity additions to Terminal 3. The improvements include, among others, (i) expansion of Terminal 1, including improvements to the terminal approach, the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of a grade separator, new roads and a new access tunnel. We have engaged AECOM, a leading multinational engineering firm, for the preliminary design of the Phase 3A Expansion, and we have engaged Larsen & Toubro Limited to act as our EPC contractor for the execution of the Phase 3A Expansion. Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year. Our target date for the completion of the Phase 3A Expansion is March 2022.

Terminal 1 Expansion

The Airport's Terminal 1 handles the domestic traffic of low cost carriers, or LCCs, which have experienced significant growth in recent years. The Phase 3A Expansion will address this growth by increasing passenger capacity at Terminal 1 to 40 million passengers per year through a series of improvements to the terminal, the apron and the surrounding infrastructure. These improvements include:

- An increase in the total area of Terminal 1 from approximately 64,000 square meters to approximately 190,000 square meters;
- The addition of a fresh terminal façade, including expansions to the approach ramp and an increase in total entry gates from 8 to 13 and an increase in common use self-service kiosks from 12 to 108;
- Expansion and combination of the arrivals and departure halls, including further integration with the existing terminal through the construction of new buildings and utilities;
- An increase in total baggage handling capacity from 3,240 bags per hour to 6,000 bags per hour (including the installation of two additional baggage belts and an increase in each of baggage belt size from 52 meters to 70 meters);
- Construction of 22 new contact parking stands, including new node and pier buildings, therefore increasing the number of aircraft remote parking stands from 55 to 60, and 22 new passenger boarding bridges, all to be connected with the terminal; and
- New IT equipment and systems relating to, among others, security screening, aircraft docking, flight information displays.

Airside

We plan to construct an additional runway to accommodate additional flights to and from the Airport, bringing our total number of runways from 3 to 4. Extensive airside improvements to accommodate the new runway will also be made, including new taxiways and taxiway lanes (including an eastern elevated cross taxiway) of 60,000 meters in length, additional utilities (including an additional fire station, bringing the total to five) and improvements to airside aprons, grading and drainage, which we expect to increase the apron area to 629,000 sq. meters from 282,000 sq. meters. We will also be refurbishing one of our existing runways.

Landside and connectivity

Our landside infrastructure will be expanded to accommodate the Airport's additional passenger capacity. Improvements will include additional bus and passenger car parking capacity, the creation of a grade separator near the Aerocity metro station, the widening of existing roads and curbs and the construction of new roads and a new access tunnel. Improvements in grading, drainage, aprons and landscaping will also be made.

Terminal 3 Renovations

The increasing volume of international passengers at the Airport necessitates certain improvements at Terminal 3, which primarily handles international traffic. These improvements include the construction of an additional area for international-to-international, domestic-to-international and international-to-domestic transfers, installation of new check-in, screening and baggage handling infrastructure. As a result of these improvements, we expect passenger capacity at Terminal 3 to increase to 45 million passengers per year.

Capital Expenditures

We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. This capital expenditure is expected to be funded principally through (i) cash on hand and cash generated from operations of Rs. 40 billion, (ii) deposits from our commercial property development business of Rs. 15 billion, (iii) the incurrence of additional U.S. dollar indebtedness in the form of the Notes offered hereby of Rs. 24.5 billion, and (iv) the balance through additional deposits from our commercial property development business, or, if required, the incurrence of additional debt. The final capital expenditures and the composition of the Phase 3A Expansion are based on our estimates and are thus subject to change as a result of detailed design and final bid amounts. They are also subject to consultation with stakeholders and regulatory approvals. As of the date of this offering memorandum, we have incurred approximately Rs. 10 billion in connection with the Phase 3A Expansion, and expect to incur more than half of the total cost of the Phase 3A Expansion within the next two fiscal years. See "Risk factors — Risks relating to our Business — We expect to incur significant capital expenditure in connection with the Phase 3A Expansion, which we may not fully recover through tariff increases."

AERA has approved in-principle total capital expenditures for the Phase 3A Expansion of Rs. 79.7 billion, as compared to our estimated costs of approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction). We attribute the difference in the amount in AERA's approval-in principal and our estimates to the GST and effects of inflation since the time of AERA's approval in-principle. AERA will examine our Phase 3A Expansion capital expenditures after the actual incurrence of the costs and our submission of justification therefor. We cannot assure you that AERA will adopt our final costs of the Phase 3A Expansion, which may have a negative impact on the determination of our tariff in future periods.

Commercial Property Development

As of March 31, 2019, we are entitled to develop approximately 230 acres of land in accordance with the Lease Deed and OMDA. We have already given out development rights to third parties for (i) a hospitality district comprising 11 hotels and three commercial developments across approximately 45 acres, (ii) an Airbus virtual training center occupying approximately 1.1 acres, (iii) an integrated retail development project occupying approximately 23 acres and (iv) the first tranche of development rights for 4.9 million sq. feet of commercial space. We have also granted options for an additional tranche of development rights for 4.8 million sq. feet of commercial space. In exchange for these rights, we are entitled to receive refundable security deposits, annual license fees, lease rentals or revenue sharing, subject to escalations as per terms of the respective agreements.

Investment by Tata Group and SSG Capital Management in GMR Airports Limited

The GMR Group, primarily through GMR Airports Limited, holds 64% of our shares. In March 2019, GMR Group announced proposed investments by Tata Group, GIC, Singapore's sovereign wealth fund, through an affiliate, and SSG Capital Management in GMR Airports Limited, pursuant to which the shareholding of the GMR Group in GMR Airports Limited would decrease from 94.1% to approximately 54%. As part of the terms of the proposed investments, the GMR Group will retain management control over GMR Airports Limited with the new investors having customary rights and board representation.

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this offering memorandum. For a detailed description of the Notes, see the section entitled "Description of the Notes." The terms and conditions of the Notes prevail to the extent of any inconsistency with the summary set forth in this section. This summary is not intended to be complete and does not contain all of the information that is important to an investor. Phrases used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes."

Issuer	Delhi International Airport Limited
Notes	US$350,000,000 aggregate principal amount of 6.45% Senior Secured Notes due 2029.
Maturity Date	June 4, 2029.
Interest	The Notes will bear interest from and including the issue date of the Notes at the rate of 6.45% per annum, payable semi-annually in arrears.
Interest Payment Dates	June 4 and December 4 of each year, commencing December 4, 2019.
Ranking of the Notes	The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated obligations of the Company (subject to any priority rights of such Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described under "Description of the Notes — The Subsidiary Guarantees" and in "Risk Factors — Risks Related to the Notes and the Collateral — Noteholder claims against non-guarantor subsidiaries will be structurally subordinated to the liabilities of such subsidiaries";
- secured on an equal and ratable basis with all obligations of the Company under the Existing Notes, the Hedging Facilities, the Working Capital Facility and all future Permitted Pari Passu Secured Indebtedness and Permitted Refinancing Indebtedness by first ranking Liens on the Collateral (as defined under "Description of the Notes — Security") provided by the Company (subject to Permitted Liens and the Intercreditor Agreement);
- effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral over which the Company has created security for the Notes (subject to any priority rights of such obligations pursuant to the applicable law); and

	• effectively subordinated to all existing and future obligations of the Company to the extent of the Excluded Collateral (as defined in "Description of the Notes — Security"), the Company's obligations to AAI under the OMDA and certain other future Permitted Indebtedness (as defined in "Description of the Notes — Certain Covenants — Limitation on Indebtedness").
Security	The obligations of the Company under the Notes will be secured by first-priority Liens (subject to Permitted Liens) on certain collateral (the "Collateral"), which shall initially consist of, to the extent permitted under the OMDA: • a first ranking *pari passu* charge of all insurance contracts, contractors' guarantees and liquidated damages payable by the contractors, in each case, to the maximum extent permissible under the OMDA; • a first ranking *pari passu* charge of all the rights, titles, permits, approvals and interests of the Company in, to and in respect of the Project Agreements to the maximum extent permitted under the Project Agreements and the OMDA; • a first ranking *pari passu* charge on all the operating revenues/ receivables of the Company (excluding dues owed to AAI, airport development fees, the passenger service fees (security component), the marketing fund and any other statutory dues) subject to the provisions of the OMDA and the Escrow Account Agreement; and • a first ranking *pari passu* charge on all the Company's accounts (to the extent permitted under the OMDA) and each of the other accounts required to be created by the Company under the Indenture and the Security Documents and, including in each case, all monies lying credited/ deposited into such accounts (excluding accounts being maintained in relation to the airport development fees, the passenger service fees (security component), the marketing fund, other statutory dues, the Escrow Account Agreement under the OMDA and all monies required to be credited/ deposited into the debt service reserve accounts and major maintenance reserve account under the Trust and Retention Account Agreement for the benefit of other secured lenders).
Use of Proceeds	The gross proceeds from this offering will be US$350.0 million. The Company intends to use the gross proceeds of the offering of the Notes to partly finance the Phase 3A Expansion. See "Use of Proceeds."
Repurchase of Notes upon a Change of Control	Not later than 30 days following a Change of Control Triggering Event, the Company, subject to the ECB Master Directions, will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the Offer to Purchase Payment Date.

	Any redemption of the Notes prior to their stated maturity will require the prior approval of RBI or the designated authorized dealer bank, as the case may be, under the ECB Master Directions. Such approval may not be forthcoming.
Withholding Tax; Additional Amounts	Payments with respect to the Notes will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Company is incorporated or resident for tax purposes, or through which payment is made except as required by law. Where such withholding or deduction is required by law, the Company will make such deduction or withholding and will, subject to certain exceptions, pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. See "Description of the Notes — Additional Amounts."
Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Company may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption, if, as a result of certain changes in tax law, the Company would be required to pay certain additional amounts; *provided* that where the additional amounts are payable as a result of changes affecting Indian taxes, the Notes may be redeemed only in the event that the withholding tax rate exceeds 5%. Any redemption of the Notes prior to their stated maturity will require the prior approval of RBI or the designated authorized dealer bank, as the case may be, under the ECB Master Directions. Such approval may not be forthcoming.
Covenants	The Indenture will limit the ability of Company and the Restricted Subsidiaries to, among other things: • incur additional Indebtedness and issue preferred stock; • make investments or other specified Restricted Payments; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make inter-company loans; • issue or sell Capital Stock of Restricted Subsidiaries; • issue guarantees by Restricted Subsidiaries; • enter into transactions with shareholders or affiliates; • create any Lien; enter into Sale and Leaseback Transactions; • sell assets; • engage in different business activities; and • effect a consolidation or merger.

	These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes — Certain Covenants."
Selling and Transfer Restrictions	We have not registered the Notes under the Securities Act or any state or other securities laws. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. Upon issue, the Regulation S Global Note will be initially represented by the Unrestricted Global Certificate and the Rule 144A Global Note will initially be represented by the Restricted Global Certificate, each in registered form. On the Original Issue Date, both the Restricted Global Certificate and the Unrestricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co., as nominee of DTC.
Delivery of the Notes	The Company expects to make delivery of the Notes, against payment in same-day funds, on or about June 4, 2019, which the Company expects will be the fifth business day following the date of this offering memorandum, referred to as T+5. You should note that initial trading of the Notes may be affected by the T+5 settlement. See "Plan of Distribution." The issuance of the Notes will be subject to a number of conditions precedent, including, but not limited to, the execution of the Security Documents and the Trust and Retention Account Agreement in the form as described in this offering memorandum.
Intercreditor Agreement	On the Original Issue Date, the Trustee (on behalf of the Holders), the creditors (or their representatives, agents or trustees) under the Existing Senior Debt and the Security Trustee will enter into a third amended and restated intercreditor agreement pursuant to which the Security Trustee will agree to act as the collateral agent for the Holders and the creditors under the Existing Senior Debt with respect to the Collateral securing the obligations under the Indenture, the Notes and the Existing Senior Debt. See "Description of Material Indebtedness — Security Agreements — Intercreditor Agreement." Future lenders of the Company may accede to the Intercreditor Agreement from time to time, and the Intercreditor Agreement may be modified at such time inter alia to extend the terms and conditions of the Intercreditor Agreement to such future lenders (or their representatives, agents or trustees) of the Company.
Trust and Retention Account Agreement	On or about the Original Issue Date, the Company has agreed to enter into a fifth amended and restated trust and retention account agreement between, amongst others, the Company, the Security Trustee (acting on behalf of the creditors (or their representatives, agents or trustees)) under the Existing Senior

	Debt (excluding the Existing Notes) and the account bank named thereunder. The Trust Retention and Account Agreement sets forth the cash flow priority for all deposits and withdrawals from the Company's bank accounts. See "Description of Material Indebtedness — Security Agreements — Trust and Retention Account Agreement."
Security Trustee	Axis Trustee Services Limited.
Trustee	Citicorp International Limited.
Paying Agent and Registrar	Citibank, N.A., London Branch.
Rule 144A Global Note	ISIN: US246724AA69 CUSIP: 246724 AA6 Common Code: 199705377
Regulation S Global Note	ISIN: USY2R40TAB40 CUSIP: Y2R40T AB4 Common Code: 199967681
Ratings	The Notes are expected to be rated "Ba2" by Moody's Investors Service, Inc. ("Moody's") and "BB" by Standard and Poor's Ratings Group, a division of McGraw-Hill Companies, Inc. ("S&P"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing	Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Approval-in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, the Company or associated companies or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST.
Governing Law	The Notes, the Indenture and the Subsidiary Guarantees will be governed by and will be construed in accordance with the laws of the State of New York. The Security Documents and the Intercreditor Agreement will be governed by the laws of the Republic of India.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "Risk Factors."

SUMMARY FINANCIAL AND OTHER DATA

You should read the summary financial and other data below, together with the financial statements and related notes thereto appearing elsewhere in this offering memorandum, as well as "Selected Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information including notes included elsewhere in this offering memorandum.

We derived the summary statement of profit and loss data and the summary cash flow statement data for the years ended March 31, 2019, 2018 and 2017 and the summary balance sheet data as of March 31, 2019, 2018 and 2017 from our audited standalone financial statements which are included elsewhere in this offering memorandum and are audited jointly by S.R. Batliboi & Associates LLP and Brahmayya & Co. for year ended March 31, 2017 and by S.R. Batliboi & Associates LLP and K.S. Rao & Co. for year ended March 31, 2018 and March 31, 2019. Our historical results are not necessarily indicative of the results expected for any future period.

Due to certain regroupings and reclassifications, the amounts of certain line items as of and for the fiscal year ended March 31, 2018 as presented in our audited standalone financial statements and as of and for the fiscal year ended March 31, 2019 have been reclassified and regrouped from such amounts as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2018. In this offering memorandum, we have used the amounts of such line items as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2018. Similarly, the amounts of certain line items as of and for the fiscal year ended March 31, 2017 as presented in our audited standalone financial statements and as of and for the fiscal year ended March 31, 2018 have been reclassified and regrouped from such amounts as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2017. In this offering memorandum, we have used the amounts of such line items as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2017.

Our financial statements have been prepared and presented in accordance with Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time ("Ind-AS"), and the presentation requirements of division II schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the standalone financial statements. Ind-AS differs in certain material respects from US GAAP and IFRS. See "Risk Factors — Risks Related to India — Indian accounting principles and audit standards differ from those which prospective investors may be familiar with in other countries."

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Statement of Profit and Loss Data:				
Revenue				
Revenue from operations				
Sale of Services[(1)]	445.1	30,787.1	35,042.9	54,600.0
Other operating revenue	26.6	1,839.4	1,766.8	1,642.3
Other income	76.7	5,306.1	3,618.7	3,069.9
Total Income	**548.4**	**37,932.6**	**40,428.4**	**59,312.2**
Expenses				
Annual fee to Airports Authority of India (AAI)	230.0	15,912.5	17,614.7	26,348.4
Employee benefits expense	27.0	1,864.8	1,652.4	1,294.7
Depreciation and amortization expense	92.5	6,398.2	6,459.0	6,380.3
Finance costs	91.0	6,295.9	5,791.5	5,272.5
Other expenses	140.7	9,729.9	9,316.8	8,343.7
Total expense	**581.2**	**40,201.3**	**40,834.4**	**47,639.6**

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
(Loss)/Profit before tax and exceptional items	**(32.8)**	**(2,268.7)**	**(406.0)**	**11,672.6**
Exceptional items	—	—	—	408.0
(Loss)/Profit before tax	**(32.8)**	**(2,268.7)**	**(406.0)**	**11,264.6**
Current tax	—	—	—	2,386.9
Adjustment of tax relating to earlier years	—	—	(48.8)	(18.8)
Deferred tax (credit)/charge	(16.6)	(1,151.0)	(739.7)	3,036.9
Total tax (credit)/expense	**(16.6)**	**(1,151.0)**	**(788.5)**	**5,405.0**
(Loss)/Profit for the year	**(16.2)**	**(1,117.7)**	**382.5**	**5,859.6**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss in subsequent periods				
Re-measurement gains on defined benefit plans	(0.0)	(2.8)	7.7	(11.1)
Income tax effect	0.0	1.0	(2.7)	3.8
Items that will be reclassified to profit or loss in subsequent periods				
Net movement of cash flow hedges	(2.2)	(153.1)	188.8	(168.4)
Income tax effect	0.8	53.6	(65.3)	—
Total Other Comprehensive (Loss)/Income for the year (net of tax)	(1.4)	(101.3)	128.5	(175.7)
Total Comprehensive (Loss)/Income for the year (net of tax)	**(17.6)**	**(1,219.0)**	**511.0**	**5,683.9**

(1) Sale of services represents Revenue from contract with customers for the year ended March 31, 2019; pursuant to implementation of IND AS-115 with effect from April 1, 2018.

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Balance Sheet Data:				
Assets				
Non-current assets				
Property, plant and equipment	937.5	64,845.1	68,062.1	73,812.7
Capital work-in progress	35.5	2,459.0	1,944.4	1,239.4
Intangible assets	56.0	3,872.9	3,953.0	4,040.7
Investment in subsidiary, associates and joint ventures	41.8	2,893.7	2,893.7	1,810.5
Financial assets				
(i) Investments	0.0	0.1	0.1	—
(ii) Loans	0.3	18.9	24.6	12.5
(iii) Other financial assets	47.6	3,292.4	12.0	—
Other non-current assets	137.4	9,504.9	562.8	912.9
Current tax assets	9.2	637.9	—	—
Total non-current assets	**1,265.3**	**87,524.9**	**77,452.7**	**81,828.7**
Current assets				
Inventories	1.1	73.3	63.9	74.2
Financial assets				
(i) Investments	210.4	14,554.1	25,844.6	21,843.8
(ii) Trade receivables	17.0	1,177.1	5,251.3	8,988.8
(iii) Cash and cash equivalents	32.7	2,263.4	3,749.7	5,541.2
(iv) Bank balance other than cash and cash equivalents	57.7	3,989.4	912.7	462.2
(v) Loans	58.0	4,013.5	15.8	188.7
(vi) Other financial assets	47.8	3,306.5	1,231.6	372.5
Other current assets	5.4	376.4	401.8	369.9
Total current assets	**430.1**	**29,753.7**	**37,471.4**	**37,841.3**
Total assets	**1,695.4**	**117,278.6**	**114,924.1**	**119,670.0**

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Balance Sheet Data:				
Equity and liabilities				
Equity				
Equity Share capital	354.2	24,500.0	24,500.0	24,500.0
Other Equity				
(i) Retained earnings [(1)]	40.8	2,824.8	4,225.7	5,754.9
(ii) Cash flow hedge reserve	(2.1)	(144.4)	(44.9)	(168.4)
Total Equity	**392.9**	**27,180.4**	**28,680.8**	**30,086.5**
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	804.5	55,646.5	52,491.2	52,619.7
(ii) Other financial liabilities	48.8	3,375.1	3,230.2	2,983.1
Deferred revenue	274.8	19,010.0	15,772.3	17,813.1
Deferred tax liabilities (net)	14.7	1,016.0	2,248.7	2,920.4
Other non-current liabilities	8.8	611.0	1,025.7	1,129.5
Long-term provisions	—	—	14.5	—
Total non-current liabilities	**1,151.6**	**79,658.6**	**74,782.6**	**77,465.8**
Current liabilities				
Financial Liabilities				
(i) Trade Payables				
— Total outstanding dues of micro enterprises and small enterprises	0.8	51.9	73.5	11.9
— Total outstanding dues of creditors other than micro enterprises and small enterprises	42.9	2,966.8	4,046.6	4,302.1
(ii) Other financial liabilities	56.1	3,883.4	4,548.2	3,813.8
Deferred revenue	14.6	1,011.4	859.4	861.8
Other current liabilities	28.7	1,982.1	1,625.2	2,262.9
Short-term provisions	6.5	451.3	215.1	193.4
Liabilities for current tax (net)	1.3	92.7	92.7	671.8
Total current liabilities	**150.9**	**10,439.6**	**11,460.7**	**12,117.7**
Total Equity and liabilities	**1,695.4**	**117,278.6**	**114,924.1**	**119,670.0**

(1) For the purposes of the above table, remeasurements loss on defined benefit plans as of March 31, 2017 have been included in retained earnings.

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Cash Flow Statement Data:				
Net cash flow from operating activities	151.2	10,461.3	9,665.3	18,565.3
Net cash flow used in investing activities	(92.0)	(6,364.0)	(4,686.6)	(11,411.0)
Net cash flow used in financing activities	(80.7)	(5,583.6)	(6,770.2)	(5,689.9)

	Fiscal year ended March 31,			
	2019		2018	2017
Other Financial Data				
Capital expenditures (addition to property, plant and equipment and intangible assets) (in millions)	US$48.6	Rs.3,362.2	Rs.728.5	Rs.1,430.6
EBITDA[(2)]/Total income	—	27.5%	29.3%	39.3%
Total debt [(4)]/EBITDA[(2)]	—	5.4	4.5	2.3
Profit before tax/Total income	—	(-)6.0%	(-)1.0%	19.0%
Ratio of net debt[(5)] to net worth[(6)]	—	1.3	0.8	0.9
Return on average net worth[(7)]	—	(-)4.0%	1.3%	21.5%
Return on average capital employed[(8)]	—	4.8%	6.4%	20.7%

	Fiscal year ended March 31,		
	2019	2018	2017
Operating Data			
Domestic passengers (in millions of persons)	50.5	48.3	42.2
International passengers (in millions of persons)	18.7	17.4	15.5
Total passengers (in millions of persons)	**69.2**	**65.7**	**57.7**
Total air traffic movements	476,720	459,243	417,319
Total cargo (in metric tons)	1,042,948	963,032	857,419

(1) A substantial portion of our revenues are earned from aeronautical services, and the aeronautical service fees we charge to airlines and passengers for such services are regulated by AERA in accordance with our Concession Agreements. Any adverse change in AERA's determinations of our aeronautical charges would have a material and adverse effect on our results of operations. See "Risk Factors — Risks Related to Our Business — Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition" and "Indian Regulatory Environment — Applicable Legislation, International Conventions and Sectoral Policy — The Airports Economic Regulatory Authority of India Act, 2008, as amended (the "AERA Act")" for further details.

(2) EBITDA is calculated as earnings before interest, tax, depreciation, amortization and exceptional items ("EBITDA"). We define EBITDA as profit / (loss) for the year, excluding (a)(i) total tax expense, (ii) exceptional items, (iii) finance costs and (iv) depreciation and amortization, but (b) including other income. EBITDA has certain limitations. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities.

Below is a reconciliation of (Loss)/ Profit to EBITDA for the year.

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
(Loss)/Profit for the year	(16.2)	(1,117.7)	382.5	5,859.6
Add:				
Tax Expense				
Current Tax	—	—	—	2,386.9
Adjustment of tax relating to earlier years	—	—	(48.8)	(18.8)
Deferred tax (credit)/charge	(16.6)	(1,151.0)	(739.7)	3,036.9
Total Tax (credit)/ expense	**(16.6)**	**(1,151.0)**	**(788.5)**	**5,405.0**
Exceptional Items	—	—	—	408.0
Depreciation and amortization expense	92.5	6,398.2	6,459.0	6,380.3
Finance Costs	91.0	6,295.9	5,791.5	5,272.5
EBITDA	150.7	10,425.4	11,844.5	23,325.4

(3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Expenditures" for historical information regarding our capital expenditures.

(4) Total debt represents (i) non-current borrowings, (ii) current borrowings, (iii) current maturities of non-current borrowings and (iv) interest accrued but not due on borrowings (included in other financial liabilities). Below is a calculation of total debt:

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Non-current borrowings	804.5	55,646.5	52,491.2	52,619.7
Current borrowings	—	—	—	—
Current maturities of non-current borrowings	—	—	—	—
Interest accrued but not due on borrowings	16.5	1,139.8	1,053.3	1,070.2
Total Debt	821.0	56,786.3	53,544.5	53,689.9

(5) Net debt represents (a) (i) non-current borrowings, (ii) current borrowings, (iii) current maturities of non-current borrowings and (iv) interest accrued but not due on borrowings (included in other financial liabilities), less (b) (i) cash and cash equivalents, (ii) bank balance other than cash and cash equivalents and (iii) current investments. Below is a calculation of net debt:

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Non-current borrowings	804.5	55,646.5	52,491.2	52,619.7
Current borrowings	—	—	—	—
Current maturities of non-current borrowings	—	—	—	—
Interest accrued but not due on borrowings	16.5	1,139.8	1,053.3	1,070.2
Less:				
Cash and cash equivalents	32.7	2,263.4	3,749.7	5,541.2
Bank balance other than cash and cash equivalents	57.7	3,989.4	912.7	462.2
Current investments	210.4	14,554.1	25,844.6	21,843.8
Net debt	520.2	35,979.4	23,037.5	25,842.7

(6) Net worth represents (i) share capital and (ii) other equity.

(7) Return on average net worth represents (i) profit for the year divided by (ii) the average net worth for that year. Average net worth for a given year represents the average of the net worth on the (i) first day of the given year and (ii) last day of the given year.

(8) Return on average capital employed represents (i) earnings before interest and tax ("EBIT") divided by (ii) average capital employed. Below is a reconciliation of (Loss)/ Profit to EBIT for the year.

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
(Loss)/Profit for the year	(16.2)	(1,117.7)	382.5	5,859.6
Add:				
Tax Expense				
Current Tax	—	—	—	2,386.9
Adjustment of tax relating to earlier years	—	—	(48.8)	(18.8)
Deferred tax (credit)/charge	(16.6)	(1,151.0)	(739.7)	3,036.9
Total Tax (credit)/ expense	**(16.6)**	**(1,151.0)**	**(788.5)**	**5,405.0**
Exceptional Items	—	—	—	408.0
Finance Costs	91.0	6,295.9	5,791.5	5,272.5
Earnings before interest and tax (EBIT)	**58.2**	**4,027.2**	**5,385.5**	**16,945.1**

Average capital employed for a given year represents the average of the capital employed for the (i) first day of the given year and (ii) last day of the given year. Capital employed for a year represents (i) net worth, (ii) non-current borrowings, (iii) current borrowings, (iv) current maturity of non-current borrowings and (v) deferred tax liabilities (net) for that year.

Investing in the Notes involves significant risk. Prospective purchasers of the Notes should consider carefully all of the information in this offering memorandum, including, in particular, the risk factors discussed below. In addition, other risks and uncertainties not currently known to us or that we currently deem immaterial may also materially and adversely affect our business, financial condition, cash flow and results of operations. If any of the following risks actually occur, our business, results of operations, cash flow, financial condition and prospects could be materially and adversely affected. This could, in turn, affect adversely our ability to make payments on the Notes offered hereby.

Risks Related to Our Business

We may not be able to generate sufficient cash flows to meet our debt service obligations.

We have incurred indebtedness in connection with the development and operation of the Airport. As at March 31, 2019, our total debt, which includes non-current borrowings, current borrowings, current maturities of non-current borrowings and interest accrued but not due on borrowings (included in other financial liabilities), was Rs. 56,786.3 million (US$ 821.0 million). In addition, we are currently undertaking the Phase 3A Expansion. We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. We expect to partly finance the cost of the Phase 3A Expansion with the proceeds from incurrence of indebtedness, including the Notes offered hereby. See "— Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion" and "Description of Material Indebtedness."

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Notes offered hereby, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. It will also depend on the successful implementation of the Phase 3A Expansion. Furthermore, it will depend on our revenue, which will depend on various factors including the tariff rates to be set in future control periods. See "— Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition." We may not generate sufficient cash flow from operations, and future sources of capital may not be available to us in an amount sufficient to enable us to service and pay principal on our indebtedness, including the Notes, or to fund our other liquidity needs.

If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, stakes in our joint ventures or associates, reducing or delaying capital investments or seeking to raise additional capital, including debt. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such cash flow and resources, we could face substantial liquidity problems and might be required to dispose of assets (other than Transfer Assets, which we cannot dispose) to meet our debt service and other obligations. Other credit facilities and the Indenture will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or obtain the proceeds which we could realize from them, and any such proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, or at all, would materially and adversely affect our financial condition and results of operations and the ability to satisfy our obligations under the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and "Description of the Notes."

Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion.

We are highly leveraged. As at March 31, 2019, our total debt, which includes non-current borrowings, current borrowings, current maturities of non-current borrowings and interest accrued but not due on borrowings (included in other financial liabilities), was Rs. 56,786.3 million (US$ 821.0 million).

If certain conditions are met, we are obligated under our Concession Agreements to undertake significant capital expenditures for the construction and development of additional facilities at the Airport, including new terminals and the related facilities necessary to support these terminals, such as roads and security infrastructure. Additionally, in the past, regulatory bodies have also required us to accelerate the timing of certain capital projects. For example, MoCA instructed us to begin construction in 2013 of a new air traffic control tower, using funds previously borrowed, which originally had been scheduled in the Master Plan for construction in the sub-phase beginning in 2016.

In March 2019, we commenced work on the Phase 3A Expansion. We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. See "— We expect to incur significant capital expenditure in connection with the Phase 3A Expansion, which we may not fully recover through tariff increases."

As and when we are required to construct additional infrastructure or other capital projects at the Airport, we will need to raise additional indebtedness, as we will not be able to fund much of these required capital expenditures solely with our operating cash flows. Our substantial leverage could adversely affect our ability to raise this additional indebtedness on acceptable terms or at all. Moreover, any additional indebtedness incurred to fund our required capital expenditures will compound the adverse consequences of our high leverage as described below.

Our high degree of leverage could have additional adverse consequences, including:

- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations and capital expenditures;
- limiting our ability to raise additional capital for working capital, debt service and other general corporate requirements;
- increasing our vulnerability to downturns or adverse changes in general economic conditions and adverse changes in the regulations affecting our business;
- making it difficult for us to satisfy our obligations with respect to the Notes and our other indebtedness; and
- exposing us to the risk of increased interest rates, as a portion of our borrowings are at variable rates of interest.

Any difficulties we may encounter, both in raising additional indebtedness to fund our capital expenditures and satisfying our increased debt service requirements, could have a material and adverse effect on our liquidity and results of operations and, possibly, result in the breach of our obligations under the Concession Agreements. In addition, as our existing indebtedness matures, we may need to refinance or secure new debt which may not be available on favorable terms or at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Capital Expenditures" for a discussion of our capital commitments for fiscal years 2020, 2021 and 2022.

The OMDA and the SSA also require us to establish and comply with the Master Plan for the long-term development of the Airport, as well as with certain major development plans. If certain conditions are met, the Master Plan requires the commencement and completion of certain additional expansions and upgrades to the Airport in order to fulfill the saturation phase goal of accommodating 119 million passengers annually by 2036. We are now undertaking the Phase 3A Expansion to meet additional traffic demand in compliance with the Master Plan for the long-term development of the Airport. We cannot guarantee that we will be able to fulfill our investment commitments without delay or within the estimated budget for such projects nor that we will be able to obtain the financing necessary to complete such projects. This could limit our ability to expand capacity at the Airport, increase our operating or capital expenses, and adversely affect our business. Such delays or budget overruns could also limit our ability to comply with the Master Plan or any major development plans and/or lead to our breaching the OMDA or the SSA, any of which would have a material adverse effect on our business, financial condition and results of operations.

For a description of our Concession Agreements and the Master Plan, see "Business — Our Concession" and "Business — Corporate History and Structure." Also see "— Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion."

We expect to incur significant capital expenditure in connection with the Phase 3A Expansion, which we may not fully recover through tariff increases.

Under the terms of the SSA and the OMDA, we submitted to MoCA in 2016 a revised Master Plan consisting of various phases of development. Our current phase of development, the Phase 3A Expansion, includes, among others, (i) expansion of Terminal 1, including improvements to the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of new roads and a new access tunnel. Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year. Work on the Phase 3A Expansion began in March 2019, and our target commercial operation date is March 2022. See "Business — Our Concession — Operation, Management and Development Agreement — Master Plan" for further details.

We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. This capital expenditure is expected to be funded principally through (i) cash on hand and cash generated from operations of Rs. 40 billion, (ii) deposits from our commercial property development business of Rs. 15 billion, (iii) the incurrence of additional U.S. dollar indebtedness in the form of the Notes offered hereby of Rs. 24.5 billion, and (iv) the balance through additional deposits from our commercial property development business, or, if required, the incurrence of additional debt. The final capital expenditures and the composition of the Phase 3A Expansion are based on our estimates and are thus subject to change as a result of detailed design and final bid amounts. They are also subject to consultation with stakeholders and regulatory approvals.

AERA has approved in-principle total capital expenditures for the Phase 3A Expansion of Rs. 79.7 billion, as compared to our estimated costs of approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction). We attribute the difference in the amount in AERA's approval-in principal and our estimates to the Goods and Services Tax ("GST") and effects of inflation since the time of AERA's approval in-principle. AERA will examine our Phase 3A Expansion capital expenditures after the actual incurrence of the costs and our submission of justification therefor. We cannot assure you that AERA will adopt our final costs of the Phase 3A Expansion, which may have a negative impact on the determination of our tariff in future periods.

Although the Indenture will contain a covenant restricting the incurrence of additional indebtedness, it will permit us to incur additional indebtedness for capital expenditure of this nature (i.e., related to the Master Plan) and we may become more leveraged in the course of implementing any future capital expenditure plans of this nature, which would result in increased debt-servicing requirements. We cannot guarantee that we would be able to obtain such indebtedness on a timely basis, on favorable terms, or at all, or that the incurrence of such indebtedness will not have a negative impact on the ratings of the Notes. The terms of any future Rupee-denominated debt may differ from the terms of U.S. dollar-denominated debt, including the Notes offered hereby. See "— Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion." The significant capital expenditure expected in connection with the Phase 3A Expansion may adversely affect our financial performance and results of operations.

We may be unable to complete the Phase 3A Expansion on time or at all, and our construction costs could increase to levels that make the Phase 3A Expansion too expensive to complete or make the return on our investment less than expected.

In order to cater to the anticipated growth in passenger traffic at the Airport, we have embarked on the Phase 3A Expansion, which entails a significant capital outlay. There may be delays or unexpected developments in completing the Phase 3A Expansion, which could cause the construction costs and other expenses of the Phase 3A Expansion to exceed our projections. We may suffer significant construction delays, construction cost increases, business interruptions or various legal claims as a result of a variety of factors, including:

- revocation of the rights granted to us under the Concession Agreements by the Government of India or the AAI for certain prescribed reasons;
- failure to receive critical components and equipment that meet our design specifications and on schedule;
- failure to receive quality and timely performance of third party service providers (including the EPC contractor);
- failure to secure and maintain environmental and other permits or approvals;
- appeals of environmental and other permits or approvals that we obtain;
- a requirement to change the configuration of the Phase 3A Expansion at the Airport;
- shortage of skilled labor;
- inclement weather conditions;
- adverse environmental and geological conditions; and
- occurrence of force majeure events or other events out of our control.

Any of these factors could give rise to construction delays or construction costs in excess of our expectations which may result in us being unable to complete the Phase 3A Expansion on time or at all. Significant delays in the completion of the Phase 3A Expansion could have a material adverse effect on our business, results of operations, cash flows, financial condition and prospects, in particular since the current passenger traffic at the Airport has exceeded the passenger capacity of the Airport, and may also result in us losing the right to operate the Concession.

We have engaged AECOM, a leading multinational engineering firm, for the preliminary design of the Phase 3A Expansion, and we have engaged Larsen & Toubro Limited to act as our EPC contractor for the execution of the project. See "Business — Contracts for the Phase 3A Expansion." However, there can be no assurance that the Phase 3A Expansion will be completed on time as the performance of these contractors is beyond our control. Any delay on the part of any of these contractors in construction and commissioning of the Phase 3A Expansion may lead to a significant rise in cost. Although the contractors have given us warranties in connection with design and engineering work as well as provided guarantees and indemnities to cover cost overruns and additional liabilities, these guarantees and indemnities may not address all losses, damages or risks or cover the full loss or damage suffered due to construction delays, performance shortfalls, or the entire amount of any cost overruns. We may also be required to engage new contractors as a result of the failure or under-performance of these contractors, thereby adversely affecting the cost of project. There can be no assurance that any such new contractors may be capable of completing the work on time or to the design specifications envisaged. The EPC contract requires the contractor to meet certain schedules and milestones, and provides for liquidated damages in case of delay, but such liquidated damages may not exceed 5% of the contract sum. We may not be able to recover liquidated damages that we are contractually entitled to from any of these contractors, including any new contractors, for a delay in completion of the Phase 3A Expansion if such contractor becomes bankrupt or undergoes financial difficulties. Since the project execution requires certain employee skillsets, an adverse change in human resource policy of any of these contractors may affect employee retention, thereby causing disruption in implementation of the Phase 3A Expansion. Since execution of the Phase 3A Expansion is labor intensive with heavy dependence on low to semi-skilled employees, we are vulnerable to strikes, unionism and other industrial relations issues with respect to any of these contractors. Any of these events may have a material adverse effect on our business, results of operation, cash flows, financial condition and prospects.

We have in the past not been compliant with certain covenants in the Existing Indentures and are currently not in full compliance with the Trust and Retention Account Agreement. Our failure to comply with any covenants under our financing agreements could result in an event of default under the relevant financing agreements and the OMDA.

On or about April 29, 2019, during the diligence process for this offering, we became aware that due to misinterpretation of the requirements in calculating the restricted payment basket, we have not been compliant with the limitations on restricted payment covenant under the Existing Indentures as a result of our Rs. 4,000 million inter corporate loan to GMR Infrastructure Limited on May 3, 2018, which has now been cured through the repayment of Rs. 1,000 million of such loan by GMR Infrastructure Limited. Simultaneously, we became aware that we have not been compliant with the reporting covenant under the Existing Indentures as a result of our omission to provide operating and financial review, together with the quarterly financial statements that were provided, which has been cured through our provision of operating and financial review for all relevant periods.

In addition, we continue to not be in full compliance with the account-funding and usage requirements of the Trust and Retention Account Agreement. Specifically, we have not strictly followed, and may not be in full compliance with, the waterfall-funding mechanism for certain accounts under the Trust and Retention Account Agreement, which we may be required to maintain under the Trust and Retention Account Agreement. The Trustee will not be a party to the Trust and Retention Account Agreement, and the Trust and Retention Account Agreement will not be a Security Document for the benefit of the Noteholders. See "Description of Material Indebtedness — Security Agreements — Trust and Retention Account Agreement."

In the future, we may face difficulties complying with the covenants under our financing agreements. Any such non-compliance may result in an event of default under those agreements, and our lenders would have the right to, among others, accelerate payment of all amounts outstanding under the relevant financing agreements and declare such amounts immediately due and payable together with accrued and unpaid interest. In addition, any such event of default may trigger cross-default or cross-acceleration clauses under our other financing agreements, including the Indenture, which could result in an event of default under such other financing agreements and simultaneous accelerated repayments of additional material amount of indebtedness. Further, under the OMDA, a material default by us under any provisions of the financing documents, except to the extent that the lenders are willing to excuse such default as certified by a written notice to AAI or give us an opportunity to cure it, is an event of default. We cannot assure you that our assets or cash flow would be sufficient to fully repay our borrowings or satisfy guarantees or security claims under our outstanding financing agreements if accelerated or that we would be able to refinance or restructure the payments due under those financing agreements. Accordingly, any such action by our creditors could have a material adverse effect on our business, prospects, financial condition and results of operations.

Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition.

A substantial portion of our revenues are earned from aeronautical services, and the aeronautical service fees we charge to airlines and passengers for such services — including, but not limited to, landing charges, user development fees, baggage x-ray charges and parking and housing fees — are regulated by AERA in accordance with our Concession Agreements. For fiscal years 2019, 2018 and 2017, 26.0%, 42.2%, and 66.3% of our total income, respectively, were from aeronautical services. AERA determines the rates we charge for aeronautical services through a consultative process involving us and other stakeholders, such as relevant government agencies, airlines and passenger advocacy groups, and we do not have the ability to unilaterally change or increase the aeronautical service fees we charge to airlines or passengers. AERA's rate determinations are based on, among other things, our submissions of forecasts for our operation and maintenance expenses and our revenue from non-aeronautical services and our finance costs, as well as other factors such as public interest and public policy. AERA's rate determinations are for a "control period" of five years and are periodically re-examined. While AERA's determination of rates for aeronautical services is a consultative process, AERA may not agree with our forecasts, and the rates determined by AERA for any control period could be revised downwards. Additionally, we bear the risk for adverse changes in our operation and maintenance expenses, our revenue from non-aeronautical services and our finance costs. Accordingly, if there are unanticipated increases in our operating costs or finance costs, or shortfalls in our non-aeronautical services revenue, AERA may not allow us to make compensatory adjustments in our aeronautical service fees in the next tariff control period. Any adverse change in AERA's determinations of our aeronautical service fees would have a material and adverse effect on our results of operations, cash flow and financial condition.

In addition to the regulation of our aeronautical charges, the effective dates of AERA's rate determinations have had — and will continue to have — a material impact on our results of operations. For example, the aeronautical charges for the first control period spanning fiscal years 2010 through 2014 were not declared effective by AERA until May 15, 2012, at which time, AERA permitted us to recover in-full — over the remaining 22 and one-half months of the control services period — those aeronautical charges we should have earned prior to May 15, 2012 had AERA's rate determination been effective from the beginning of the first control period. As a result of this later-occurring effective date, our revenue from aeronautical services for fiscal years 2013 and 2014 experienced much higher growth than the earlier years during the first control period. Similarly, the tariff determination exercise for the second control period took considerable time and was declared after 22 months of delay. As a result of this later-occurring effective date, our revenue from aeronautical services saw a significant decline following effectiveness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Any such increases or decreases in our revenue due to the amount and timing of AERA's rate determinations may lead to substantial volatility and unpredictability in our results of operations and could make period-on-period comparisons of our results of operations potentially misleading.

In an order dated January 22, 2015, the Delhi High Court responded to our petition seeking expeditious disposal of our appeals before the AERAAT in respect to certain of AERA's methodologies, calculations and classifications of various factors used to set the aeronautical tariff structure for the first control period, which spans fiscal years 2010 through 2014. In its order, the Delhi High Court issued directions to MoCA to take steps to appoint the chairperson and members of the AERAAT within four weeks of the date of the order. The Delhi High Court also directed the reconstituted AERAAT to adjudicate our pending appeals within twelve weeks of the date of the order. Further, the Delhi High Court directed that the current aeronautical tariff structure from the first control period continue until the disposal of our appeals by the AERAAT. On April 24, 2015, AERA filed a special leave petition to the Supreme Court of India, seeking interim relief from this order. On May 12, 2016, the Supreme Court of India heard and disposed of the special leave petition of AERA without any interim relief to AERA and with directions to AERAAT to expedite and adjudicate the appeals pending before it within three months of its order. On July 7, 2017, we implemented the AERA order to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff for the first control period, which has had a significant negative impact on our aeronautical revenue.

In addition, the Delhi High Court observed that the appeals pending before the AERAAT involve substantial issues with respect to the methodology for determination of tariffs and the correctness of certain regulatory principles applied by AERA, which would be significant in determining the aeronautical tariffs for the second control period, which spans fiscal years 2015 through 2019, and for subsequent control periods. The Delhi High Court directed AERA to not proceed with the implementation of the aeronautical tariff for the second control period, pending a decision on the matters under appeal before the AERAAT. As a result, we have not implemented the aeronautical tariff for the second control period although AERA issued an order dated December 8, 2015 to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff structure for the first control period. We filed an appeal against this order before the AERAAT, which tribunal was merged into Telecom Disputes Settlement and Appellate Tribunal ("TDSAT") as directed by Ministry of Finance in a notification dated May 2, 2017. On July 3, 2017, in response to a special leave petition filed by Air India, the Supreme Court of India vacated the order of the Delhi High Court relating to the continuation of the aeronautical tariff structure from the first control period and directed TDSAT to dispose of the appeal within two months of its order. On April 23, 2018, TDSAT issued a judgment to dispose of all appeals pertaining to the first control period tariff.

Our revenue is highly dependent on levels of air traffic, which depend in part on factors beyond our control, including economic and political conditions and regulatory environment.

Our revenue is closely linked to passenger and cargo traffic volumes and the number of air traffic movements at the Airport. These factors directly determine our revenue from aeronautical services and indirectly determine our revenue from non-aeronautical services. Passenger and cargo traffic volumes and air traffic movements depend in part on many factors beyond our control, including, among others:

- political factors and the regulatory environment, which are both beyond our control;
- macroeconomic events (including changes in fuel prices and currency exchange rates), whether or not affecting the Indian economy or the global economy generally;
- adverse changes in domestic or international regulation or policy;

- increased competition or operations of other airports near Airport, which may make the Airport less attractive compared to other airports;
- the development of efficient and viable alternatives to air travel, including the improvement or expansion of existing surface transport systems, the introduction of new transport links or technology, and the increased use of communications technology;
- grounding of aircraft by the regulator, such as the recent grounding of Boeing 737 MAX aircrafts by DGCA;
- strikes by pilots and other aircraft crew or air traffic control personnel;
- increase in air fares due to reduction in operations of domestic carriers;
- discontinuance of operations of any airlines, for instance, the discontinuance of operations of Jet Airways, which led to a reduction in ATMs at the Airport;
- decisions by airlines regarding airfares due to increased airline costs, the number, type and capacity of aircraft, as well as the routes on which particular aircraft are utilized;
- extensive repairs of runways in Mumbai and Bengaluru have led to delays in flights in and out of Delhi sometimes;
- major maintenance programs as conducted from time to time;
- increase in the number of sectors existing airlines are operating in;
- enhanced security measures due to the current political tensions between India and Pakistan;
- bad weather and other seasonal factors which can impact flights and passenger demand, such as the fog experienced at the Airport during winter, especially during the months of December and January;
- accidents or other security incidents at the Airport or other airports in India; and
- wars, riots, political action, health scares, outbreaks of contagious diseases, disruptions caused by natural disasters, and acts of terrorism or cyber-security threats.

In addition, as the passenger traffic at the Airport nears the passenger capacity of the Airport, increasing our revenue beyond the constraints imposed by the current facilities of the Airport will depend on the successful implementation of the Phase 3A Expansion, which includes, among others, (i) expansion of Terminal 1, including improvements to the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of new roads and a new access tunnel. Implementation of the Phase 3A Expansion will involve complex construction planning and passenger traffic diversion. Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year. The failure to successfully implement any aspect of the Phase 3A Expansion could result in failure to capture additional revenue from increased passenger traffic or loss of revenue from disruption to current passenger traffic.

Although under the SSA any decrease in our aeronautical services revenue due to drops in air traffic below that projected in AERA's tariff determinations are required to be compensated for by AERA when determining the tariffs for the subsequent control period, there is no guarantee that AERA would provide such compensation. Any decreases in air traffic to or from the Airport as a result of the above and other factors could have a material adverse effect on our business, financial condition and results of operations.

Our revenue from non-aeronautical services is driven by passenger numbers and expenditures by such passengers at the Airport. Levels of retail revenue may also be affected by changes in the mix of long- and short-haul, transfer, origin and destination of passengers and also the mix of international and domestic passengers. In addition, retail tenant failures, lower retail yields on lease re-negotiations, redevelopments or reconfiguration of retail facilities, reduced competitiveness of the airport retail offering, reduced hand luggage and other carry-on restrictions and reduced shopping time as a result of more rigorous and time consuming security procedures may lead to a temporary or permanent decline in retail concession fees. Other nonaeronautical services revenue could be reduced as a result of a decrease in demand from airport users or airlines leasing check-in counters. Further, airport terminals are periodically renovated and refurbished, such as currently being undertaken as part of the Phase 3A Expansion, and during such periods, we may experience reduced earnings from non-aeronautical services. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

The Government of India may impose fines on us and/or terminate the OMDA under certain circumstances.

The OMDA and the SSA provide that the Government of India may impose fines and other penalties on us in the event that we breach any of our obligations under these agreements, including by failing to meet certain agreed performance requirements. See "Business — Our Concession — Operation, Management and Development Agreement" for further details. We cannot assure you that we will be able to satisfy our obligations under the OMDA and that the Government of India will not impose any such penalties on us if we do not satisfy our obligations under the OMDA.

The OMDA may be terminated by the Government of India prior to the expiration of the term of the agreement for certain prescribed reasons, including if there is an event of default declared by the "Lenders" (as defined in the OMDA) or a force majeure event causing an interruption to the performance of our obligations beyond a specified period, or if it is determined that it is in the public interest to do so. For example, any un-remedied material default under the primary agreements relating to the Concession, any financing documents, the Master Plan or any major development plans, or any permanent or sustained halt in our operations or any failure to pay the annual fee or any damages resulting from our operations could result in the OMDA being terminated. The OMDA may also be terminated upon an event of default under our term loan facilities or working capital facilities, our insolvency, winding up or liquidation or administration, trust or receivership of all or substantially all of our assets or upon certain violations of Indian laws or regulations. In addition, AAI may assume the operation of the Airport in the event of any emergency, including war, public disturbance or a threat to national security. See "Business — Our Concession — State Support Agreement — Step in Rights" for further details. We cannot assure you that the Government of India will not terminate the OMDA if we are unable to satisfy our obligations thereunder or any of the events described above occur.

In the event of a reversion of the public domain assets that are the subject of our Concession, or "Transfer Assets," AAI is required, and the Government of India has guaranteed — subject to several conditions — to compensate us by, among other things, making payment of 100% if AAI defaults, or 90% if we default under the OMDA, of the "Debt" related to the Transfer Assets to repay our lenders of certain of our debt that is related to such Transfer Assets and to pay us the fair market value for certain other assets it has the option to acquire. There can be no assurance that we will receive compensation equivalent to the value of our investment in or any additional damages related to our Concession and related assets upon the occurrence of such event. Thus, the loss of our Concession would have a material adverse effect on our business, financial condition and results of operations and may result in the loss of all principal and interest owed to the holders of the Notes.

Furthermore, we are allowed under the OMDA to meet all our financing requirements through suitable debt arrangements, and we are additionally allowed to secure certain debt by creating liens over certain assets in favor of the "Lenders" qualified under the OMDA. "Financing institutions, banks, multilateral funding agencies and similar bodies undertaking lending business" qualify as "Lenders" under the OMDA. There is a possibility that certain classes of holders of the Notes ("Noteholders") may be considered by any government or judicial authority, including AAI, to be not engaged in the business of undertaking the lending business and may not qualify within the definition of "Lenders." Accordingly, the definition of "Lenders" in the OMDA would not include Noteholders that are individuals or certain classes of Noteholders who may otherwise provide financing to us either directly or through an intermediary. The Trustee has no duty to determine, and would not be responsible for any determination of, whether any Noteholders qualify as "Lenders" under the OMDA.

Upon termination of the OMDA as a consequence of a default by us or AAI or in certain prescribed other circumstances, AAI may acquire the Transfer Assets by making certain required payments. See "Business — Our Concession — Operation, Management and Development Agreement" for further details. The payments for such acquisition of the Transfer Assets are calculated to include "Debt." However, any amounts outstanding in relation to the Notes held by Noteholders who do not qualify within the definition of "Lender," such as individuals, may not be included in the calculation of "Debt" under the OMDA for the purpose of making transfer payments by AAI. Any amount advanced by individuals to us would not be considered "Debt" as defined in the OMDA since individuals are not considered "Lenders" as defined in the OMDA. This may adversely impact the amount of funds available to Noteholders from the transfer payments made by AAI upon termination of the OMDA. A court may also take the view that none of the Noteholders qualify as "Lenders" under the OMDA, in which case no funds would be available to Noteholders from the transfer payments made by AAI upon termination of the OMDA.

In addition, "Debt," as defined in the OMDA, means the outstanding principal amount of debt payable to "Lenders" and does not include, among other things, debt not secured by a first-priority charge and debt on which we have defaulted and which has become payable prior to the date on which AAI terminates our Concession. Accordingly, any amounts representing defaulted interest or other payments due under the Notes (up to and including the entire amount owed on the Notes if the Notes had prior to such time been accelerated following an Event of Default) as of the date of the termination of our Concession, the "Transfer Date" under the OMDA, would not be considered "Debt" for the purposes of the OMDA, and AAI would not be obliged to repay 90% of such amounts. In such event, the funds paid by AAI would not be sufficient to repay Noteholders, and Noteholders would only receive partial or no repayments of amounts owed under the Notes.

For a description of the Concession Agreements, including the obligations — and the limitations thereto — of AAI and the Government of India in the event of a reversion of the public domain assets that are the subject of our Concession, see "Business — Our Concession." Also see "— Risks Related to the Notes and the Collateral — If our Concession is terminated or transferred to another party, the Notes may not be eligible for transfer payments by AAI or repayments made by any party substituting us and assuming our rights and obligations under the Concession."

Our business is subject to extensive and evolving Indian law and regulations.

Our operations, including the scope and extent thereof, are regulated and restricted by the Government of India and the terms of our Concession Agreements. Principal regulators of the Government of India that formulate and implement policies affecting our business include AERA, MoCA, the DGCA and the Bureau of Civil Aviation Security. We also are required to obtain governmental and regulatory approvals with respect to a variety of matters affecting our operations. In addition, new laws or regulations could be implemented that could have a direct or indirect adverse effect on our operations. While we seek to maintain the favorable relations we believe we enjoy with the regulators who oversee our business, there can be no assurance that these regulators will not formulate and implement policies which adversely affect our business. Key areas of our business that are subject to regulatory oversight include the rate-setting process applicable to aeronautical service tariffs, security, health and environmental safety, and labor relations. There can be no assurance that the regulatory agencies overseeing our operations will rule favorably for us or that the laws and regulations governing our business will not be established or change in the future or be applied or interpreted in a way that could have a material adverse effect on our business, financial condition and results of operations.

Our operations require us to obtain and comply with the terms of various approvals, permits and registrations. While certain approvals, permits and registrations are one-time in nature, which remain valid unless or until cancelled, certain other approvals are only valid for stipulated periods of time and require periodic renewals. For example, we are required to obtain, and renew from time to time, the aerodrome licenses issued by the DGCA with respect to the Airport; our combined consent to operate under the Water (Prevention and Control of Pollution) Act, 1974, and the Air (Prevention and Control of Pollution) Act, 1981, and authorizations under the Hazardous Wastes (Management and Handling) Rules 1989, each as subsequently amended. Additionally, we may be required to obtain or renew from time to time, approvals and licenses at the central (including from AAI), state and municipal levels in relation to our commercial property development projects. There can be no assurance that we will be able to obtain or renew such approvals and licenses in time or at all. Furthermore, the environmental approvals are granted to us based on certain assumptions on the number of people using the airports. Such assumptions may not be accurate and if we obtain or renew environmental approvals based on inaccurate assumptions, our business and operations may be materially and adversely affected. In addition, such approvals, permits and registrations contain various conditions and restrictions that we (as well as our contractors, concessionaries and other relevant third parties) are required to comply with. These include the requirement, in certain cases, to maintain registers and to file periodic returns with the appropriate authorities.

Our compliance costs (including penal or remedial costs in the event of any failure to comply) may be substantial. In certain circumstances, such approvals, permits and registrations may also be revoked or suspended by the issuing authorities or by the Government of India or the competent courts or appellate forums on account of our, or our contractors' or relevant third parties', failure to comply with applicable requirements or restrictions. Any failure to obtain, renew or comply with the terms of applicable approvals, permits and registrations could materially and adversely affect our business, financial condition and results of operations, and also result in reputational damage. For further information, see "Indian Regulatory Environment."

AERA determines the rates we charge for aeronautical services through a consultative process involving us and other stakeholders, based on agreed-upon principles provided in the SSA and our submissions of forecasts for our operation and maintenance expenses, revenues from non-aeronautical services and our finance costs, as well as other factors. While AERA's determination of rates for aeronautical services is a consultative process, AERA may not agree with our forecasts and other calculations included in the tariff applications we submit to AERA. For example, we appealed to the AERAAT (later merged into the TDSAT) against AERA's tariff order for the first control period (from April 1, 2009 to March 31, 2014) dated April 20, 2012 since AERA adopted certain percentages and amounts for our cost of equity, regulatory asset base, inflation and other items that were lower than the percentages and amounts we included in our tariff application, which resulted in lower aeronautical charges than in our application. On July 3, 2017, the Supreme Court of India vacated the order of the Delhi High Court relating to the continuation of the aeronautical tariff structure from the first control period, pursuant to which we, on July 7, 2017, implemented the AERA order to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff for the first control period, which has had a significant negative impact on our aeronautical revenue. On November 19, 2018, AERA issued a further order setting the tariff for the second control period to an amount equal to the Base Airport Charges, including a 10% escalation as provided for in the SSA. See "— Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition."

The rights granted to us under the OMDA and the SSA are our principal assets. Our rights under these agreements may be revoked by the Government of India for certain prescribed reasons, including any event of default on our obligations or any force majeure event. See "Business — Our Concession — Operation, Management and Development Agreement" for further details. If we were to lose our rights, or any portion of them, under the OMDA, the SSA and other Concession-related agreements, such loss could have a material adverse effect on our business, financial conditions and results of operations.

The Government of India could grant new concessions that compete with the Airport.

Governmental authorities could grant additional concessions to operate existing government-managed airports or authorize construction of new airports — any or all of which could compete directly with the Airport. For example, the MoCA has granted site clearance to Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) in July 2017 for setting up a greenfield airport near Bhiwadi, District Alwar, Rajasthan, within 150 kilometers of the Airport. MoCA is also proposing to grant concession for JEWAR Airport, which will be within 150 kilometers of the Airport. Also, while the facilities at the Airport are being upgraded in connection with the Phase 3A Expansion, the Hindon airbase has been selected by the MoCA for operation of regional flights under the Regional Connectivity Scheme ("RCS") from March 2019. Any competition from such other airports could have a material and adverse effect on our business, financial condition and results of operations. Under Indian law, the grant of a concession for a new or existing airport must be made pursuant to a public bidding process. Furthermore, the Aviation Policy 2016 permits development of satellite airports or non-commercial airports within a 150 kilometer radius of existing PPP (public-private partnership) airports, such as the Airport, subject to the provisions of OMDA or any concession agreements.

While, pursuant to the SSA, we have a right until 2036 to match any bid for the construction of any airport within 150 kilometers of the Airport, such right applies only if we bid for the new airport and our bid is within 10% of the most competitive bid. Accordingly, there is no assurance we would be successful in any future public bidding processes, as we do not have an unconditional right of first refusal over any airports to be constructed within proximity to the Airport. Therefore, in the event that a competing concession is offered in a public bidding process, we cannot assure you that we would participate in such a process, or that we would be successful if we were to participate. If we are able to participate and are declared successful in such a public bidding process, we will be required to undertake significant capital expenditures for the construction and development of facilities at the proposed new airport, including new terminals and the related facilities necessary to support these terminals. As and when we are required to construct and develop facilities at the proposed new airport, we will need to raise additional funds, and we cannot assure you that we will be able raise additional funds through the issuance of equity or equity-linked instruments or through debt financing. We cannot assure that market conditions and other factors will permit future project financings, debt or equity, on terms favorable to us. Our ability to arrange financing and the costs of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from financial institutions, the amount and terms of our existing indebtedness, investor confidence, the continued success of current Airport and laws that are conducive to our raising capital in this manner. If we are unable to compete effectively with any such new airports, our business, financial condition and results of operations could be materially and adversely affected.

The loss of one or more of our key customers or a reduction in their operations could result in a loss of a significant amount of our revenue.

Air India Group (comprising Air India Limited, Indian Airlines limited, Airline Allied Services Limited and Air India Charters Limited) accounted for 17.0%, 17.0% and 16.3% of our revenue from aeronautical services for the fiscal years ended March 31, 2019, 2018 and 2017, respectively, while IndiGo accounted for 11.7%, 15.4% and 19.4% of our revenue from aeronautical services over the same periods. We expect that these airlines will continue to account for a significant percentage of our revenue in the future. None of our contracts with our airline customers obligate them to use the Airport for a minimum number of flights or passenger numbers. Decisions by, legal disputes with, financial difficulties at, or the failure of, a significant airline customer, or the withdrawal of their landing rights, could lead to a reduction in flights and passenger numbers and/or failure or delay in recovering aeronautical services revenues. For example, in April 2019, Jet Airways (including its affiliate, Jet Lite) discontinued its operations due to the deterioration of its financial health, which has resulted in a reduction of ATMs at the Airport. The amount of revenue from aeronautical services recognized by us from Jet Airways and its subsidiaries during fiscal year 2019 totaled Rs. 833.9 million (US$12.1 million). If any of our key customers were to reduce their use of the Airport or cease to operate at the

Airport, we cannot guarantee that we would be able to derive revenue from other airlines to offset the loss of revenue from these key customers. In addition, as a result of this reliance, the growth of our revenue is effectively constrained by the number of flights operated by our key customers, the number of passengers they service at the Airport and the size of the aircraft used by these airlines. The interests of our key customers may conflict with our interests, and their pricing policies, business strategies, marketing, capital expenditures and other initiatives may result in disputes or cause them to decrease their use of the Airport. If any of these key customers decreases their flights into and out of the Airport or there is a significant reduction in the number of passengers using these airlines or the size of the aircraft that they use, our results of operations could be adversely affected. We cannot assure you that our revenue generated from these key customers will reach or exceed historical levels in any future period. The loss of such customers could also impact our non-aeronautical services revenue or revenue from commercial property development, for which, unlike drops in our aeronautical services revenue due to decreases in air traffic below those projected in AERA's tariff orders, the SSA does not require AERA to compensate for when determining the tariffs for the subsequent control period. Any loss or cancellation of business from, or decreases in the rates we charge for our services to these key customers could materially adversely affect our business, financial condition and results of operations.

Recently, the Government of India has been actively pursuing divestment of Air India Group and, if successful, we cannot guarantee that the new management of Air India Group would retain the same frequency from the Airport. Further, Air India Group may plan to scale down certain operations, and this would impact our revenues if flights to and from the Airport operated by Air India Group are reduced. In addition, the airline industry in India has been experiencing near term headwinds due to various operational challenges, including, among others, poor financial health of airlines, grounding of aircrafts due to non-payment of aircraft lease, shortages of trained pilots and a ban by the industry regulator DGCA on the flying of Boeing 737 MAX aircrafts, leading to widespread cancellations of flights and a surge in ticket prices, which in turn affect air passenger traffic. One of our key customers has been undergoing operational turbulence, resulting in reduced frequency of their flights to and from the Airport. If any of our key customers were to reduce their use of the Airport or cease to operate at the Airport, we cannot guarantee that we would be able to derive revenue from other airlines to offset the loss of revenue from these key customers.

We are exposed to certain credit risks and we may be unable to collect on our receivables.

In recent years, many airlines, such as Air India, have reported significant losses and increased leverage. Our revenues from airlines and other aeronautical services are typically secured by a performance bond or other types of guarantees, but such guarantees may not fully cover the amount owed by an airline at a certain date, which is the case with amounts owed to us by Air India. Our primary exposure to credit risk arises through services provided to Air India Group which remain partially unpaid. As of March 31, 2019, the concentration of credit risk from Air India Group in the form of outstanding receivables was Rs. 2,573.6 million (US$37.2 million) (including unbilled receivables). We have negotiated to collect interest on outstanding amounts owed by Air India. Although we believe such amounts owed to us by Air India Group will be ultimately collectible, our failure to collect any such amounts would have a material adverse effect on our business, financial condition and results of operations. In the event of insolvency of any of our airline customers, we may be unable to collect any or all amounts invoiced to that airline in respect of passenger charges or other fees. For example, we are party to legal proceedings against Kingfisher Airlines and their officers in connection with the fees that we have not recognized as revenue since October 1, 2012, due to the lack of certainty that we would recover them. See "Business — Legal Proceedings — Criminal Proceedings."

In addition, should any of our principal airline customers refuse to continue to make payments to us, or should they refuse to pay increases in our charges for aeronautical services in future years, our results of operations could be adversely impacted by decreased cash flows from operations.

The interests of the GMR Group, our majority shareholder, may differ from the interests of DIAL or the holders of the Notes.

The GMR Group, primarily through GMR Airports Limited, holds 64% of our shares, and also operates other airports, including Hyderabad's Rajiv Gandhi International Airport, under a concession arrangement, a greenfield airport at Mopa, Goa, India under a concession arrangement, Mactan Cebu Airport through a special purpose company in the Philippines with its majority shareholding partner Megawide Construction Corporation and a new greenfield airport at Crete (Greece) through a special purpose company in Greece with its shareholding partner GEK Terna. Further, the GMR Group has recently been declared as the preferred bidder for a brownfield airport at Nagpur, India and has emerged as the highest bidder for a new greenfield international airport at Bhogapuram, India. As a result of its majority shareholding in us, the GMR Group, in many instances, is in a position to control our management and operations and to determine generally the outcome of many matters requiring the consent of our board of directors. Furthermore, GMR Airports Limited is contemplating economic opportunities by which it may increase its holdings of our shares, including through the acquisition of our shares of existing shareholders (other than AAI), which would further increase its control over our management and operations. In addition, we rely on the support of the GMR Group for certain managerial and operational assistance. Because the GMR Group manages a portfolio of different projects, the interests of the GMR Group may not coincide with our requirements. We cannot assure you that the GMR Group would act completely in the interest of the holders of the Notes or that possible conflicts of interests would be resolved in favor of the holders of the Notes. Further, we cannot assure you that GMR Group will continue to hold its entire stake in GMR Airports Limited and GMR Group will not sell its stake in GMR Airports Limited. For example, in March 2019, the GMR Group announced proposed investments by Tata Group, GIC, Singapore's sovereign wealth fund, through an affiliate, and SSG Capital Management in GMR Airports Limited, pursuant to which the shareholding of the GMR Group in GMR Airports Limited would decrease from 94.1% to approximately 54%. As part of the terms of the proposed investments, the GMR Group will retain management control over GMR Airports Limited with the new investors having customary rights and board representation.

On May 3, 2018, we made an inter corporate loan of Rs. 4,000 million to our intermediate holding company, GMR Infrastructure Limited, which carried interest at a rate of 10.15% and a term of 1 year, with all applicable approvals. On May 2, 2019, we received partial repayment of such loan in the amount of Rs. 1,000 million. GMR Infrastructure Limited has made a request to extend the balance of such loan for a three month period, which has been approved by our board of directors, subject to AAI approval. We cannot assure you that the balance of such loan will be repaid in full or on time.

We have entered into, and will continue to enter into, related party transactions, and there can be no assurance that we have achieved as favorable terms as had such transactions not been entered into with related parties.

As permitted under the OMDA, we have entered into transactions with several related parties, including entities controlled by our majority shareholder, the GMR Group, and we will enter into related party transactions in the future. While we believe that all such transactions have been conducted on an arm's-length basis and in accordance with the provisions under the OMDA, there can be no assurance that we have achieved as favorable terms as had such transactions not been entered into with related parties. Furthermore, while we believe that all such transactions have been conducted on an arm's length basis and in accordance with the OMDA, any future transactions with our related parties could potentially involve conflicts of interest. These related party transactions include sales and purchases of goods, rendering of services, sales and purchases of fixed assets, payments of dividends, the making and borrowing of loans and capital advances. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition and results of operations. For further information regarding our related party transactions, see "Certain Related Party Transactions."

AAI acts as our shareholder and indirect competitor, and this may give rise to conflicts of interest.

We may face or suffer potential conflicts of interest arising from the fact that AAI plays multiple roles in our business. While we have entered into several agreements and contracts with AAI in relation to our Concession, including a shareholders agreement governing AAI's equity ownership in DIAL, in some instances AAI may also be regarded as our competitor. For example, in one role AAI holds 26% of the shares in DIAL, and pursuant to the terms of the OMDA, AAI has the right to nominate at least one director to our board of directors even if AAI is no longer one of our shareholders and it also has certain corporate governance rights, including the authority to veto certain reserved matters at the DIAL board and shareholder levels. See "Business — Our Concession — Shareholders Agreement — Board of Directors and Reserved Matters." AAI is responsible for communication navigation and surveillance, and air traffic management services at the Airport, while other governmental agencies are also responsible for providing certain services, such as customs, immigration and security services in respect of aeronautical assets, health, meteorology and quarantine. In another role, however, AAI is an operator of other airports in India under the Ministry of Civil Aviation. Since AAI also has interests in the operations of other airports, certain conflicts of interest (including in terms of actual or perceived public or national interest or policy objectives) may arise, and there can be no assurance that AAI will act in our favor, which may result in loss of our business, restrictions on our operations and materially adversely affect our business, financial condition and results of operations.

Increases in aviation fuel prices could result in airlines increasing their airline ticket prices, which, in turn, could reduce demand for air travel.

Aviation fuel costs represent a significant part of the operating costs of all airlines, including those which use the Airport. Aviation fuel prices have experienced periods of significant increases in the past, due to a number of factors including, but not limited to, macroeconomic conditions, regional hostilities in areas such as the Middle East and oil industry production-limitations, and may be subject to further increases in the future. Such increases in airlines' aviation fuel costs have, in the past, resulted in higher airline ticket prices and, in turn, have decreased demand for air travel. Accordingly, any such future increases in aviation fuel prices could result in further increases in airline ticket prices and decreased demand for travel on airlines which use the Airport, thereby adversely affecting our revenues and results of operations. Moreover, increased aviation fuel prices likely will have a more pronounced and adverse impact on those airlines which use less fuel-efficient airline fleets, a group which could include some of the airlines which use the Airport. Such an impact would, in turn, have a negative effect on our revenues and results of operations.

International and domestic events could have a negative impact on international air travel.

Historically, we have derived a substantial amount of our revenue from aeronautical services, a principal source of which is user development fees. User development fees (including passenger service fees) are payable for each passenger (other than diplomats, infants and transit passengers) departing from the Airport. In the fiscal years 2019, 2018 and 2017, revenue from user development fees directly represented 5.3%, 19.5% and 45.8%, respectively, of our total income. Catastrophic events involving passenger aircrafts have a negative impact on the aviation industry, such as the recent aircraft crashes which have led to the grounding of Boeing 737 MAX aircrafts by a number of aviation regulators globally, putting upward pressure on fares. Events such as the war in Syria, unrest in Ukraine, international tension on the border between India and Pakistan and on the Korean Peninsula, natural disasters such as the recent floods in Chennai and other parts of Tamil Nadu in November 2015, the volcanic eruptions in Iceland in 2011 and the Indian Ocean earthquake and tsunami in 2004 and public health crises, such as the Ebola outbreak in the western and central regions of Africa, the SARS crisis, outbreak of the Zika virus and the swine flu (H1N1) epidemic may negatively affect the frequency and pattern of air travel worldwide. The effect of such incidents on the aviation industry may include increased security and insurance costs, increased concerns about future terrorist attacks, airport shutdowns, flight cancellations and delays due to security breaches and perceived safety threats, and reduced passenger traffic due to the subsequent drop in demand for air travel globally. Because our revenue is largely dependent on the level of passenger traffic at the Airport, any general increase of hostilities relating to reprisals against terrorist organizations, tension on the international borders of India, outbreaks of health epidemics or other events of international concern (and any negative economic impact from such events) could result in decreased passenger traffic and increased costs to the air travel industry and, as a result, could have a material adverse effect on our business, financial condition and results of operations.

Terrorist attacks may have a severe negative impact on the international air travel industry.

As with other airport operators, we are subject to the risk of terrorist attacks. The terrorist attack on the United States on September 11, 2001 had a severe adverse impact on the air travel industry. Significant terror attacks have occurred in the past in India, most recently in Mumbai in 2008 and 2011, in New Delhi in 2011, in Uri in the state of Jammu and Kashmir in 2016 and most recently in Pulwama in the state of Jammu and Kashmir in 2019. India has, from time to time, experienced domestic social and civil unrest and hostilities with neighboring countries, such as Sri Lanka and Pakistan. Isolated troop conflicts and terrorist attacks continue to take place in south Asian region. The potential for hostilities between India and Pakistan could be particularly threatening because both India and Pakistan are nuclear powers. These hostilities and tensions could lead to political or economic instability in India and a possible material adverse effect on our business, financial condition, cash flows and results of operations.

Military activity or terrorist attacks in the future could adversely impact the Indian economy by disrupting communications and making travel more difficult, and such tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Notes. Such incidents could also create an increased perception that investment in Indian companies involves a higher degree of risk and could materially adversely affect our business, financial condition and results of operations.

In the event of a terrorist attack directly on the Airport, airport operations would be disrupted or suspended, resulting in the cancellation or delay of flights during the time necessary to conduct rescue operations, investigate the incident, and repair or rebuild damaged or destroyed facilities. Security measures taken to comply with future security directives or in response to a terrorist attack or threat could reduce passenger and cargo capacity at the Airport due to increased passenger and baggage screening, slower security checkpoints, impose additional limitations on airport capacity for retail space, and increase our operating costs. We may not be able to pass on any additional operating costs we incur as a result of increased security. Any terrorist attacks would likely have a negative impact on the reputation of the Airport and could lead to fewer airlines and passengers using the Airport. In addition, our insurance policies do not cover all losses and liabilities resulting from terrorism, and our future insurance premiums would likely increase. All of the above factors may have a substantially adverse effect on our business, financial condition and results of operations.

Failure in our airport security could have a material adverse effect on us.

Airport security is the responsibility of the Government of India. We are responsible, however, for adopting security measures at the Airport necessary to assist the Government of India in protecting the public and maintaining the security of passengers. Under the terms of the OMDA and the SSA, we must provide certain space and facilities necessary for the Government of India to provide its required security measures. Security measures taken by us or the Government of India to comply with future security directives or in response to a terrorist attack or threat could reduce passenger capacity at the Airport due to increased passenger screening and slower security checkpoints. In addition, any failure in any of the security measures at the Airport that results in a serious security breach or a public security scare may result in reputational damage to passenger traffic, which would have a material and adverse effect on our business, financial condition and results of operations.

Our strategy to develop commercial property development projects at the Airport may be unsuccessful.

As part of our Concession, we have the right to develop approximately 230 acres at the Airport available for certain commercial purposes only. Areas which we have given out include approximately 45 acres for a hospitality district. AAI considers the area of our hospitality district to be approximately 62.5 acres after accounting for the common infrastructure area. We are challenging AAI's position, but should AAI prevail, the area available to us for commercial property development at the Airport would be reduced by an additional 17.5 acres. We have also recently given the first tranche of development rights for 4.9 million sq. feet of commercial space. In connection with this transaction, we have given options for an additional tranche of development, and although we expect to receive security deposits and regular lease rentals with respect to such subsequent tranches, there can be no guarantee that the developer will exercise such options. Furthermore, we intend to fund a portion of the capital expenditure for the Phase 3A Expansion with such security deposits, so should the developer choose not to exercise its options, we may need to find alternative sources of funding, including additional debt financing.

A number of local and national real estate companies also focus on developing projects in the commercial property segment. In particular, in and around the Gurugram region, close to where the Airport is located, the market for commercial property is extremely competitive. Moreover, the business of commercial property development may be affected by many external factors, such as demand for and supply of commercial property, and the economic, regulatory and political environment. Commercial property development in India is highly regulated at the state and local level, as well as cyclical, which could result in time and cost overruns in the event that the development companies are unable to obtain necessary approvals and permits in time or to negotiate and manage customer contracts such that their cash flows are not disrupted. Additionally, the proximity of some of our land parcels to the Airport (which is considered a high security area) may raise security concerns and require our lessees to comply with more stringent security requirements as compared to commercial property elsewhere, thereby requiring them to incur higher costs to comply with such security requirements, along with the possibility of delays in obtaining security clearances from security agencies, which may adversely affect the demand for our land parcels and adversely affect the revenues we can expect to generate from such land.

In particular, the success of our commercial property developments could be adversely affected by the inability of customers to obtain credit to finance the acquisition of interests in our commercial properties, the financial position of customers to pay our rents, delays in obtaining requisite approvals (including security clearances), shortages of required construction materials, equipment and labor, labor unrest, or disputes with or insolvency of key contractors resulting in construction delays, or disputes with, or insolvency, of key tenants in our commercial and retail properties. Some of these factors could adversely affect the ability of the lessees to pay their lease rentals to us. Further, we are exposed to risks generally associated with the long-term leasing of real property to third parties, such as a decline in rental market demand, occupancy rates or rent levels, non-payment by tenants or a weakening of the real estate market. Moreover, our commercial property assets are located on or adjacent to the Airport and serve a particular sector of the rental market, thus exposing us to fluctuations in this specific market.

Any of these risks could adversely affect the profitability of our commercial property development activities and, consequently, our business, financial condition and results of operations.

Our results of operations may fluctuate from period to period due to the cyclical and seasonal nature of the air transportation industry.

Since the air transportation industry is vulnerable to economic cycles, the air transportation industry has historically experienced significant financial losses during economic downturns and periods of political and social instability. Any future general reduction in passenger traffic (which may be caused by economic, political and social factors that we cannot control) may adversely affect our financial condition and results of operations. In addition, the industry tends to be seasonal in nature, and we typically experience increased passenger traffic, in particular international passenger traffic, and ATMs in the first and third quarter of each fiscal year as travelers visit northern India during school holidays and the relatively cooler weather, and lower passenger traffic and ATMs in the second and fourth quarters.

A significant part of non-aeronautical operations is conducted by joint ventures and associates that we do not control or may not operate solely for our benefit. We may in the future conduct more of our business through such joint ventures and associate entities.

We have entered into joint ventures with third parties as part of our business and growth strategy. In our joint ventures we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities, or resources that we do. Operating a business as a joint venture often requires additional organizational formalities, as well as time-consuming procedures for sharing information and making decisions. In our joint ventures, we are required to pay more attention to our relationship with our co-owners, and if a co-owner changes, our relationship may be materially and adversely affected. Additionally, our influence over the corporate governance of our joint venture companies may be limited. In addition, the benefits from a successful joint venture are shared among the co-owners, so we do not receive all the benefits from our successful joint ventures. The success of our joint ventures depends significantly on the satisfactory performance by our co-owners of their contractual and other obligations. As we do not control our co-owners, we face the risk that they may not fulfill their obligations. In such a circumstance, we may be required to make additional investments, which could result in reduced profits or, in some cases, significant losses. For a description of our joint ventures, see "Business — Subsidiary, Joint Ventures and Associates."

Investments through joint ventures may involve certain other risks, including the possibility of joint venture partners failing to meet their financial obligations on time or at all. We, along with the other shareholders, have pledged our shares in two of our joint ventures to the lenders of such joint ventures. If any of these joint ventures is unable to satisfy its debt service requirements, its lenders may foreclose on our shares in it, which could have a material and adverse effect on our business, financial condition and results of operation. In addition, we may be required to make additional investments in our joint ventures to maintain our equity interest and any failure to make such investments due to a lack of funds or any other reason could significantly dilute our ownership in such joint ventures and have a material and adverse effect on our financial condition and results of operation. Such investments may also run the potential risk of impasses on certain key decisions. Any disputes that may arise between us and our joint venture partners may cause delay in completion, suspension or complete abandonment of a project. In addition, we may, in certain circumstances, be liable for the actions of our joint venture partners, or be limited in our ability to increase our equity interest or divest our equity interest in the joint venture, any of which could materially and adversely affect our business, financial condition and results of operations.

Our revenue and profitability may not increase if we fail in our business strategy.

Our ability to increase our revenue and profitability will depend in part on our business strategy, which consists of increasing our airport users' consumption, developing infrastructure to accommodate expected growth in passenger traffic, and continuing to improve the commercial offerings at the Airport.

Our ability to increase our revenue from commercial activities depends heavily on increasing passenger traffic at the Airport, among other factors. We cannot assure you that we will be successful in implementing our strategy of increasing our revenue from commercial activities. The passenger traffic volume in the Airport depends primarily on factors beyond our control, such as the attractiveness of the commercial, industrial and tourist centers that the Airport serves, as well as economic and political conditions generally. Accordingly, there can be no assurance that the passenger traffic volume in the Airport, and the resulting revenues derived from commercial activities, will increase.

Routing and other operational decisions by airlines or airline alliances can affect traffic volumes and our operations.

Routing, stop-over and connection decisions or the creation or designation of a hub by individual airlines or airline alliances could result in significant shifts in passenger flows. Although Air India and certain other airlines use the Airport as their hub, there is no assurance that they will continue using it as they currently do. In addition, an airline's decision to use larger or smaller types of aircraft at our airports could result in changes to operational and facility requirements, which may require us, for example, to modify or construct new gate facilities to accommodate new, larger aircraft operated by airlines. We currently have a number of gate facilities at the Airport able to accommodate new, larger aircraft operated by various airlines that utilize the Airport, such as the Airbus A380. However, we may be unable to adapt in time for any future developments in new aircraft that require modifications to our existing facilities. Airline or airline alliance routing and hub designation decisions may affect the revenue we derive from landing charges, parking and housing charges, baggage x-ray charges and user development fees or may require us to incur substantial costs in establishing new types of facilities and services. These and other possible activities and operational decisions by airlines or airline alliances could have a material adverse effect on our business, financial condition and results of operations.

Our airport competes with other modes of transport to and from Delhi, as well as other destinations and airports in India and in nearby countries, such as Singapore and Dubai.

The airport business is dependent on passenger and air cargo traffic, which compete with each other and with alternative modes of transportation, particularly transport by highways and rail. In India, although air travel is generally significantly more convenient and comfortable for passengers, the cost of air travel is usually much higher than the cost of travel by highways and rail. Cargo transport by highways and rail are the principal sources of competition to air cargo traffic, particularly in the case of large or heavy loads or goods for which speed is not a priority. In recent years, large investments have been made in the improvement of the rail network and highways in India. This may further intensify the competition for passenger and freight traffic between air transport and transport by highways or rail.

The principal factor affecting our business is the number of passengers that use the Airport. The number of passengers using the Airport is dependent upon the level of business and economic activity in India and elsewhere, and our passenger traffic volume may be adversely affected by economic instability. In addition, our passenger traffic volume may be adversely affected by the attractiveness, affordability and accessibility of competing tourist destinations in South Asia and Southeast Asia, such as Sri Lanka, Thailand, Indonesia and the Philippines. The attractiveness of the destinations served by airlines from the Airport is also likely to be affected by perceptions of travelers as to the safety and political and social stability of India. There can be no assurance that business activity and tourism levels, and therefore the number of passengers using the Airport, will, in the future, match or exceed current levels.

Although we currently do not face significant competition from other airports in northern India, the Airport faces competition from other airports in South Asia and elsewhere, including Mumbai's Chhatrapati Shivaji International Airport, Singapore's Changi Airport, Thailand's Bangkok International Suvarnabhumi Airport, Dubai International Airport and Hong Kong International Airport. Any attempts we make to develop the Airport into a hub for international airlines will involve competition with these airports. Although Air India, and certain other airlines currently use the Airport as their hubs, the Airport's potential to attract other airlines to use it as an aviation hub depends on factors such as connectivity (that is, the number of connecting flights available for arriving airlines), capacity and passenger satisfaction levels. There can be no assurance that the Airport will continue to act as a hub, become a hub for any other international airlines or successfully compete with other airports in India or around Asia. Furthermore, any arrangements with an airline for using the Airport as a hub will likely not be for any definite period and may be terminated at any time. Such an event is likely to have an adverse effect on our revenues and result of operations.

If our Airport is unable to compete effectively with other modes of transport or other airports, as applicable, or the relative costs of air traffic are too high, our business, financial condition and results of operations may be materially and adversely affected.

A change in relations with our labor force could have an adverse impact on our business.

The airport industry in particular has been subject to work stoppages and strikes. Although we believe we currently maintain good relations with our labor force, any conflicts with our employees resulting in strikes or other disruptions could have a negative impact on our business. The Airport experienced at least one labor strike prior to the beginning of our Concession. We cannot assure you that we will be able to prevent our employees from undertaking work stoppages.

Further, India has stringent labor legislation that protects the interests of workers. This legislation sets out detailed procedures for industrial dispute resolution and employee compensation for injury or death sustained in the course of employment and imposes financial and other obligations on the employer in respect of occupational health and safety and in case of lay-offs (and also, in certain circumstances, on the principal employer, where a contractor does not or cannot fulfill its obligations towards its employees). Such labor legislation may restrict our ability to maintain flexible human resource policies or to downsize our operations. If we terminate any of our employment contracts without cause, we may be required by Indian labor law to make severance payments. There are proceedings against us pertaining to the termination of some of our employees. Further, we cannot assure you that we will not have to terminate employees without cause, subjecting us to payments which could, in the aggregate, materially and adversely affect our business, financial condition and results of operations.

We are exposed to risks inherent to the operation of airports.

While the Government of India provides security services at the Airport, we are also obligated to protect the public and to reduce the risk of accidents at the Airport. We must implement measures for the protection of the public, such as hiring private security services, maintaining the Airport's infrastructure and fire safety in public spaces, and providing emergency medical services. We are also obligated to take certain measures related to our aeronautical services, such as maintenance, management and supervision of aeronautical assets, rescue and fire-fighting services for aircraft, measurement of runway friction coefficients, flood control measures and measures to control the threat from birds and other wildlife at the Airport. These obligations could increase our liability to third parties for personal injury or property damage, thereby adversely affecting our business, financial condition and results of operations.

Airports are exposed to the risk of incidents, including accidents, as a result of a number of factors, including extreme weather conditions, movement of large number of passengers, variable aircraft movements, traffic congestion, equipment failure, human error and terrorist activities. These incidents could result in injury or loss of human life, damage to airport infrastructure, short or long term closure of an airport's facilities and damage to the reputation of the Airport and may have an impact on passenger traffic levels, which in turn could have a material adverse effect on our business, financial condition and results of operations.

The operations of the Airport may be affected by actions of third parties, which are beyond our control.

The operation of the Airport is largely dependent on the services of third parties and the Government of India for the rendering of services to passengers and airlines, such as air traffic control, security, electricity, immigration and customs services, plant and animal quarantine services, health services and meteorological services. In addition, we are dependent on third-party providers of certain complementary services such as baggage handling, fuel services, catering and aircraft maintenance and repair. Rail, bus and taxi services at the Airport are also provided by third-party ground transportation providers. Furthermore, one of our shareholders, Fraport, has acted as the operator of the Airport and provided us with essential management and consultancy services since the commencement of our

Concession. We are not responsible or liable for, and cannot control the services provided by these third parties. Any disruption in, or adverse consequence resulting from, their services, including a work stoppage or other similar event, could have a material adverse effect on our business, financial condition and results of operations.

We are exposed to risks related to handling cargo.

The air cargo system at the Airport is a complex, multi-faceted network that handles a vast amount of freight, packages and mail carried aboard passenger and all-cargo aircraft. The air cargo system is vulnerable to security threats, some of which are beyond our control including potential plots to place explosives aboard aircraft, illegal shipments of hazardous materials, criminal activities, such as smuggling and theft and potential hijackings and sabotage by persons with access to aircraft. Although we have put into place several procedural and technology initiatives to enhance air cargo security and deter terrorist and criminal threats, we may be subject to related risks or the reduction of our cargo traffic volume. The occurrence of such events could adversely affect our business, financial condition and result of operations.

We are exposed to the risk of non-performance by our concessionaires and licensees.

We have granted concessions and licenses to third parties and our joint ventures and associates to provide certain services which are necessary for our operations, such as activities relating to commercial air transport, including hangar and aircraft maintenance, fuel distribution, platform services and catering. In the event that our concessionaires or licensees fail to perform their obligations under our agreements with them, we could incur extra costs in replacing them or the services provided by them in order to comply with our obligations.

We may not be able to enter into or renew certain of our revenue generating and other commercial agreements on terms that are acceptable to us, or at all.

We have entered into various revenue generating and other commercial agreements for the purposes of our business at the Airport and are dependent on ongoing commercial relationships with certain third parties. We have formed joint ventures and continue to enter into agreements to form joint ventures or for other commercial or retail business carried out at the Airport. We will seek to renew or replace such agreements as and when they expire. However, if we are unable to renew or replace the contracts on economically beneficial terms, or at all, it could have a material adverse effect on our business, financial condition and results of operations.

Our business is exposed to various operational and systems risks.

Our success depends in part on the efficient and uninterrupted operation of IT systems at the Airport as well as our computer and communications hardware systems. We actively rely on these systems for the management and operation of the Airport, including our safety management, operation of our check-in process, operation of our baggage and cargo tracking and management of passenger and other data. Various agencies of the Government of India that provide services to passengers and airlines at the Airport, such as air traffic control, security, electricity and immigration and customs services, plant and animal quarantine services, health services and meteorological services, also rely on IT systems as well as our computer and communications hardware systems. These systems could be damaged or interrupted by fire, flood, power loss, telecommunications failure, computer viruses, physical or electronic break-ins, and similar events or disruptions. Any of these events could cause system interruptions, delays, malfunctioning and loss of critical data, and could impair or even halt some or all of the operations at the Airport. In addition, our concessionaires' or licensees', or the Government of India's computer systems may be vulnerable to computer viruses, physical or electronic break-ins and other similar disturbances, which could lead to interruptions, delays, loss of data or the inability to operate the Airport.

Our risk management strategies may not be adequate against all possible operational and systems risk we face. While we currently maintain insurance coverage for losses due to business interruption, we cannot assure you that this coverage would be sufficient to cover all of our potential losses. If any of these operational or systems failures were to occur, it could damage our reputation, be expensive to remedy and could have a material adverse effect on our business, financial condition and results of operations.

Our business is also exposed to operational risks such as fraud or unauthorized access by employees, contractors or outsiders, incorrect data provided by third parties, unauthorized transactions by employees and operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Further, our risk management strategies might prove to be inadequate, especially if unanticipated circumstances or risks come to pass, in which case we might incur substantial, unexpected losses. Any losses suffered as a result of these and other factors could have a material adverse effect on our business, financial condition and results of operations.

We are subject to foreign exchange risk with respect to our U.S. dollar-denominated debt financing and certain revenue sources.

As at March 31, 2019, we had an aggregate of Rs. 55,646.5 million (US$ 804.5 million) of non-current borrowings outstanding, representing U.S. dollar-denominated indebtedness in the form of senior secured foreign currency notes, which represent the Existing Notes in U.S. dollars. We engage in certain hedging transactions, but such transactions may not sufficiently protect us against significant foreign currency fluctuations. The Rupee may appreciate, depreciate or fluctuate significantly against the U.S. dollar or other currencies in the future. An appreciation of the Rupee against the U.S. dollar may increase our required additional financing needs, while a depreciation of the Rupee against the U.S. dollar may increase our repayment costs. However, all of our outstanding borrowings are currently hedged through call spread options. The effective average hedge cost is approximately 3.55% to 3.68% of foreign currency borrowings. Although we earn a portion of our revenue in U.S. dollars, we convert such revenue into Rupees, and therefore we rely, and expect to continue to rely, on foreign exchange markets to meet the majority of our U.S. dollar-repayment costs, and we cannot assure you that we would be able to generate additional revenue sufficient to offset such increased costs. As a result, fluctuations in the value of the Rupee against the U.S. dollar may materially adversely affect our financial condition and results of operations.

Our insurance policies may not provide sufficient coverage against all liabilities.

While we seek to insure against all reasonable risks, we can offer no assurance that our insurance policies will cover all of our liabilities and losses in the event of an accident, terrorist attack or other incidents causing damage to our facilities or a third-party or interruption to our business. The insurance market for airport liability coverage generally, and for airport construction in particular, is limited, and a change in coverage policy by the insurance companies involved could reduce our ability to obtain and maintain adequate or cost-effective coverage. Should losses occur, there can be no assurance that such losses will not exceed the pre-established limits on any of our insurance policies. Additionally, we are required under the OMDA to maintain certain types and levels of insurance coverage and our Concession could be subject to termination if we fail to maintain the required coverage. See “Business — Property and Insurance” herein.

We may become subject to legal or regulatory claims or investigations against us.

From time to time, we may become involved in legal or regulatory proceedings, claims or investigations, including by governmental bodies, customers, suppliers, former employees, class action plaintiffs and others. On an ongoing basis, we attempt to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty.

We do not believe that any of the proceedings or claims to which we are currently party will result in costs, charges or liabilities that will have a material adverse effect on our business, financial position and results of operations. However, we cannot assure you that the costs, charges and liabilities associated with these matters will not be material, or that those costs, charges and liabilities will not exceed any amounts reserved for them in our financial statements. In future periods, if any of these matters are resolved unfavorably to us, we could be subject to cash costs or non-cash charges to earnings and be required to reflect liabilities in our financial statements for which we previously had not made provisions in our financial statements.

In addition, in March 2012, the Comptroller and Auditor General of India ("CAG") released reports on the implementation of the public-private partnership for the Airport. The reports portrayed certain aspects of the OMDA as being disproportionately favorable to us, such as favorable renewal terms, our right of first refusal for regional airport projects, certain aspects of our usage and development fee structures, and the classification under the OMDA of certain joint ventures as "non-aeronautical" operations. Additionally, in connection with the Comptroller and Auditor General of India's reports, the Public Accounts Committee ("PAC") of the Lok Sabha (the lower house of the Parliament of India) released a report in February 2014 about the implementation of the public-private partnership for the Airport. Like the Comptroller and Auditor General of India's reports, it portrayed certain aspects of the OMDA as being disproportionately favorable to us although the final report of the PAC did not have any adverse observation against us.

While these reports do not make any recommendations specific to the OMDA and our Concession and CAG's attempt to audit the Company was rejected by the Delhi High Court, it is possible that further public debate concerning our status due to regulatory pressure may have an adverse impact on our rights under the Concession Agreements and have a material adverse effect on our business, financial condition and results of operations.

We are subject to various environmental laws and regulations, and our failure to comply with environmental and other regulations could seriously harm us.

We and the airlines using the Airport are subject to a variety of laws and regulations relating to, among other things, airports, aircraft, noise limitations and the use, discharge and disposal of waste materials produced by aircraft and inflight catering operations using the Airport. We believe that we are in substantial compliance with currently applicable environmental laws and regulations; however, environmental claims or the failure to comply with present or future regulations could subject us to future liabilities, including the assessment of damages, fines and orders to cease or modify certain construction projects. In addition, new laws or regulations could require us to modify airport operations or incur other expenses that could have a material adverse effect on our business, financial condition and results of operations.

We maintain limited insurance policies that guard against, among other things, losses resulting from environmental harm caused by us. While we believe our insurance coverage is reasonable, we cannot assure you that it would be sufficient to cover all of our potential losses.

Expansion and improvement of the Airport and the building of new airports pursuant to our right of first refusal in the SSA also depend on the receipt of environmental approvals as well as planning, zoning and other approvals granted by municipal, regional and other Indian public authorities. For example, before we were able to commence the Phase 3A Expansion we were required to conduct an environmental assessment evaluating what impact the Phase 3A Expansion would have on air quality, ground water, levels of noise and waste generation on the areas immediately surrounding the Airport as well as the longer term impact the Phase 3A Expansion may have on air quality across Delhi due to increased operations at the Airport. Upon completion of such assessment and before we could commence construction of the Phase 3A Expansion we were required to submit our findings to, and seek approval from, the Ministry of Environment, Forest and Climate Change as well as the Delhi Pollution Control Committee. While we have taken steps to mitigate any impact the Phase 3A Expansion may have on the environment immediately surrounding the Airport as well as Delhi more generally, we cannot assure you that such steps will be sufficient to completely neutralize any negative externalities, or that we will continuously be in full compliance with regulations imposed on us by the Ministry of Environment, Forest and Climate Change, the Delhi Pollution Control Committee or other national or local regulators with respect to our construction of the Phase 3A Expansion. Any such negative impacts or non-compliance on our part may lead to complaints being lodged against us by the communities surrounding the airport, activist groups, any of which may have a material adverse effect on our business, financial condition and results of operations. Further, should environmental regulators adopt a more restrictive regulatory framework for any of these areas, our ability to expand the Airport and meet increased demand could be limited.

In addition, the implementation of environmental regulations imposing taxes on carbon emissions could increase the cost of air travel services to consumers. Such increased prices could reduce demand for air travel and have a material adverse effect on our business, financial condition and results of operations.

We are subject to risks related to tax disputes with certain tax authorities.

We are party to various tax proceedings with certain tax authorities at the central and state-level governments in India, including the GST and income tax authorities and the Municipal Corporation of Delhi. These proceedings relate to disputes between us and these authorities regarding, among others, (a) the tax treatment applicable to the annual fee payable to AAI, (b) the imposition of GST on our licensing of certain property and the development fees we collect, (c) the assessment of property taxes, (d) applicability of stamp duty on the agreements executed with the developers of commercial property and (e) our arrangement with MoCA with respect to the use of the security component of passenger service fees for certain Rupee-denominated loans. All of these proceedings are at various stages of adjudication and are currently pending. If unfavorable decisions are rendered in one or more of these proceedings, we could be required to pay substantial amounts and be required to reflect liabilities in our financial statements for which we previously had not made provisions in our financial statements. For certain of these disputes, but not all, we have established provisions only for part of the amounts in dispute, based on the likelihood of success. See "Business — Legal Proceedings — Tax Proceedings."

Our ability to retain, attract and train and retain executives and other qualified employees is critical to our business, results of operations and future growth.

Our business and future growth is substantially dependent on the continued services and performance of our key executives, senior management and skilled personnel, especially personnel with experience in our industry and our information technology and systems. While the attrition rates for our senior management and key executives are not significant, any of them may choose to terminate his or her employment with us at any time. We cannot assure you that we will be able to retain such persons or find adequate replacements in a timely manner, or at all. The industry relationships and specialized experience that we require can be time-consuming and difficult to acquire and develop. We may require a long period of time to hire and train replacement personnel if and when skilled personnel terminate their employment with us. Our ability to compete effectively depends on our ability to retain and motivate our existing employees and to attract new employees. We may be required to increase our levels of employee compensation more rapidly than in the past in order to remain competitive in managing employee attrition and attracting the skilled employees that we require. If we do not succeed in retaining or motivating existing employees and attracting appropriately qualified new employees, our business and prospects for growth could be adversely affected.

We have had, and may in the future have, working capital deficits.

A working capital deficit means that our current liabilities exceed our current assets. Current liabilities include those due for payment within one year of the balance sheet date and include a portion of any of our indebtedness and fixed payment obligations. Current assets are assets that are expected to be converted to cash or otherwise utilized within one year of the balance sheet date and, therefore, may be used to pay current liabilities as they become due during that period.

Due to the nature of our business, our current liabilities will generally exceed our current assets. Current liabilities primarily arise from trade payables, interest accrued but not due on borrowings and current maturities of trade deposits. However, we did not have any working capital deficits as of March 31, 2019, 2018 and 2017, at which times our current assets exceeded our current liabilities by Rs. 19,314.1 million, Rs. 26,010.7 million and Rs. 25,723.6 million, respectively, due primarily to our decision to increase investments in mutual funds and fixed deposits in anticipation of a potential change in aeronautical tariff rates and in light of our plans for future expansion. See "Business — Our Sources of Revenue — Other Fees We Do Not Earn." Our trade deposits consist primarily of deposits we receive from our aeronautical and non-aeronautical services customers, including certain of our joint ventures and associates. In the past we have relied on our net cash generated from operating activities, cash and cash equivalents, bank balance other than cash and cash equivalents and funds from financing sources to satisfy our current liabilities as they became due. Depending on our capital requirements, market conditions and other factors, we may raise additional funds, which could further increase our working capital deficits. We cannot assure you that we will be able to secure adequate capital to continue our business, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations. See "Risk Factors — Risks Related to our Business — Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion."

Our ability to raise capital outside India may be constrained by Indian law, which could adversely affect our financial condition and prospects.

India's policy on external commercial borrowing, as set out in the ECB Master Directions, provides guidelines for raising of external commercial borrowings, in addition to the regulations relating to the end-use of proceeds, creation of security in favor of eligible offshore lenders, maximum interest payable, and repatriation of payments towards such offshore lenders. External commercial borrowing by an eligible borrower is permitted under the automatic route up to certain limits in a year, with the stipulated minimum average maturity, for permissible end-uses. Further, the ECB Master Directions currently limit the all-in-cost to the benchmark rate plus a 450 basis point spread per annum and the restricted end uses currently include real estate activities, investments in capital markets and equity investments. External commercial borrowing not complying with these requirements is permitted with the prior approval of the RBI, in accordance with the ECB Master Directions. These limitations on external commercial borrowing could constrain our ability to raise cost-effective funding for implementing asset purchases, servicing or refinancing existing indebtedness, or financing acquisitions and other strategic transactions in the future, which may adversely affect our financial condition and prospects.

Risks Related to India

All of our assets and operations are located in India, and we are subject to regulatory, economic, social and political uncertainties in India.

All of our assets and employees are located in India. Consequently, our financial performance will be affected by changes in exchange rates and controls, interest rates, commodity prices, subsidies and controls, changes in government and also their respective policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India. The Government of India has exercised and continues to exercise significant influence over many aspects of the Indian economy. The Government of India has historically played a key role, and is expected to continue to play a key role, in regulating, reforming and restructuring the Indian aviation industry. The Government of India has in the past, among other things, imposed controls on the price of a broad range of goods and services, restricted the ability of business to expand existing capacity and reduce the number of their employees, and determined the allocation to businesses of raw materials and foreign exchange. Since 1991, successive Indian governments have pursued policies of economic liberalization, including by significantly relaxing restrictions on the private sector and allowing partial privatization of the airport industry. Nevertheless, the role of the Indian Central and State governments in the Indian economy as producers, consumers and regulators has remained significant, and there can be no assurance that such liberalization policies will continue. The rate of economic liberalization could change, and specific laws and policies affecting metals and mining companies, foreign investments, currency exchange rates and other matters affecting investment in India could change as well. Further, government corruption scandals and protests against privatization, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India are subject to change, and any adverse change in India's economic liberalization and deregulation policies, particularly those relating to the airport industry, could disrupt business and economic conditions in India generally and our business in particular. A significant change in India's policy of economic liberalization and deregulation could adversely affect business and economic conditions in India generally, and our business in particular, if new restrictions on the private sector are introduced or if existing restrictions are increased. Further, the elections in India at the central and state level may contribute to political uncertainties that may in turn impact our operations and the stability of the economic environment in India.

We are subject to changes in the Government's policy on direct and indirect taxation.

All our revenue is derived from domestic activities. Our profitability is also significantly dependent on the policies of the central and state governments in India relating to various direct and indirect taxes (including GST and income tax), duties and levies (including excise duties and import duties) related to our operation. Any change in policies relating to such taxes or duties could materially adversely affect our business, financial condition, cash flows and results of operations. Recent changes in such policies include the new standard for computation of income chargeable to tax under the Income Tax Act, 1961, as amended (the "Income Tax Act") which may increase our income tax liability (prospectively or retrospectively), currently or in the future, or result in tax authorities assessing our tax liability to be materially different from our existing provisions for tax liabilities.

The Government of India has enacted several new tax policies recently, including the comprehensive GST, the General Anti-Avoidance Rules ("GAAR") and the Income Computation and Disclosure Standards ("ICDS"). The GST has combined most indirect taxes and levies by the central and state governments into a unified rate structure. GST has been in force with effect from July 1, 2017. GAAR has been in effect since April 1, 2017. The tax consequences of the GAAR could result in denial of tax benefits and other consequences, and if the GAAR is made applicable to us, it may have an adverse tax impact on us. The ICDS has been applicable in computing taxable income, and payment of income taxes thereon, from April 1, 2016 and onwards. ICDS applies to all taxpayers following an accrual system of accounting for the purpose of computation of income under the headings of "profits and gains of business or profession" and "income from other sources." Any increases in or amendments in the tax applicable to us due to the GST, GAAR or ICDS may result in additional taxes becoming payable by us.

The Government of India also introduced thin capitalization rules under the Income Tax Act which become applicable following an interest expenditure of more than Rs. 10 million. Once these rules are triggered, the deduction of interest paid to a non-resident associated enterprise (as defined in the Income Tax Act) is capped at 30% of the borrower's EBITDA in the relevant year, although the excess interest can be carried forward for the next eight financial years and be eligible for deduction (provided the interest deduction limit for the relevant financial year is unutilized). Amongst other prescribed circumstances, an entity is deemed to be an associated enterprise, if it advances a loan to a borrowing entity which constitutes at least 51% of the book value of the assets of the borrower. Such provisions could lead to a higher tax incidence on us.

A prolonged slowdown in economic growth in India or financial instability in other countries could cause our business to suffer.

A slowdown in the Indian economy could adversely affect our business and its lenders and contractual counterparties, especially if such a slowdown were to be prolonged. According to data released by the International Monetary Fund, India stood at the 7th and 3rd position respectively in terms of nominal GDP and purchasing power parity (international dollars) in 2018, respectively. India's real GDP grew from 5.5% in fiscal year 2013 to an estimated 7.0% in fiscal year 2018. Between fiscal years 2013 and 2019, the key drivers of real GDP growth would be private consumption and investment. CRISIL expects real GDP to grow 7.3% in fiscal year 2020. In view of the weak global environment, India will have to lean on domestic factors. The Indian economy continues to sustain high levels of inflation. Although the Government of India has initiated several economic measures to curb the rise in inflation rates, it is unclear at this stage whether these measures will have the desired effect. Any increase in inflation in the future, because of increases in prices of commodities such as oil or otherwise, may result in a tightening of monetary policy and affect growth in the Indian economy.

The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact our business, financial condition, cash flows and results of operations. In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Investors' reactions to developments in one country may have adverse effects on the economies of other countries, including the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could influence the Indian economy and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. In Europe, the expected exit of the United Kingdom from the European Union, and any prolonged period of uncertainty which results, could have a significant negative impact on international markets. Further, the ongoing trade war between China and the United States is also expected to negatively impact international trade. These could include further declines in stock exchange indices and/or greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets.

There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In particular, there are rising concerns of a possible slowdown in the Chinese economy, and China is one of India's major trading partners. Such factors might also result in a slowdown in India's export growth momentum.

Terrorist attacks, civil disturbances and regional conflicts in South Asia may have a material adverse effect on our business, financial condition, cash flows and results of operations.

India has, from time to time, experienced social and civil unrest within the country and hostilities with neighboring countries. There have been continuing tensions between India and Pakistan over the states of Jammu and Kashmir. From May to July 1999, there were armed conflicts over parts of Kashmir involving the Indian army, resulting in a heightened state of hostilities, with significant loss of life and troop conflicts. Isolated troop conflicts and terrorist attacks continue to take place in such regions. The potential for hostilities between India and Pakistan could be particularly threatening because both India and Pakistan are nuclear powers. These hostilities and tensions could lead to political or economic instability in India and a possible material adverse effect on our business, financial condition, cash flows and results of operations. There can be no assurance that such situations will not recur or be more intense than in the past. Terrorist attacks and other acts of violence or war may adversely affect global markets and economic growth. These acts may also result in a loss of business confidence, make travel and other services more difficult, and have other consequences that could have an adverse effect on our business, results of operations, cash flows and financial other consequences that could have an adverse effect on our business, results of operations, cash flows and financial condition. Military activity or terrorist attacks in the future could adversely impact the Indian economy by disrupting communications and making travel more difficult, and such tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of the Notes. India has witnessed localized terrorist attacks from time to time, including attacks in Mumbai in 2008 and 2011, attacks in Delhi in 2011, bombings in Hyderabad in 2013, attacks in Uri in 2016 and bombings in Pulwama in 2019. In February 2019, a suicide bomber attacked a paramilitary convoy in Kashmir, and in April 2019, a series of coordinated suicide bombings occurred at churches and hotels in Sri Lanka. Such incidents could also create an increased perception that investment in Indian companies involves a higher degree of risk and could materially adversely affect our business, financial condition and results of operations.

Natural calamities and health epidemics and other events outside our control could adversely affect the Indian economy.

India has experienced natural calamities such as earthquakes, a tsunami, cyclones, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy, and more particularly to the tourism industry. In addition, our facilities are subject to other natural or man-made disasters such as fires, acts of terrorism, failures of utilities and epidemics. If any such event were to occur, our business could be affected as a result of the event itself or our inability to effectively manage the consequences of such event.

Further, prolonged spells of below average rainfall or other natural calamities could have a negative impact on the Indian economy thereby, materially and adversely affecting our business, financial condition, cash flows and results of operations. Similarly, global or regional climate change or natural calamities in other countries where we operate could affect the economies of those countries. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, materially adversely affect our business, financial condition, cash flows and results of operations.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and the trading price of the Notes.

As of the date of this offering memorandum, India's sovereign rating was Baa2 (Moody's), BBB- (S&P) and BBB- (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ratings, the terms on which we are able to finance future capital expenditure, or our ability to refinance any existing indebtedness. This could have an adverse effect on our capital expenditure plans, business and financial performance, and the trading price of the Notes.

Investors may not be able to enforce a judgment of a foreign court against us or our management, except by way of a suit in India on such judgment.

The Company is a public company incorporated under the laws of India. Substantially all of its directors and key management personnel reside in India and all of the assets of the Company are located in India. As a result, it may not be possible for investors to effect service of process upon the Company, or such persons outside India, or to enforce judgments obtained against such parties outside India. Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Government of India has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards. The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for the purposes of Section 44A, but the United States has not been so declared. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award, and any such amount may be subject to income tax in accordance with applicable laws. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

The new bankruptcy code in India and limited jurisprudence on the same may affect the Company.

The Insolvency and Bankruptcy Code, 2016 ("Bankruptcy Code") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business concern, and agree upon a plan for its revival or a liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time bound insolvency resolution and liquidation process. Under the Bankruptcy Code, upon initiation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to its admitted claim against the company. Any decision of the committee of creditors must be taken by a vote of thresholds varying between 50-66% of the voting share of all financial creditors (other than for withdrawal of the company from a corporate insolvency resolution process, which requires 90% of the total weighted voting share of the committee of creditors). Any resolution plan approved by committee of creditors is binding upon all stakeholders. In case the corporate debtor is subjected to liquidation process, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. In this order of priority, the insolvency resolution and liquidation process costs rank higher than the admitted claims of secured creditors. Secured creditors may decide to opt out of the liquidation process, in which case they are permitted to realize their security interests separately.

The insolvency laws of India may differ from bankruptcy laws of other jurisdictions with which Noteholders are familiar.

Because the Company is incorporated under the laws of India, an insolvency proceeding relating to it, even if brought in a jurisdiction outside India, would likely involve Indian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws in jurisdictions outside India.

The insolvency laws of India shall operate in addition to the rights of substitution under the Substitution Agreement.

AAI has the right to terminate our Concession if we default on certain of our obligations under the OMDA, including any material default under the Indenture or our other debt instruments. Pursuant to the Substitution Agreement, upon notice by AAI of its intention to terminate our Concession, certain "Lenders" (as defined under the Substitution Agreement) have the right to nominate another party as may be acceptable to AAI (the "Selectee") to assume our rights and obligations under the Concession. Such Lenders may also initiate our substitution by the Selectee in certain circumstances, without the issuance by AAI of a notice of intention to terminate, if a "financing event of default" has occurred and has not been cured, remedied or revoked in accordance with the financing documents. While this is a contractual right provided under the Substitution Agreement, the Lenders shall also have the right to initiate insolvency proceedings against us, under the provisions of the Bankruptcy Code.

Indian accounting principles and audit standards differ from those which prospective investors may be familiar with in other countries.

Our financial statements are prepared under Ind-AS as at and for the years ended March 31, 2019, 2018 and 2017 and no attempt has been made to reconcile any of the information given in this offering memorandum to any other accounting principles. Ind-AS differs in certain respects from IFRS, and prospective investors in the Notes might be unfamiliar with the accounting principles that underlie the Ind-AS financial statements including in this offering memorandum. See "Summary of Certain Differences Between Ind-AS and IFRS."

We cannot guarantee the accuracy of statistical and other information with respect to India, the Indian economy or the airport industry contained in this offering memorandum.

Statistical and other information in this offering memorandum relating to India, the Indian economy or the airport industry have been derived from various government publications and obtained in communications with various Indian government agencies that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source of materials. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, each of the Initial Purchasers or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside India. These facts and other statistics include the facts and statistics included in the section titled "Industry" in this offering memorandum. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts or statistics.

Risks Related to the Notes and the Collateral

If our Concession is terminated or transferred to another party, the Notes may not be eligible for transfer payments by AAI or repayments made by any party substituting us and assuming our rights and obligations under the Concession.

AAI has the right to terminate our Concession if we default on certain of our obligations under the OMDA, including any material default under the Indenture, the Existing Indentures or our other debt instruments. Pursuant to the Substitution Agreement, upon notice by AAI of its intention to terminate our Concession, certain "Lenders" (as defined under the Substitution Agreement) have the right to nominate another party as may be acceptable to AAI (the "Selectee") to assume our rights and obligations under the Concession. Such Lenders may also initiate our substitution by the Selectee in certain circumstances, without the issuance by AAI of a notice of intention to terminate, if a "financing event of default" has occurred and has not been cured, remedied or revoked in accordance with the financing documents. Under the terms of the Substitution Agreement, the Selectee, upon substitution, will have a period of 180 days to cure the breach or default existing on the day of such substitution. The Lenders shall be entitled to apportion among themselves the amount due to them as Lenders Dues and any consideration received from the Selectee in connection with a substitution. "Lenders Dues" is defined in the Substitution Agreement with reference to the aggregate of all monies owed to the Lenders. There is uncertainty as to the interpretation and application of various terms of the Substitution Agreement, including the definition of "Lenders," which refers to a schedule of lenders that may not include the Trustee, the Noteholders or the holders of the Existing Notes. The terms of the Notes require that we use commercially reasonable efforts to have the Trustee named as a Lender in the Substitution Agreement though there can be no assurance as to when such amendment or entry into a new Substitution Agreement will occur, if at all. Accordingly, it is possible that the inclusion of our obligations under the Notes or the Existing Notes as "Lenders Dues" would be challenged by the Selectee, our existing lenders or lenders agent, AAI or other parties, which would have an adverse impact on the recovery of the outstanding amounts under the Notes or the Existing Notes from the Selectee pursuant to our substitution.

Among other conditions, if the Lenders do not exercise their right to nominate a Selectee in the circumstances as discussed above, or if the substitute entity nominated is not approved by AAI, then AAI will have the right, but will not be required, to terminate the Concession. Further, if the Selectee upon substitution fails to make payment of the "Lenders Dues" within the stipulated period, then the Lenders will have a right to require AAI to terminate the OMDA. Upon termination of OMDA (as a consequence of our default, AAI defaults or in other prescribed circumstances), AAI will acquire all our rights, titles and interests in the Transfer Assets as recorded in our books by making payment of "transfer payments," which are determined *inter alia* with reference to "Debt" (as defined in the OMDA) that we incurred towards capital expenditure to develop the Transfer Assets at the Airport. "Debt" means the outstanding principal amount payable to "Lenders" (as defined in the OMDA) and does not include, among other things, debt not secured by a first-priority charge and debt on which we have defaulted and which has become payable prior to the Transfer Date (the date on which we transfer possession, and in respect of such assets that are not owned by AAI, ownership and possession, of the Transfer Assets and/or the Non-Transfer Assets, as the case may be, to AAI or its nominee in accordance with the terms of the OMDA, which shall be the date of termination as per the relevant notice of termination issued by us or AAI, as the case may be, or the date of the expiry of the Concession) or the expiration of our Concession, as the case may be. Accordingly, any amounts representing defaulted principal, interest or other unpaid payments on the Notes or the Existing Notes (up to and including the entire amount owed on the Notes or the Existing Notes if the Notes or the Existing Notes had prior to such time been accelerated following an Event of Default), as of the date of termination or expiry, would not be considered "Debt" for the purposes of the OMDA. As a consequence, we may receive a lower amount of transfer payments from AAI, which would have an impact on the amounts that can be collected by the Noteholders upon termination of the OMDA. See "Business — Our Concession — Operation, Management and Development Agreement."

If we were to lose the right to operate the Concession and the Notes or the Existing Notes did not qualify as "Lenders Dues" under the Substitution Agreement or as "Debt" under the OMDA, the holders of the Notes or the Existing Notes would not be entitled to repayment by the Selectee or of the transfer payments by AAI, respectively. In such event, the only secured assets available to repay the Notes or the Existing Notes would be the Collateral, which is unlikely to be sufficient to satisfy our obligations under the Notes or the Existing Notes and our obligations to other creditors whose debt is secured *pari passu* by the Collateral. See "— The realizable value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes." As our operations pursuant to the Concession constitute substantially all of our business and assets, the remaining assets in respect of which an unsecured claim could be made would likewise be unlikely to satisfy our obligations under the Notes or the Existing Notes or our other borrowings.

Notes held by holders who are not "Lenders" as defined under the OMDA are not eligible for transfer payments by AAI if AAI were to terminate our Concession.

As discussed above, upon termination of our Concession by AAI and in the absence of a Selectee's assumption of our rights and obligations under the Concession, AAI's obligation to pay 90% of the "Debt" we incurred to develop certain assets at the Airport applies only to debt held by

"Lenders." "Lenders" is defined in the OMDA to include "financing institutions, banks, multilateral funding agencies and similar bodies undertaking lending business" and their trustees and agents. Notes or the Existing Notes held by individuals or by entities that do not fall within the definition of "Lenders" under the OMDA would not be considered "Debt" for the purposes of the OMDA and the holders of the Notes or the Existing Notes would not be eligible to receive the 90% repayment of "Debt" from AAI. We have been advised that hedge funds, mutual funds, pension funds, insurance companies or other financial institutions that invest in primary offerings of debt securities in their ordinary course of business would be considered "Lenders" for the purposes of the OMDA, but it is possible that AAI or the Indian courts may not consider certain of such institutions as "Lenders" under the OMDA and disagree with the view taken by Indian counsels advising on this Offering in this regard, in case of any dispute. Any prospective Noteholder should determine whether it is a "Lender" before investing in the Notes. The Trustee has no duty to determine, and would not be responsible for any determination of, whether any Noteholders qualify as "Lenders" under the OMDA.

Our debt instruments, including our existing credit facilities and the Indenture, impose significant operating and financial restrictions on us.

Our debt instruments, including the Indenture, the Existing Indentures and the agreements governing our term loan and working capital and hedge facilities, impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- incur additional debt and issue certain preferred stock;
- repurchase stock, and make other distributions;
- prepay subordinated debt and make investments and other restricted payments;
- create or incur liens or encumbrances;
- create restrictions on our ability to pay dividends or make other payments;
- enter into transactions with affiliates;
- sell assets, consolidate or merge with or into other companies or reorganize; and
- enter into sale and leaseback transactions.

The restrictions contained in these debt instruments, including the Indenture, the Existing Indentures and the agreements governing our term loan and working capital and hedge facilities, could limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions or otherwise restrict our activities or business plans. Our ability to comply with the covenants of our debt instruments may be affected by events beyond our control, and any material deviations of our business performance from our forecasts could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. There can be no assurance that such waivers, amendments or alternative financing could be obtained, or if obtained, would be on terms acceptable to us.

Furthermore, any defaults in covenants in our other debt instruments could lead to cross-acceleration under the Indenture and the Existing Indentures, and any defaults in covenants contained in the Indenture and the Existing Indentures may lead to an event of default under the Notes and the Existing Notes and may lead to cross-defaults under our other debt instruments. No assurance can be given that we will be able to pay any amounts due to Noteholders in the event of any such default, and any default may significantly impair our ability to pay, when due, the interest of and principal on the Notes.

The realizable value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes.

The Collateral will consist of a hypothecation of our receivables, insurance contracts, contracts, guarantees, liquidated damages, Concession Agreements (to the extent permitted under the OMDA) and certain accounts, which are unlikely to be sufficient to satisfy our obligations under the Notes. See "Description of the Notes — Security — Collateral." In addition, the OMDA requires that any amounts received by us must flow through a waterfall mechanism, first through the Escrow Account and then through the Trust and Retention Account under the Trust and Retention Account Agreement, which provides for the payment of certain expenses, including construction, operating, maintenance and insurance expenses, in priority to payment on the Notes and our existing debts. Accordingly, this waterfall mechanism will further reduce the value of the Collateral realizable by Noteholders. Further, the Trustee will not be a party to the Trust and Retention Account Agreement, and the Trust and Retention Account Agreement will not be a security document for the benefit of the Noteholders. As such, the Trustee and the Noteholders will have limited rights under the Trust and Retention Account Agreement and will have limited ability to take any action for breaches or defaults under the Trust and Retention Account Agreement. The Trust and Retention Account Agreement may be amended, modified and terminated without the consent of the Noteholders. However, the establishment of any additional account in the Trust and Retention Account Agreement requires the consent of the Trustee if it results in any changes to the waterfall mechanism with respect to the Noteholders.

In addition, the Indenture will permit us to incur under certain circumstances additional debt secured by the Collateral as long as it is equally and ratably secured with the Notes. Further, the ability of the Security Trustee (as defined in the Intercreditor Agreement) to foreclose on the Collateral, upon the occurrence of an event of default or otherwise, will be subject in certain instances to perfection and priority issues. Although procedures will be undertaken to support the validity and enforceability of the security interests in the Collateral, we cannot assure you that the Security Trustee or the Noteholders will be able to enforce any of these security interests. Further, by its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value.

Certain of our existing secured lenders have been granted, and our future secured lenders may be granted additional security interests over the Excluded Collateral, for which the Noteholders will not receive any security interest. Accordingly, such secured lenders will have priority over claims of the Noteholders with respect to the assets comprising the Excluded Collateral.

Certain of our existing secured lenders have been granted, and our future secured lenders may be granted additional security interests over the Excluded Collateral, which includes, without limitation, a pledge over our shares and all monies required to be credited/deposited into the debt service reserve accounts established for the benefit of our secured lenders. See "Description of the Notes — Security — Excluded Collateral" for details regarding the assets over which our existing secured lenders have been granted, and our future secured lenders may be granted additional security interests, and for which the Noteholders will not receive any security interest. Accordingly, the Notes will be effectively subordinated to any obligations of our existing secured lenders to the extent of the assets comprising the Excluded Collateral. In bankruptcy, the holder of a security interest with respect to any assets comprising the Excluded Collateral would be entitled to have the proceeds of such assets applied to the payment of such holder's claim before the remaining proceeds, if any, are applied to the claims of the Noteholders.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been registered under, and we are not obligated to register the Securities under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Plan of Distribution" and "Transfer Restrictions." We have not agreed to or otherwise undertaken to register the Notes (including by way of an exchange offer) with the U.S. Securities and Exchange Commission or the securities regulatory authority of any other jurisdiction, and we have no intention of doing so.

We may incur additional indebtedness which could create additional risks or increase the risks described herein.

Subject to restrictions in the Indenture, we may incur additional indebtedness, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally and ratably with the Notes, the relevant creditors will be entitled to share ratably with the Noteholders in any proceeds distributed in connection with our insolvency, liquidation, reorganization, dissolution or other winding-up. This may have the effect of reducing the amount of proceeds paid to the Noteholders. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our existing or future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event or redeem the Notes upon a Mandatory Redemption.

Upon the occurrence of a Change of Control Triggering Event or a Mandatory Redemption, each as defined in "Description of the Notes," we may be required to repurchase or redeem all or a portion of the Notes. If the maturity date or Change of Control Triggering Event or a Mandatory Redemption occurs at a time when other arrangements prohibit us from repaying or repurchasing the Notes, we would try to obtain waivers of such prohibitions from the lenders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. We may also be required to obtain the prior written approval of the RBI or the designated authorized dealer bank in accordance with the ECB Master Directions, and comply with any conditions that the RBI or such authorized dealer bank may impose in accordance with the ECB Master Directions at the time of such approval. The RBI and the authorized dealer bank may not provide such approval in a timely manner or at all. Furthermore, any modification or waiver of the terms and conditions of the Notes which has the effect of modifying or waiving terms will require prior approval from the RBI in accordance with the ECB Master Directions, and such approval may not be forthcoming.

We cannot assure you that we will have sufficient funds or would be able to arrange financing on terms that are acceptable to us or at all or to obtain waivers of prohibitions from lenders under our other financing arrangements to make the required purchase or redemption. Nor can we assure you that the RBI or the authorized dealer bank will provide any required approvals in a timely manner or at all. If we are unable to obtain the waivers or refinance these borrowings or obtain regulatory approvals, we would be unable to repay or repurchase the Notes. Any failure by us to repurchase or redeem Notes upon a Change of Control Triggering Event or a Mandatory Redemption would be an event of default under the Notes and could, in turn, constitute an event of default under our other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods.

It may not be possible for investors to effect service of process or to enforce certain judgments on us.

We are incorporated in India and substantially all of our assets and operations are located in India. In addition, most of our directors reside in India. As a result, it may be difficult for investors to effect service of process on us or our directors outside India or to enforce judgments obtained in non-Indian courts, including judgments predicated upon the civil liability provisions of U.S. or other securities laws.

Judgments of non-Indian courts are not enforceable in Indian courts in the event a judgment has been passed by a court situated in a jurisdiction that is not a reciprocating territory with India. Further, even if the judgment is passed by a non-Indian court in a country that is a reciprocating territory with India, the judgment can only be enforced through an Indian court process and is subject to the specific exceptions provided in the Code of Civil Procedure, 1908. However, a foreign court judgment could be offered and accepted as non-conclusive evidence in a proceeding on the underlying claim in an Indian court as the Indian court may deem appropriate in its sole discretion. A claimant may be required to pursue claims in Indian courts on the basis of Indian law. There is doubt as to whether Indian courts will enter judgments in original actions brought in Indian courts predicated solely upon the civil liability of jurisdictions other than India. As a result, Noteholders would be required to pursue claims against us or our directors in Indian courts. There can be no assurance that the claims or remedies available under Indian law will be the same, or as extensive, as those available in other jurisdictions.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected.

The Notes are a new issue of securities for which there is currently no public trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the Notes depends on many factors, including:

- the number of holders of Notes;
- the interest of securities dealers in making a market in the Notes;
- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- our financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. However, no assurance can be given that we will be able to maintain such listing or that, if listed, a trading market will develop. We do not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a Noteholder's ability to dispose of the Notes.

The lien on certain Collateral may in certain circumstances be deemed invalid or voidable.

The lien on the Collateral securing the Notes may be invalid or voidable under insolvency, bankruptcy, fraudulent transfer, fraudulent preference or similar laws of India and other jurisdictions, if and to the extent applicable. In the event the lien on the Collateral is invalid or voidable under such laws in India, the relevant time period during which such security is deemed invalid or voidable could be within 6 months of the date of the winding-up petition or, under some circumstances, it could be held invalid or voidable within longer periods. If the lien on the Collateral were to be voided or set aside for any reason, Noteholders would have only an unsecured claim against us.

Security over the Collateral will not be granted directly to the Noteholders.

Security over the Collateral for our obligations under the Notes and the Indenture will not be granted directly to the Noteholders but will be granted only in favor of the Security Trustee, who will hold such security on behalf of and for the benefit of the Noteholders. As a consequence, Noteholders will not have direct security and may not be entitled to take enforcement action in respect of the security for the Notes, except in accordance with the terms of the Indenture governing the Notes through the Trustee or the Security Trustee, which have agreed to apply any proceeds of enforcement on such security towards such obligations.

We may be delayed or unable to obtain consents and permissions from relevant statutory authorities for creation and/or perfection of security for the Notes.

Section 281 of the Income Tax Act declares that unless permission is obtained from an assessing officer, a charge and/or a security interest created by a person can be treated as null and void, in case there are proceedings pending against such person under the Income Tax Act or, after completion thereof, notice has not been served upon such person pursuant to Schedule II of the Income Tax Act. Procuring permission from an assessing officer under the Income Tax Act may be time-consuming and may not be possible before the intended creation of a security interest over the assets concerned. We may not be able to procure the permission of the assessing officer prior to creation of security interest over our assets for securing the Notes or at all if we are unable to settle a tax proceeding or demand under any circumstances and it is possible that income tax authorities may treat the charge as being void.

It may not be possible for the Trustee to take certain actions.

The Notes, the Indenture and the Security Documents provide for the Trustee or the Security Trustee, as applicable, to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee or the Security Trustee, as applicable, is indemnified to its satisfaction. It may not be possible for the Trustee or the Security Trustee, as applicable, to take certain actions and accordingly in such circumstances the Trustee or the Security Trustee, as applicable, will be unable to take such actions, notwithstanding the provision of an indemnity to it, and it will be for the Noteholders to take such actions directly.

The Notes will initially be held in book-entry form.

The Notes will initially only be issued in global certificated form and held through DTC. Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The nominee of the custodian for DTC will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent, which will make payments to DTC. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the custodian for DTC, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of DTC, and if you are not a participant in DTC, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the indenture. Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent available via the facilities of DTC, which, in turn, rely on the procedures of the participant through which you hold your book-entry interest. The procedures implemented for such actions may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, owners of book-entry interests will be restricted to acting through DTC via the participant through which you hold your book-entry interest. The procedures to be implemented through DTC may not be adequate to ensure the timely exercise of rights under the Notes. See "Description of the Notes — Book-Entry, Delivery and Form."

The ratings assigned to the Notes may be lowered or withdrawn.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes are expected to be rated "Ba2" by Moody's and "BB" by S&P. The ratings represent the opinions of the ratings agencies and their assessment of our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform Noteholders of any such revision, downgrade or withdrawal. In addition, we cannot assure you that rating agencies other than Moody's and S&P would not rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than Moody's or S&P of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

Noteholder claims against non-guarantor subsidiaries will be structurally subordinated to the liabilities of such subsidiaries.

As of the Original Issue Date, the Company's sole subsidiary will not be a guarantor of the Notes. Under certain of our contractual arrangements, our subsidiary is not able to provide guarantees under the Indenture. Accordingly, the Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments of our current and future non-guarantor subsidiaries. The Indenture permits our non-guarantor subsidiaries to incur indebtedness under certain circumstances. In the event of a bankruptcy, liquidation or reorganization of a non-guarantor subsidiary, the applicable non-guarantor subsidiary will pay the holders of its debt and its trade and other creditors (including specified statutory dues) before it will be able to distribute any of its remaining assets to us.

Any Subsidiary Guarantees, if issued, may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees.

Under the OMDA, we have the sole purpose of performing our obligations under that agreement and accordingly, we and our subsidiaries are restricted, except with the previous written consent of AAI, from engaging in any business other than the Airport, including the issuance of guarantees and the provision of financial assistance. Even if any subsidiary of ours in India is permitted by AAI to provide a guarantee or other financial assistance, under bankruptcy laws, fraudulent transfer laws, insolvency or similar laws in India, a guarantee that was granted by the guarantor within six months before the commencement of such guarantor's winding up will be deemed a fraudulent preference of its creditors and be invalid accordingly.

Further, under provisions of the Bankruptcy Code (of India), a transaction of a corporate debtor (which would include a corporate debtor who is a guarantor), if undervalued, shall be declared void and such transaction can be reversed if deemed so by the liquidator. The Bankruptcy Code also sets out that if during the corporate insolvency resolution process or a liquidation process, it is found that any business of a corporate debtor has been carried on with intent to defraud creditors of the corporate debtor or for any fraudulent purpose, the adjudicating authority may, on the application of the resolution professional, pass an order that any persons who were knowingly parties to the carrying on of the business in such manner shall be liable to make such contributions to the assets of the corporate debtor as it may deem fit.

Even if a subsidiary in a jurisdiction other than India, if incorporated, is permitted by AAI to provide a guarantee or other financial assistance, the measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. If a court voids a Subsidiary Guarantee, subordinates such guarantee to other indebtedness of the Subsidiary Guarantor, or holds the Subsidiary Guarantee unenforceable for any other reason, holders of the Notes would cease to have a claim against that Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables and specified statutory dues) of such Subsidiary Guarantor, and would solely be unsecured creditors of the Company and any Subsidiary Guarantors whose guarantees have not been voided or held unenforceable. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

USE OF PROCEEDS

The gross proceeds from this offering will be US$350.0 million.

We intend to use the gross proceeds of the offering of the Notes to partly finance the Phase 3A Expansion.

We will apply the gross proceeds of the offering in accordance with all applicable laws, including the ECB Master Directions, as amended, replaced and substituted from time to time. Payment of estimated fees and expenses of approximately US$5.7 million (Rs. 394.3 million) relating to the offering of the Notes will be paid from our internal resources. Pending application of the gross proceeds, we may invest such proceeds not yet so applied in Temporary Cash Investments (as defined under "Description of Notes"), in accordance with the ECB Master Directions. See "Indian Regulatory Environment — Other Relevant Regulations — External Commercial Borrowings."

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian Rupees and U.S. dollars. The exchange rates reflect the rates as reported by RBI (for periods prior to August 2018) and Financial Benchmarks India Private Limited (for August 2018 and periods subsequent).

	Period End[1]	Average[1][2]	High	Low
Year Ended March 31,				
2015	62.59	61.15	63.75	58.43
2016	66.33	65.46	68.78	62.16
2017	64.84	67.09	68.72	64.84
2018	65.04	64.49	65.76	63.35
2019	69.17	69.48	74.39	64.93

	Period End[1]	Average[1][2]	High	Low
Month				
January 2019	71.03	70.73	71.38	69.48
February 2019	71.20	71.22	71.75	70.55
March 2019	69.17	69.48	70.97	68.58
April 2019	68.84	69.43	70.14	68.49
May 2019 (to May 3, 2019)	69.27	69.40	69.54	69.27

(1) The exchange rate at each period end and the average rate for each period differ from the exchange rates used in the preparation of our financial statements and financial information.

(2) The average rate for each period represents the average of the daily exchange rates for the period.

The exchange rate on March 29, 2019, as reported by Financial Benchmarks India Private Limited was Rs. 69.17 per US$ 1.00.

Although certain rupee amounts in this offering memorandum have been translated into U.S. dollars for convenience, this does not mean that the rupee amounts referred to could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated, the Indian rupee amounts in this offering memorandum as of and for the fiscal year ended March 31, 2019 were converted to U.S. dollars at the exchange rate of US$ 1.00 = Rs. 69.17, the exchange rate as published by RBI as of March 29, 2019. For comparison purposes, the exchange rate as set forth in the H.10 statistical release certified by the Federal Reserve Bank of New York as of March 29, 2019 was Rs. 69.16 per US$ 1.00.

Indian Exchange Control Restrictions

There are certain restrictions on the conversion of Indian Rupees into foreign currencies, including U.S. dollars. The FEMA regulates transactions involving foreign exchange and provides that certain transactions cannot be carried out without the general or specific permission of the RBI.

CAPITALIZATION

The following table sets forth our cash and cash equivalents, indebtedness and capitalization as of March 31, 2019 (i) on an actual basis and (ii) on an as adjusted basis to give effect to the offering of the Notes and the use of proceeds therefrom to partly finance the Phase 3A Expansion.

You should read this table in conjunction with our financial statements and related Notes thereto appearing elsewhere in this offering memorandum, as well as "Selected Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Use of Proceeds."

	As at March 31, 2019			
	Actual		As Adjusted[4]	
	(US$)	(Rs.)	(US$)	(Rs.)
	(in millions)			
Cash and cash equivalents, bank balance other than cash and cash equivalents and current investments[1][4][5]	300.8	20,806.9	645.1	44,622.1
Non-current borrowings, including current maturity of non-current borrowings (secured)[5]	804.5	55,646.5	804.5	55,646.5
Interest accrued but not due on borrowings (included in other financial liabilities)[5]	16.5	1,139.8	16.5	1,139.8
Notes offered hereby[2][6]	—	—	350.0	24,209.5
Total equity[5]	392.9	27,180.4	392.9	27,180.4
Total capitalization[3]	1,213.9	83,966.7	1,563.9	108,176.2

Notes:

(1) Cash and bank balances include (i) cash and cash equivalents and (ii) bank balance other than cash and cash equivalents. Other current investments comprise investments in mutual funds and commercial paper.

(2) The gross proceeds from the Notes will be used to partly finance the Phase 3A Expansion. See "Use of Proceeds."

(3) Total capitalization is the sum of total equity, non-current borrowings (including current portion of non-current borrowings), interest accrued but not due on borrowings (included in other financial liabilities) and the Notes offered hereby.

(4) Reflects the payment of estimated fees and expenses of up to US$ 5.7 million (Rs. 394.3 million at the exchange rate of Rs. 69.17 per US$ 1.00) relating to the offering of the Notes to be paid from our internal resources.

(5) The exchange rate used for the conversion of the Rupee balances into U.S. dollars is Rs. 69.17 per US$ 1.00.

(6) The exchange rate used for the conversion of U.S. dollars into Rupee balances is Rs. 69.17 per US$ 1.00.

Except as otherwise disclosed herein, there has been no material change in our capitalization since March 31, 2019.

SELECTED FINANCIAL AND OTHER DATA

You should read the selected financial and other data below, together with the financial statements and related notes thereto appearing elsewhere in this offering memorandum, as well as "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the other financial information included elsewhere in this offering memorandum.

We derived the summary statement of profit and loss data and the summary cash flow statement data for the years ended March 31, 2019, 2018 and 2017 and the summary balance sheet data as of March 31, 2019, 2018 and 2017 from our audited standalone financial statements which are included elsewhere in this offering memorandum and are audited jointly by S.R. Batliboi & Associates LLP and Brahmayya & Co. for year ended March 31, 2017 and by S.R. Batliboi & Associates LLP and K.S. Rao & Co. for year ended March 31, 2018 and March 31, 2019. Our historical results are not necessarily indicative of the results expected for any future period.

Due to certain regroupings and reclassifications, the amounts of certain line items as of and for the fiscal year ended March 31, 2018 as presented in our audited standalone financial statements and as of and for the fiscal year ended March 31, 2019 have been reclassified and regrouped from such amounts as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2018. In this offering memorandum, we have used the amounts of such line items as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2018. Similarly, the amounts of certain line items as of and for the fiscal year ended March 31, 2017 as presented in our audited standalone financial statements and as of and for the fiscal year ended March 31, 2018 have been reclassified and regrouped from such amounts as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2017. In this offering memorandum, we have used the amounts of such line items as presented in our audited standalone financial statements as of and for the fiscal year ended March 31, 2017.

Our financial statements have been prepared and presented in accordance with Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time ("Ind-AS"), and the presentation requirements of division II schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the standalone financial statements. Ind-AS differs in certain material respects from US GAAP and IFRS. See "Risk Factors — Risks Related to India — Indian accounting principles and audit standards differ from those which prospective investors may be familiar with in other countries."

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Statement of Profit and Loss Data:				
Revenue				
Revenue from operations				
Sale of Services[(1)]	445.1	30,787.1	35,042.9	54,600.0
Other operating revenue	26.6	1,839.4	1,766.8	1,642.3
Other income	76.7	5,306.1	3,618.7	3,069.9
Total Income	**548.4**	**37,932.6**	**40,428.4**	**59,312.2**
Expenses				
Annual fee to Airports Authority of India (AAI)	230.0	15,912.5	17,614.7	26,348.4
Employee benefits expense	27.0	1,864.8	1,652.4	1,294.7
Depreciation and amortization expense	92.5	6,398.2	6,459.0	6,380.3
Finance costs	91.0	6,295.9	5,791.5	5,272.5
Other expenses	140.7	9,729.9	9,316.8	8,343.7
Total expense	**581.2**	**40,201.3**	**40,834.4**	**47,639.6**

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
(Loss)/Profit before tax and exceptional items	**(32.8)**	**(2,268.7)**	**(406.0)**	**11,672.6**
Exceptional items	—	—	—	408.0
(Loss)/Profit before tax	**(32.8)**	**(2,268.7)**	**(406.0)**	**11,264.6**
Current tax	—	—	—	2,386.9
Adjustment of tax relating to earlier years	—	—	(48.8)	(18.8)
Deferred tax (credit)/charge	(16.6)	(1,151.0)	(739.7)	3,036.9
Total tax (credit)/expense	**(16.6)**	**(1,151.0)**	**(788.5)**	**5,405.0**
(Loss)/Profit for the year	**(16.2)**	**(1,117.7)**	**382.5**	**5,859.6**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss in subsequent periods				
Re-measurement gains on defined benefit plans	(0.0)	(2.8)	7.7	(11.1)
Income tax effect	0.0	1.0	(2.7)	3.8
Items that will be reclassified to profit or loss in subsequent periods				
Net movement of cash flow hedges	(2.2)	(153.1)	188.8	(168.4)
Income tax effect	0.8	53.6	(65.3)	—
Total Other Comprehensive (Loss)/Income for the year (net of tax)	**(1.4)**	**(101.3)**	**128.5**	**(175.7)**
Total Comprehensive (Loss)/Income for the year (net of tax)	**(17.6)**	**(1,219.0)**	**511.0**	**5,683.9**

(1) Sale of services represents Revenue from contract with customers for the year ended March 31, 2019; pursuant to implementation of IND AS-115 with effect from April 1, 2018.

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Balance Sheet Data:				
Assets				
Non-current assets				
Property, plant and equipment	937.5	64,845.1	68,062.1	73,812.7
Capital work-in progress	35.5	2,459.0	1,944.4	1,239.4
Intangible assets	56.0	3,872.9	3,953.0	4,040.7
Investment in subsidiary, associates and joint ventures	41.8	2,893.7	2,893.7	1,810.5
Financial assets				
(i) Investments	0.0	0.1	0.1	—
(ii) Loans	0.3	18.9	24.6	12.5
(iii) Other financial assets	47.6	3,292.4	12.0	—
Other non-current assets	137.4	9,504.9	562.8	912.9
Current tax assets	9.2	637.9	—	—
Total non-current assets	**1,265.3**	**87,524.9**	**77,452.7**	**81,828.7**

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Current assets				
Inventories	1.1	73.3	63.9	74.2
Financial assets				
(i) Investments	210.4	14,554.1	25,844.6	21,843.8
(ii) Trade receivables	17.0	1,177.1	5,251.3	8,988.8
(iii) Cash and cash equivalents	32.7	2,263.4	3,749.7	5,541.2
(iv) Bank balance other than cash and cash equivalents	57.7	3,989.4	912.7	462.2
(v) Loans	58.0	4,013.5	15.8	188.7
(vi) Other financial assets	47.8	3,306.5	1,231.6	372.5
Other current assets	5.4	376.4	401.8	369.9
Total current assets	**430.1**	**29,753.7**	**37,471.4**	**37,841.3**
Total assets	**1,695.4**	**117,278.6**	**114,924.1**	**119,670.0**

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Balance Sheet Data:				
Equity and liabilities				
Equity				
Equity Share capital	354.2	24,500.0	24,500.0	24,500.0
Other Equity				
(i) Retained earnings [(1)]	40.8	2,824.8	4,225.7	5,754.9
(ii) Cash flow hedge reserve	(2.1)	(144.4)	(44.9)	(168.4)
Total Equity	**392.9**	**27,180.4**	**28,680.8**	**30,086.5**
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	804.5	55,646.5	52,491.2	52,619.7
(ii) Other financial liabilities	48.8	3,375.1	3,230.2	2,983.1
Deferred revenue	274.8	19,010.0	15,772.3	17,813.1
Deferred tax liabilities (net)	14.7	1,016.0	2,248.7	2,920.4
Other non-current liabilities	8.8	611.0	1,025.7	1,129.5
Long-term provisions	—	—	14.5	—
Total non-current liabilities	**1,151.6**	**79,658.6**	**74,782.6**	**77,465.8**
Current liabilities				
Financial Liabilities				
(i) Trade Payables				
— Total outstanding dues of micro enterprises and small enterprises	0.8	51.9	73.5	11.9
— Total outstanding dues of creditors other than micro enterprises and small enterprises	42.9	2,966.8	4,046.6	4,302.1
(ii) Other financial liabilities	56.1	3,883.4	4,548.2	3,813.8
Deferred revenue	14.6	1,011.4	859.4	861.8
Other current liabilities	28.7	1,982.1	1,625.2	2,262.9
Short-term provisions	6.5	451.3	215.1	193.4
Liabilities for current tax (net)	1.3	92.7	92.7	671.8
Total current liabilities	**150.9**	**10,439.6**	**11,460.7**	**12,117.7**
Total Equity and liabilities	**1,695.4**	**117,278.6**	**114,924.1**	**119,670.0**

(1) For the purposes of the above table, remeasurements loss on defined benefit plans as of March 31, 2017 have been included in retained earnings.

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)	(Rs. in millions)		
Cash Flow Statement Data:				
Net cash flow from operating activities	151.2	10,461.3	9,665.3	18,565.3
Net cash flow used in investing activities	(92.0)	(6,364.0)	(4,686.6)	(11,411.0)
Net cash flow used in financing activities	(80.7)	(5,583.6)	(6,770.2)	(5,689.9)

	Fiscal year ended March 31,			
	2019		2018	2017
Other Financial Data				
Capital expenditures (addition to property, plant and equipment and intangible assets) (in millions)	US$48.6	Rs.3,362.2	Rs.728.5	Rs.1,430.6
EBITDA[(2)]/Total income	—	27.5%	29.3%	39.3%
Total debt[(4)]/EBITDA[(2)]	—	5.4	4.5	2.3
Profit before tax/Total income	—	(-)6.0%	(-)1.0%	19.0%
Ratio of net debt[(5)] to net worth[(6)]	—	1.3	0.8	0.9
Return on average net worth[(7)]	—	(-)4.0%	1.3%	21.5%
Return on average capital employed[(8)]	—	4.8%	6.4%	20.7%

	Fiscal year ended March 31,		
	2019	2018	2017
Operating Data			
Domestic passengers (in millions of persons)	50.5	48.3	42.2
International passengers (in millions of persons)	18.7	17.4	15.5
Total passengers (in millions of persons)	**69.2**	**65.7**	**57.7**
Total air traffic movements	476,720	459,243	417,319
Total cargo (in metric tons)	1,042,948	963,032	857,419

(1) A substantial portion of our revenues are earned from aeronautical services, and the aeronautical service fees we charge to airlines and passengers for such services are regulated by AERA in accordance with our Concession Agreements. Any adverse change in AERA's determinations of our aeronautical charges would have a material and adverse effect on our results of operations. See "Risk Factors — Risks Related to Our Business — Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services). Accordingly, government regulations and the terms of our Concession Agreements have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition" and "Indian Regulatory Environment — Applicable Legislation, International Conventions and Sectoral Policy — The Airports Economic Regulatory Authority of India Act, 2008, as amended (the "AERA Act")" for further details.

(2) EBITDA is calculated as earnings before interest, tax, depreciation, amortization and exceptional items ("EBITDA"). We define EBITDA as profit / (loss) for the year, excluding (a)(i) total tax expense, (ii) exceptional items, (iii) finance costs and (iv) depreciation and amortization, but (b) including other income. EBITDA has certain limitations. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities.

Below is a reconciliation of (Loss)/ Profit to EBITDA for the year.

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
(Loss)/Profit for the year	(16.2)	(1,117.7)	382.5	5,859.6
Add:				
Tax Expense				
Current Tax	—	—	—	2,386.9
Adjustment of tax relating to earlier years	—	—	(48.8)	(18.8)
Deferred tax (credit) / charge	(16.6)	(1,151.0)	(739.7)	3,036.9
Total Tax (credit) / expense	**(16.6)**	**(1,151.0)**	**(788.5)**	**5,405.0**
Exceptional Items	—	—	—	408.0
Depreciation and amortization expense	92.5	6,398.2	6,459.0	6,380.3
Finance Costs	91.0	6,295.9	5,791.5	5,272.5
EBITDA	**150.7**	**10,425.4**	**11,844.5**	**23,325.4**

(3) See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures" for historical information regarding our capital expenditures.

(4) Total debt represents (i) non-current borrowings, (ii) current borrowings, (iii) current maturities of non-current borrowings and (iv) interest accrued but not due on borrowings (included in other financial liabilities). Below is a calculation of total debt:

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Non-current borrowings	804.5	55,646.5	52,491.2	52,619.7
Current borrowings	—	—	—	—
Current maturities of non-current borrowings	—	—	—	—
Interest accrued but not due on borrowings	16.5	1,139.8	1,053.3	1,070.2
Total Debt	821.0	56,786.3	53,544.5	53,689.9

(5) Net debt represents (a) (i) non-current borrowings, (ii) current borrowings, (iii) current maturities of non-current borrowings and (iv) interest accrued but not due on borrowings (included in other financial liabilities), less (b) (i) cash and cash equivalents, (ii) bank balance other than cash and cash equivalents and (iii) current investments. Below is a calculation of net debt:

	As at March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Non-current borrowings	804.5	55,646.5	52,491.2	52,619.7
Current borrowings	—	—	—	—
Current maturities of non-current borrowings	—	—	—	—
Interest accrued but not due on borrowings	16.5	1,139.8	1,053.3	1,070.2
Less:				
Cash and cash equivalents	32.7	2,263.4	3,749.7	5,541.2
Bank balance other than cash and cash equivalents	57.7	3,989.4	912.7	462.2
Current investments	210.4	14,554.1	25,844.6	21,843.8
Net debt	520.2	35,979.4	23,037.5	25,842.7

(6) Net worth represents (i) share capital and (ii) other equity.

(7) Return on average net worth represents (i) profit for the year divided by (ii) the average net worth for that year. Average net worth for a given year represents the average of the net worth on the (i) first day of the given year and (ii) last day of the given year.

(8) Return on average capital employed represents (i) earnings before interest and tax ("EBIT") divided by (ii) average capital employed.

Below is a reconciliation of (Loss)/ Profit to EBIT for the year.

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
(Loss)/Profit for the year	(16.2)	(1,117.7)	382.5	5,859.6
Add:				
Tax Expense				
Current Tax	—	—	—	2,386.9
Adjustment of tax relating to earlier years	—	—	(48.8)	(18.8)
Deferred tax (credit)/charge	(16.6)	(1,151.0)	(739.7)	3,036.9
Total Tax (credit)/ expense	**(16.6)**	**(1,151.0)**	**(788.5)**	**5,405.0**
Exceptional Items	—	—	—	408.0
Finance Costs	91.0	6,295.9	5,791.5	5,272.5
Earnings before interest and tax (EBIT)	**58.2**	**4,027.2**	**5,385.5**	**16,945.1**

Average capital employed for a given year represents the average of the capital employed for the (i) first day of the given year and (ii) last day of the given year. Capital employed for a year represents (i) net worth, (ii) non-current borrowings, (iii) current borrowings, (iv) current maturity of non-current borrowings and (v) deferred tax liabilities (net) for that year.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and related Notes thereto appearing elsewhere in this offering memorandum, as well as "Presentation of Financial Information" and "Selected Financial and Other Data." Our financial statements have been prepared and presented in accordance with Ind-AS, which differs in certain respects from US GAAP and IFRS. See "Risk Factors — Risks Related to India — Indian accounting principles and audit standards differ from those which prospective investors may be familiar with in other countries."

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in or implied by any of the forward-looking statements as a result of various factors, including but not limited to those listed under "Risk Factors" and "Forward-Looking Statements."

OVERVIEW

We hold the exclusive right to operate, manage and develop Indira Gandhi International Airport — the busiest and largest airport in India in terms of passenger traffic and passenger capacity, according to data compiled by the Airports Authority of India, or AAI. Our core activities include the development, management, maintenance and operation of the Airport and management of commercial and other activities conducted at the Airport. The Airport serves New Delhi and the entire National Capital Region of India, which constitutes the second largest urban agglomeration in the world, according to the United Nations. Servicing 66 passenger airlines flying direct to 148 destinations, including 76 international destinations and 72 domestic destinations as of March 31, 2019, the Airport is emerging as a leading aviation hub in South Asia. The Airport handled more passenger traffic than any other airport in India in the year ended March 31, 2019, according to IATA.

Located within the city of New Delhi between the Connaught Place central business district and the key commercial and residential suburb of Gurugram, the Airport is connected to the surrounding region by several links, including a dedicated high-speed Airport Express metro line connecting directly to Terminal 3, an eight-lane access road linked to National Highway 8, a major transportation artery in the National Capital Region and Terminal 1 has been recently joined to the Delhi Metro network, connecting it with all parts of the city. With no other major international airport serving northern India, we expect to benefit from the projected increase in international and domestic passenger traffic to the region, which is projected to reach 25 million and 67 million, respectively, by fiscal year 2022 according to the ICF Report. See "Industry" for additional information about the aviation sector in India.

In March 2010, we successfully completed the first phase of our Master Plan for the Airport, which included construction of a third runway and a new state-of-the-art passenger terminal, at a total capital expense of Rs. 125 billion, as recognized by the Airports Economic Regulatory Authority of India, or AERA. The only airport in India with three runways, the Airport currently has the capacity to handle 66 million passengers and 1.8 million metric tons of cargo per year. The Airport's facilities include two cargo terminals and three passenger terminals, with a total of 321 check-in counters and 84 aerobridges, as well as three A380 compliant boarding gates. The current phase of our Master Plan, the Phase 3A Expansion, includes, among others, (i) expansion of Terminal 1, including improvements to the terminal approach, the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of a grade separator, new roads and a new access tunnel. Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year.

Under our management, the Airport has received numerous awards and has been recognized in various rankings in recent years, including the "Best Airport in India and Central Asia" in 2019 and "Best Airport Staff in India and Central Asia" in 2018, each awarded by SKYTRAX "Best Airport in the World" among over 40 million passenger-sized airports in each of 2018 and 2017 by the Airport Council International, "Most Sustainable and Green Airport" from FICCI for 2018, "Best Airport in India" in 2018 from Travel + Leisure Magazine, Golden Peacock Business Excellence Award under Transportation (Aviation) sector for 2018, "Smartest Building in India", "Smartest Large Airport in India", "Greenest Building in India", Safest Building in India" and Most Productive Building in India" from the Network 18 and Honeywell Smart Building Awards 2017, and International Safety Award in Distinction Category from the British Safety Council for 2016."

Incorporated in March 2006, we were formed following a competitive bidding process in which a consortium, led by the GMR Group, was awarded an exclusive concession to operate, maintain and develop the Airport. Our Concession has an initial term of 30 years, and we have an option to extend for an additional 30 years to 2066 without a renewal fee, subject to the non-occurrence of a default under Operation, Management and Development Agreement, or OMDA, that we entered into with AAI. The OMDA governs our rights and obligations under the Concession, while the SSA and SGSA entered into with the Government of India and the Government of the National Capital Territory of Delhi, or GONCT, respectively, provide for certain support services and incentives to us for the development of the Airport, as well as a right of first refusal to match the winning concession bid to develop any new airport within 150 kilometers of the Airport, subject to certain conditions, including our initial bid being within 10% of the winning bid. The Government of India has guaranteed AAI's payment obligations to us of all undisputed transfer payments, which include debt (as defined in the OMDA), subject to certain parameters.

Our Concession also includes the right to commercially develop approximately 230 acres of land at the Airport for certain identified commercial purposes. We have already awarded development rights to third parties for hospitality, retail and commercial spaces, with the aim of progressively transforming the Airport into an international-caliber "aerotropolis." We expect demand for space and land in our land bank, which is centrally located in the Delhi region, to continue to grow and contribute visible and predictable revenues generated by long-term leases.

Passenger traffic at the Airport has grown substantially under our management, from 16.2 million passengers in 2006 at the beginning of our Concession, to nearly 69.2 million passengers in fiscal year 2019, a compound annual growth rate ("CAGR")[1] of over 11.8%. Cargo volume has also increased rapidly, from 383,052 metric tons in fiscal year 2006 to 1,042,948 metric tons in fiscal year 2019. In the fiscal years ended March 31, 2019, 2018 and 2017, total passenger traffic at the Airport was 69.2 million, 65.7 million and 57.7 million, respectively, while our total cargo traffic in metric tons was 1,042,948, 963,032 and 857,419, respectively, for the same periods. In fiscal year 2019, the Airport handled 476,720 air traffic movements, or ATMs, which are all aircraft arrivals and departures to and from the Airport. Subject to tariff levels, increasing passenger and cargo traffic through the Airport is a key driver of our growth and increased revenue.

For the fiscal year ended March 31, 2019, we had total income of Rs. 37,932.6 million (US$ 548.4 million) and EBITDA of Rs. 10,425.4 million (US$ 150.7 million), a decrease of 6.2% and 12.0%, respectively, from total income of Rs. 40,428.4 million and EBITDA of Rs. 11,844.5 million for fiscal year ended March 31, 2018. See "Selected Financial and Other Data" for details on our calculation of EBITDA.

Our majority shareholder is a subsidiary of the GMR Group, a leading diversified infrastructure group in India with substantial experience in the development and operation of airports, power plants, roads and urban infrastructure. Our other shareholders include AAI, a Government of India enterprise, and Fraport AG Frankfurt Airport Services Worldwide, a leading international airport operator. See "Principal Shareholders" for more information about our shareholders.

[1] CAGR = (ending value/beginning value)$^{(1/\text{no. of years})}$-1

Overview of our Sources of Revenue

Our revenue is derived principally from aeronautical operations, which include domestic and international landing fees, domestic and international parking and housing fees, user development fees, baggage x-ray charges, fuel farm and common user terminal equipment ("CUTE") counter charges and are regulated by AERA under the terms of the OMDA and the SSA, and non-aeronautical services, which are derived primarily from commercial and other activities at the Airport and are not regulated. We also earn lease rental revenue from license fees in connection with certain commercial property development activities at the Airport.

Revenue from aeronautical operations was Rs. 9,878.0 million, Rs. 17,054.8 million and Rs. 39,315.3 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 26.0%, 42.2% and 66.3% of our total income in those years. Revenue from non-aeronautical operations was Rs. 20,909.1 million, Rs. 17,988.1 million and Rs. 15,284.7 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 55.2%, 44.5% and 25.8% of our total income in those years. Revenue from commercial property development was Rs. 1,839.4 million, Rs. 1,766.8 million and Rs. 1,642.3 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 4.8%, 4.3% and 2.7% of our total income in those years. For more information regarding our sources of revenues, see "Business — Our Sources of Revenue."

Overview of our Concession

We have exclusive rights to operate, maintain and develop the Airport for a 30-year period until 2036, with an option to extend the term for an additional 30 years without a renewal fee, if we comply with our obligations under the OMDA. Our rights and the rights and obligations of AAI, the Government of India and other state bodies in respect of the Concession are provided in a series of agreements, including the OMDA and the SSA, executed following the award of the concession in January 2006.

Operation, Management and Development Agreement

We entered into the OMDA in April 2006 with AAI, pursuant to which we were appointed to undertake certain functions relating to the operation, maintenance, development, design, construction, upgrade, modernization, financing and management of the Airport and to perform certain aeronautical and non-aeronautical services at the Airport. Under the terms of the OMDA, we paid AAI a one-time upfront fee of Rs. 1,500 million and agreed to pay AAI an annual fee in monthly installments throughout the term of the Concession equal to 45.99% of the projected revenue, including all revenue from aeronautical and non-aeronautical services and commercial property development, for each year. We are currently involved in an arbitration with AAI relating to the determination of "revenue" as defined under the OMDA, which is the basis for the calculation of the annual fee we pay to AAI. The term "revenue" as defined under the OMDA includes only certain types of revenue, rather than the gross receipts credited to the profit and loss account. See "— Legal Proceedings — Arbitration Proceedings." The OMDA also places certain restrictions on the transfer of our shares and limits our scope of business to operating, maintaining and developing the Airport, as well as commercially developing the approximately 230 acres of land for specified purposes at the Airport granted to us for the term of the Concession. In addition, it provides a mechanism for AAI and our Lenders (as defined in the OMDA) to replace us with a substitute party if we default under the OMDA or our senior secured credit facilities extended by such Lenders. As of the date of this offering memorandum, we are in compliance with the terms of the OMDA, including the required capital development projects. For more information regarding the OMDA, see "Business — Our Concession — Operation, Management and Development Agreement."

State Support Agreement

We entered into the SSA with the Government of India in April 2006, pursuant to which the Government of India agreed to provide certain support services and incentives to us for the development of the Airport. Specifically, the Government of India has agreed to provide services related to customs, immigration, plant and animal quarantine, health, meteorology and security, in addition to certain aeronautical services, at the Airport during the term of the Concession. The Government of India also has granted us a right of first refusal in the event it initiates a competitive bid for the development and operation of another airport within a radius of 150 kilometers of the Airport, giving us the right to match the most competitive bid received if our initial bid for the new airport is within 10% of such bid. In addition, the Government of India has guaranteed the payment obligations of AAI to us of all undisputed amounts owed to us under the OMDA, subject to certain parameters. For more information regarding the SSA, please see "Business — Our Concession — State Support Agreement."

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Volatility and Unpredictability of Our Results of Operations Due to Regulation and Implementation of Our Aeronautical Charges

A substantial portion of our revenues are earned from aeronautical services. Accordingly, our results of operations, cash flows and financial condition are significantly affected by the aeronautical charges we may charge, which are regulated by AERA and include landing and parking charges, user development fees, baggage x-ray charges, fuel farm and CUTE counter charges. AERA's determinations for our aeronautical charges are for a "control period" of five years, following which AERA may increase or decrease our aeronautical charges for the subsequent five-year control period. When determining our aeronautical charges, AERA takes into account our forecasts for operating costs, depreciation expenses and tax expenses, as well as our revenues from non-aeronautical services and our desired return on capital. In addition, AERA may take into account viewpoints of the airline industry and passenger advocacy bodies. Any adverse change in AERA's determinations for our aeronautical charges likely would have a material and adverse effect on our results of operations.

AERA issued an order dated December 8, 2015 (issued on December 10, 2015) to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff structure for the first control period, which we implemented effective July 7, 2017 and resulted in a substantial reduction in our revenue from aeronautical services, especially due to the delayed implementation of the tariff. See "Risk Factors — Risks Related to Our Business — Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition."

The SSA sets certain Base Airport Charges which represent the minimum amount we are entitled to charge for certain aeronautical services, including landing charges, housing charges, parking charges, baggage x-ray charges, fuel farm and passenger service fees (facilitation component). The specific amounts of the Base Airport Charges are set out in the SSA and are subject to a 10% escalation beginning in the fourth year of the SSA and throughout the duration of the Concession. Pursuant to the December 8, 2015 AERA order for the second control period, as implemented with effect from July 8, 2017, the aeronautical charges fixed by AERA for the second control period fell below the Base Airport Charges. Accordingly, AERA in its order dated November 19, 2018, ordered that we are entitled to maintain the minimum aeronautical charges equivalent to the Base Airport Charges, plus 10% thereof in any year during the term of the Concession. Pursuant to Base Airport Charges, we charge passenger service fees (facilitation component) on passengers departing from the Airport. We no longer charge UDF and CUTE counter charges. The new Base Airport Charges came into effect on December 1, 2018, except with respect to baggage x-ray charges, which took effect on February 1, 2019.

In addition to the regulation of our aeronautical charges, the effective dates of AERA's rate determinations have had, and will continue to have, a material impact on our results of operations. For example, the substantial increase in our aeronautical charges for the control period spanning fiscal years 2010 through 2014 was not declared effective by AERA until May 15, 2012, at which time, AERA permitted us to recover in-full, over the remaining 22 and one-half months of the control period, those aeronautical charges we should have earned prior to May 15, 2012 had AERA's rate determination been effective from the beginning of the control period. Any such increase or decrease in our revenue due to the amount and timing of AERA's rate determinations may lead to substantial volatility and unpredictability in our earnings and could make period-on-period comparisons of our results of operations not indicative of the performance of our business and prevailing trends. See "Risk Factors — Risks Related to Our Business — Our operations and the fees we charges for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition" and "Indian Regulatory Environment — Airports Economic Regulatory Authority" for further details.

Economic Conditions in India and Globally

Aggregate passenger traffic at our Airport and, in turn, our results of operations, are linked closely to macroeconomic and political conditions prevailing from time to time in India and globally. As we rely to a significant extent on business- and tourist-passenger traffic, domestic and global economic conditions, risks affecting or reducing air-travel and adverse political conditions have materially and adversely impacted — and likely could impact in the future — passenger traffic in our Airport and, in turn, our revenues and profitability. The air transportation industry is also cyclical and seasonal in nature, with, for example, the Airport typically experiencing higher passenger traffic and ATMs in the first and third quarter of each fiscal year. While passenger traffic at our Airport has increased in the aggregate over the last several years, other than in fiscal year 2013 when, like many airports in the world, it decreased compared to fiscal year 2012, and coincided with the growth of the Indian and global economies, India's GDP recently has contracted as a result of high inflation, political conditions and the demonetization and introduction of the goods and services tax regime. Though we are unable to determine if these recent conditions in India will adversely affect our results of operations in our current fiscal year, any sustained decrease in India's GDP or lack of improvement in domestic political conditions could have an adverse impact on our business and results of operations going forward. In addition, the impending general election in India may bring about some near-term and medium term policy changes affecting the growth in aviation sector. See "Risk Factors — Risks Related to Our Business."

Passenger and Aircraft Traffic and Cargo Volumes

Passenger and aircraft traffic volumes at the Airport impact our revenues from aeronautical and non-aeronautical services, though impacts to our aeronautical revenues would be subject to any tariff adjustments. In the fiscal years ended March 31, 2019, 2018 and 2017, total passenger traffic and ATMs at the Airport were 69.2 million, 65.7 million and 57.7 million, respectively, and 476,720, 459,243 and 417,319, respectively. Our aeronautical charges for international flights and passengers generally are higher than those for domestic flights and passengers. A majority of our passenger traffic is domestic passengers and the aggregate number of both domestic and international passengers using our Airport has increased in each of the last three fiscal years. In April 2019, Jet Airways (including its affiliate, Jet Lite) discontinued its operations due to the deterioration of its financial health, which has resulted in a reduction of ATMs at the Airport, although we expect ATMs to recover as we re-allocate space at the Airport to other airlines beginning in the first quarter of fiscal year 2020. The types of aircraft and flight schedules used by our airline customers also impacts our aeronautical services revenues as a given quantum of passengers can be transported on fewer flights if our airline customers use larger planes that carry more passengers per flight, which results in lower aggregate landing charges, versus if our airline customers were to transport the same number of passengers on smaller planes that can carry fewer passengers per flight. We seek to increase passenger traffic at the Airport by attracting new airline customers to use the Airport and encouraging existing airline customers to increase the number of routes and flights servicing the Airport. In addition, we believe that our non-aeronautical services revenues are positively affected by the increasing number of tourist passengers that travel through our Airport. We believe that tourist passengers tend to arrive at our Airport further in advance of their flights, which contributes to a tendency to spend more money in duty-free and other retail outlets, in turn increasing our non-aeronautical services revenues. We, accordingly, work with our joint venture partners to offer a greater array of shops, retail outlets and other amenities. Our management has taken account of these tendencies in progressing plans to develop the Airport by working with our joint venture and associate partners to offer an array of restaurants, shops — including duty-free shops — and other amenities. There are several factors which could affect the volume, nature and mix of passenger and aircraft traffic in our Airport, almost all of which are beyond our control. See "Risk Factors — Risks Related to Our Business — Our revenue is highly dependent on levels of air traffic, which depend in part on factors beyond our control, including economic and political conditions and regulatory environment."

In addition to the revenues we earn as a result of passenger traffic in our Airport, we earn, to a lesser extent, revenue from cargo traffic that we receive through the revenue sharing arrangements with our joint ventures / associates and rent and fees from operators of our cargo facilities. In the fiscal years ended March 31, 2019, 2018 and 2017, total cargo handled at the Airport was 1,042,948 metric tons, 963,032 metric tons and 857,419 metric tons, respectively. The majority of cargo traffic through our Airport is international: for the fiscal year ended March 31, 2019, approximately 62.5% of cargo traffic by tonnage through our airport was international cargo. Cargo traffic is principally affected by the level of international and domestic commercial activity. In recent years we have focused on growing our cargo business, including by expanding cargo-handling capacity, with the aim of increasing cargo traffic and related revenues, and though we believe cargo traffic will continue to increase over the long-term, we may experience period-to-period fluctuations that could affect our non-aeronautical services revenues related to cargo traffic. For fiscal years ended March 31, 2019, 2018 and 2017, cargo revenue accounted for 6.4%, 5.1% and 2.9%, respectively, of our total income.

The following tables set forth certain statistical data relating to passenger and cargo traffic and our revenue for the periods indicated.

	Year ended March 31,		
	2019	**2018**	**2017**
Passenger Traffic			
Domestic passengers (in millions of persons)	50.5	48.3	42.2
International passengers (in millions of persons)	18.7	17.4	15.5
Total passengers (in millions of persons)	69.2	65.7	57.7
Revenue from user development fees (Rs. in millions)(1)	1,996.2	7,893.8	27,177.1
Percentage of total income	5.3%	19.5%	45.8%
Cargo Traffic			
Domestic cargo (in metric tons)	390,975	311,612	298,357
International cargo (in metric tons)	651,973	651,420	559,062
Total cargo (in metric tons)	1,042,948	963,032	857,419
Revenue from cargo operations (Rs. in millions)	2,417.5	2,069.9	1,712.3
Percentage of total income	6.4%	5.1%	2.9%
Air Traffic Movements			
Domestic	345,721	332,401	297,451
International	114,708	108,898	100,348
General aviation	16,291	17,944	19,520
Total Air Traffic Movements	476,720	459,243	417,319

(1) We use user development fees as a measure of direct revenue from passenger traffic.

Airports Authority of India Annual Fee

Under the OMDA, we are required to pay AAI an annual fee in monthly installments throughout the term of the Concession equal to 45.99% of our projected revenue for each given year. If the projected revenue for any given quarter exceeds or falls short of the actual revenue, the annual fee amount we pay to AAI in the succeeding quarter is adjusted accordingly. We are further required to pay AAI interest at the State Bank of India prime lending rate plus 3.0% on any amount of actual revenue that exceeds the corresponding projected revenue if such actual revenue is more than 110% of projected revenue for that period, and we have made certain provisions for AAI interest in the fiscal year ended March 31, 2016 due to our actual revenue exceeding our forecasted revenue by more than 10%. Such interest is included under other interest as a component of finance costs in our statement of profit and loss. For the fiscal year ended March 31, 2019, 2018 and 2017, we incurred Rs. 22.8 million, Rs. 24.9 million and Rs. 48.7 million, respectively, in such interest as interest on revenue share under other costs. The annual fee to AAI accounts for our largest operating expense. See "Business — Our Concession — Operation, Management and Development Agreement" for further details. For the fiscal years ended March 31, 2019, 2018 and 2017, the annual fee to AAI constituted 39.6% and 43.1% and 55.3%, respectively, of our total expenses. We are currently involved in an arbitration with AAI relating to the determination of "revenue" as defined under the OMDA, which is the basis for the calculation of the annual fee we pay to AAI. The term "revenue" as defined under the OMDA includes only certain types of revenue, rather than all revenues and gross receipts credited to the profit and loss account. See "Business — Legal Proceedings — Arbitration Proceedings."

Access to and Cost of Funding

Borrowings are an important source of funding for our development and operation of the Airport. As of March 31, 2019, our total debt, which includes non-current borrowings, current borrowings, current maturities of non-current borrowings and interest accrued but not due on borrowings (included in other financial liabilities), was Rs. 56,786.3 million (US$ 821.0 million). Because most of our Indian Rupee-denominated loans link the interest rates on such borrowings to various Indian Rupee benchmark lending rates, any increase in such benchmark lending rates will increase our funding costs. We enter into hedging transactions in connection with certain of our U.S. dollar-denominated debt. Our access to capital, including foreign currency-denominated funds, and cost of financing are further affected by restrictions imposed from time to time by the RBI.

If certain conditions are met, we are obligated under our Concession Agreements to undertake significant capital expenditures for the construction and development of additional facilities at the Airport, including new terminals and the related facilities necessary to support these terminals, such as roads and security infrastructure. We will need to raise additional indebtedness, as we will not be able to fund many of these required capital expenditures solely with our operating cash flows. See "Risk Factors — Risks Related to Our Business — Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion." We will use the gross proceeds from the Notes offered hereby to partly finance the Phase 3A Expansion. See "Use of Proceeds."

COMPONENTS OF OUR INCOME AND EXPENDITURES

Revenue

We classify our revenue into two primary categories: revenue from operations and other income. Revenue from operations is further divided into three primary categories: (i) revenue from aeronautical operations, (ii) revenue from non-aeronautical operations and (iii) revenue from commercial property development. Revenue from aeronautical services operations is inclusive of the charges levied at the Airport by us for the provision of Aeronautical Services and consequent recovery of costs relating to Aeronautical Assets as defined under the OMDA. For fiscal years ended March 31, 2019, 2018 and

2017, our revenue from aeronautical operations were Rs. 9,878.0 million, Rs. 17,054.8 million and Rs. 39,315.3 million, respectively, or 26.0%, 42.2% and 66.3%, respectively, of our total income. For the same periods, our revenue from non-aeronautical operations were Rs. 20,909.1 million, Rs. 17,988.1 million and Rs. 15,284.7 million, respectively, or 55.2%, 44.5% and 25.8%, respectively, of our total income. For the same periods, our revenue from commercial property development operations were Rs. 1,839.4 million, Rs. 1,766.8 million and Rs. 1,642.3 million, respectively, or 4.8%, 4.3% and 2.7%, respectively, of our total income.

Other income consists primarily of interest received from balances deposited with banks, interest received on delayed payments, income from duty credit scrips, income from current investments and dividends from non-current investments. For fiscal years ended March 31, 2019, 2018 and 2017, our revenue from other income was Rs. 5,306.1 million, Rs. 3,618.7 million and Rs. 3,069.9 million, respectively. The following table sets forth our revenue from operations and other income as well as the percentage of total revenue from operations and other income they represented for the periods indicated.

	Years ended March 31,					
	2019		2018		2017	
	(Rs. in millions except percentages)					
Revenue from Operations						
Revenue from Aeronautical Operations	9,878.0	26.0%	17,054.8	42.2%	39,315.3	66.3%
Revenue from Non-Aeronautical Operations	20,909.1	55.2%	17,988.1	44.5%	15,284.7	25.8%
Other operating revenue (Commercial Property Development)	1,839.4	4.8%	1,766.8	4.3%	1,642.3	2.7%
Total Revenue from Operations	**32,626.5**	**86.0%**	**36,809.7**	**91.0%**	**56,242.3**	**94.8%**
Other Income	**5,306.1**	**14.0%**	**3,618.7**	**9.0%**	**3,069.9**	**5.2%**
Total Income	**37,932.6**	**100%**	**40,428.4**	**100%**	**59,312.2**	**100%**
Total of Non-Aeronautical Revenue and Revenue from Commercial Property Development	**22,748.5**	**60.0%**	**19,754.9**	**48.9%**	**16,927.0**	**28.5%**

Aeronautical Services Revenue

Aeronautical services revenue is primarily derived from the use of our Airport's facilities by airlines and passengers. We collect aeronautical services revenue (including the recovery of costs relating to Aeronautical Assets) in the form of domestic and international landing and parking fees, baggage x-ray charges, fuel farm, user development fees ("UDF") from passenger flights under the prior tariff period and Common User Terminal Equipment ("CUTE") counter charges. We charge aircraft fees to airlines for landing and parking based on the weight of the aircraft, whether the flight is international or domestic, distance of the flight and taxi and parking times, and we charge domestic and international user development fees (including passenger service fees) on passengers departing from the Airport Pursuant to Base Airport Charges, with effect from December 1, 2018, we charge passenger service fees (facilitation component) on passengers departing from the Airport, and we no longer charge UDF and CUTE counter charges. Prior to July 7, 2017, we also charged user development fees on passengers arriving at the Airport.

Under the regulatory system applicable to our aeronautical services revenues, AERA sets the specific prices, in the form of tariffs for five-year "control periods," that we can charge for each of the aeronautical services we provide. See "— Factors Affecting our Results of Operations — Volatility and Unpredictability of Our Results of Operations Due to Regulation and Implementation of Our Aeronautical Charges" for further details.

The following table sets forth our revenue from aeronautical operations as well as the percentage of total revenue from aeronautical operations they represented for the periods indicated.

	Year ended March 31,					
	2019		2018		2017	
	(Rs. in millions except percentages)					
Revenue from Aeronautical Operations						
Landing and Parking Charges	5,932.5	60.1%	7,222.7	42.3%	10,455.3	26.6%
User Development Fee	1,996.2	20.2%	7,893.8	46.3%	27,177.1	69.1%
Baggage x-ray charges	131.5	1.3%	—	—	—	—
Fuel farm	1,688.6	17.1%	1,767.7	10.4%	1,538.6	3.9%
CUTE Counter Charges	129.2	1.3%	170.6	1.0%	144.3	0.4%
Total	**9,878.0**	**100%**	**17,054.8**	**100%**	**39,315.3**	**100%**

Non-Aeronautical Services Revenue

Non-aeronautical services revenue primarily consists of revenues from our various joint ventures and associates and third-party concessionaires, which include revenue from the operator of our cargo facilities, our food and beverage outlets, duty free and other retail goods and services, our car park facilities and advertising revenues. Revenue earned from our revenue sharing-arrangements with our joint ventures and associates is recognized as non-aeronautical services revenue, while any profits distributed to us by our joint ventures and associates in the form of dividends is recognized as other income. In addition, our non-aeronautical services revenues include those we earn from land rent and leasing, leasing of terminal space, hangar rentals, ground handling services, rent from the transit hotel in Terminal 3, car rental services, automatic teller machines, airline lounge rentals, flight kitchen and forex counters. Our total revenue from non-aeronautical operations during fiscal year 2019 represented 55.2% of our total income. From fiscal years 2017 to 2019, our income from non-aeronautical operations increased from Rs. 15,284.7 million to Rs. 20,909.1 million, or 36.8%.

The following table sets forth our revenue from non-aeronautical operations as well as the percentage of total revenue from non-aeronautical operations they represented for the periods indicated.

	Year ended March 31,					
	2019		2018		2017	
	(Rs. in millions except percentages)					
Revenue from Non-Aeronautical Operations						
Duty Free	4,631.2	22.1%	3,784.2	21.0%	3,425.2	22.4%
Retail	1,657.7	7.9%	1,333.0	7.4%	993.7	6.5%
Advertisement	1,627.4	7.8%	1,709.8	9.5%	1,422.4	9.3%
Food and Beverages	1,533.9	7.3%	1,346.6	7.5%	1,115.1	7.3%
Cargo	2,417.5	11.6%	2,069.9	11.5%	1,712.3	11.2%
Ground Handling	1,315.5	6.3%	1,244.0	6.9%	1,131.8	7.4%
Parking	310.8	1.5%	258.9	1.4%	192.3	1.3%
Land and Space — Rentals	3,798.2	18.2%	3,493.3	19.4%	3,174.7	20.8%
Others(1)	3,616.9	17.3%	2,748.4	15.4%	2,117.2	13.8%
Total	**20,909.1**	**100%**	**17,988.1**	**100%**	**15,284.7**	**100%**

(1) Others primarily include revenue from IT services, including maintenance, management, upgrades and modernization of IT resources at the airport received from one of the joint ventures, income from foreign exchange counters and flight catering charges.

Revenue from Commercial Property Development

Revenue from our commercial property development business consists of revenue earned from land licensed to several hotels, other hospitality businesses, and retailers in approximately 230 acre area designated for commercial property development at the Airport. Rental rates are fixed through a bidding process and increase at fixed rates, generally at 5.5% per annum, for the initial term of our Concession, and, after the initial term expires, in accordance with the All India Consumer Price Index (Industrial Workers-General). Other commercial property developed in the future at the Airport could be on different terms. For fiscal years ended March 31, 2019, 2018 and 2017, revenue from commercial property development business (representing other operating revenue) accounted for 4.8%, 4.3% and 2.7%, respectively, of our total income.

For a more detailed description of the components of our revenue from aeronautical services, non-aeronautical services and commercial properties categories, see "Business — Our Sources of Revenue" in this offering memorandum.

Other Income

Other income consists primarily of interest received from balances deposited with banks, interest received on delayed payments by our concessionaires and airlines, income from duty credit scrips, income from current investments and dividends from non-current investments. Profits distributed to us by our joint ventures/ associates in the form of dividends is recognized as dividends from non-current investments, while revenue received through our revenue-sharing arrangements with our joint ventures / associates is recognized as non-aeronautical services revenue. Delhi Duty Free Services Private Limited, TIM Delhi Airport Advertising Private Limited, Delhi Aviation Fuel Facility Private Limited, Delhi Aviation Services Private Limited and Delhi Airport Parking Services Private Limited distributed dividends to us in the fiscal years 2019, 2018 and 2017 and Celebi Delhi Cargo Terminal Management India Private Limited distributed dividends to us in the fiscal years 2019 and 2018. For fiscal years ended March 31, 2019, 2018 and 2017, other income constituted 14.0%, 9.0% and 5.2%, respectively, of our total income.

Operating Expenses

Our expenses primarily consist of the annual fee paid to AAI, employee benefit expenses and other expenses.

Annual Fee to Airports Authority of India

Our largest operating expense is the annual fee we must pay to AAI in accordance with the OMDA. This annual fee is 45.99% of our gross revenues and is paid on a monthly basis to AAI based on our projected revenue for the year. If the projected revenue for any given quarter exceeds or falls short of the actual revenue, the annual fee amount we pay to AAI in the succeeding quarter is adjusted accordingly, provided that if the actual revenue in any quarter is greater than 110% of the projected revenue for that quarter, the additional amount we pay to AAI is subject to interest. See "Business — Our Concession — Operation, Management and Development Agreement" for further details. For fiscal years ended March 31, 2019, 2018 and 2017, the annual fee to AAI constituted 39.6% and 43.1% and 55.3%, respectively, of our total expenses. We are currently involved in an arbitration with AAI relating to the determination of "revenue" as defined under the OMDA, which is the basis for the calculation of the annual fee we pay to AAI. The term "revenue" as defined under the OMDA includes only certain types of revenue, rather than the gross receipts credited to the profit and loss account. See "Business — Legal Proceedings — Arbitration Proceedings."

Employee Benefits Expenses

Our employee benefit expenses consist primarily of salaries, wages and bonuses and, to a lesser extent, other costs such as welfare and provident fund payments. For fiscal years ended March 31, 2019, 2018 and 2017, our employee benefit expenses constituted 4.6% and 4.0% and 2.7%, respectively, of our total expenses.

Other Expenses

Our other expenses consist primarily of utility expenses (including power and water expenses), repairs and maintenance expenses, manpower hire charges, corporate cost allocations and the airport operator fee paid to Fraport, which is calculated based on 3% of our gross revenue for the prior fiscal year and accounted for on a monthly accrual basis in the current fiscal year, as well as legal and professional expenses, travelling and conveyance expenses and other expenses. For fiscal years ended March 31, 2019, 2018 and 2017, our other expenses constituted 24.2%, 22.8% and 17.5% respectively, of our total expenses.

The following table sets forth our total costs as well as the percentage of total costs represented by each category of total costs for the periods indicated.

	Year ended March 31,					
	2019		2018		2017	
	(Rs. in millions except percentages)					
Annual fee to AAI(1)	15,912.5	57.8%	17,614.7	61.6%	26,348.4	73.2%
Employee benefits expense(1)	1,864.8	6.8%	1,652.4	5.8%	1,294.7	3.6%
Other expenses(1)	9,729.9	35.4%	9,316.8	32.6%	8,343.7	23.2%
Total operating expenses (A)(2)	27,507.2	68.4%	28,583.9	70.0%	35,986.8	75.5%
Depreciation and amortization expense (B)(2)	6,398.2	15.9%	6,459.0	15.8%	6,380.3	13.4%
Finance costs (C)(2)	6,295.9	15.7%	5,791.5	14.2%	5,272.5	11.1%
Total expenses (A+B+C)	40,201.3	100%	40,834.4	100%	47,639.6	100%

(1) Percentages are of total operating expenses.

(2) Percentages are of total expenses.

Depreciation and Amortization Expense

Depreciation and amortization expense relates to the depreciation of our tangible assets and amortization of intangible assets. For the fiscal years ended March 31, 2019, 2018 and 2017, depreciation and amortization expense accounted for 15.9%, 15.8% and 13.4%, respectively, of our total expenses.

Finance Costs

Our finance costs consist primarily of interest on our borrowings, other interest, bank charges and other borrowing costs, including hedging costs. See “Description of Material Indebtedness” for further details. For the fiscal years ended March 31, 2019, 2018 and 2017, our finance costs constituted 15.7%, 14.2% and 11.1%, respectively, of our total expenses.

RESULTS OF OPERATIONS

Summary Historical Results of Operations

The following table sets forth a summary of our results of operations for the years ended March 31, 2019, 2018 and 2017.

	Fiscal year ended March 31,			
	2019		2018	2017
	(US$ in millions)		(Rs. in millions)	
Statement of Profit and Loss Data:				
Revenue[(1)]				
Revenue from operations				
Sale of Services[(2)]	445.1	30,787.1	35,042.9	54,600.0
Other operating revenue	26.6	1,839.4	1,766.8	1,642.3
Other income	76.7	5,306.1	3,618.7	3,069.9
Total Income	**548.4**	**37,932.6**	**40,428.4**	**59,312.2**
Expenses				
Annual fee to Airports Authority of India (AAI)	230.0	15,912.5	17,614.7	26,348.4
Employee benefits expense	27.0	1,864.8	1,652.4	1,294.7
Depreciation and amortization expense	92.5	6,398.2	6,459.0	6,380.3
Finance costs	91.0	6,295.9	5,791.5	5,272.5
Other expenses	140.7	9,729.9	9,316.8	8,343.7
Total expense	**581.2**	**40,201.3**	**40,834.4**	**47,639.6**
(Loss)/Profit before tax and exceptional items	**(32.8)**	**(2,268.7)**	**(406.0)**	**11,672.6**
Exceptional items	—	—	—	408.0
(Loss)/Profit before tax	**(32.8)**	**(2,268.7)**	**(406.0)**	**11,264.6**
Current tax	—	—	—	2,386.9
Adjustment of tax relating to earlier years	—	—	(48.8)	(18.8)
Deferred tax (credit)/charge	(16.6)	(1,151.0)	(739.7)	3,036.9
Total tax (credit)/expense	**(16.6)**	**(1,151.0)**	**(788.5)**	**5,405.0**
(Loss)/Profit for the year	**(16.2)**	**(1,117.7)**	**382.5**	**5,859.6**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss in subsequent periods				
Re-measurement gains on defined benefit plans	(0.0)	(2.8)	7.7	(11.1)
Income tax effect	0.0	1.0	(2.7)	3.8
Items that will be reclassified to profit or loss in subsequent periods				
Net movement of cash flow hedges	(2.2)	(153.1)	188.8	(168.4)
Income tax effect	0.8	53.6	(65.3)	—
Total Other Comprehensive (Loss)/Income for the year (net of tax)	**(1.4)**	**(101.3)**	**128.5**	**(175.7)**
Total Comprehensive (Loss)/Income for the year (net of tax)	**(17.6)**	**(1,219.0)**	**511.0**	**5,683.9**

(1) A substantial portion of our revenues are earned from aeronautical services, and the aeronautical service fees we charge to airlines and passengers for such services are regulated by AERA in accordance with our Concession Agreements. Any adverse change in AERA's determinations of our aeronautical charges would have a material and adverse effect on our results of operations. See "Risk Factors — Risks Related to Our Business — Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements.

Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and likely will continue to affect our future results of operations and financial condition." and "Indian Regulatory Environment — Applicable Legislation, International Conventions and Sectoral Policy — The Airports Economic Regulatory Authority of India Act, 2008, as amended (the "AERA Act")" for further details.

(2) Sale of services represents Revenue from contract with customers for the year ended March 31, 2019; pursuant to implementation of IND AS-115 with effect from April 1, 2018.

Results of Operations

Fiscal year ended March 31, 2019 compared to fiscal year ended March 31, 2018

We have adopted Ind-AS 115 Revenue from Contracts with Customers ("Ind-AS 115"), on a modified retrospective basis, effective April 1, 2018, which does not require earlier periods to be restated. Transition adjustments arising from the adoption of Ind-AS 115 have been recognized in retained earnings as of April 1, 2018. The application of IND-AS 115 does not have a material impact to the Company.

Total Income

Total income was Rs. 37,932.6 million for the fiscal year ended March 31, 2019, a 6.2% decrease from the Rs. 40,428.4 million for the fiscal year ended March 31, 2018, as a result of a decrease in revenue from aeronautical operations, partially offset by an increase in revenue from non-aeronautical operations.

Revenue from aeronautical operations was Rs. 9,878.0 million for the fiscal year ended March 31, 2019, a 42.1% decrease from Rs. 17,054.8 million for the fiscal year ended March 31, 2018. The decrease in our aeronautical services revenue was primarily attributable to the first full year of the implementation of the tariff for the second control period, which resulted in a decrease in UDF, as well as landing and parking charges.

Revenue from non-aeronautical operations was Rs. 20,909.1 million for the fiscal year ended March 31, 2019, an increase of 16.2%, from Rs. 17,988.1 million for the fiscal year ended March 31, 2018, primarily due to (i) an increase by Rs. 868.5 million, or 31.6%, in other non-aeronautical revenue primarily due to an increase in revenue from IT services and flight catering services; (ii) an increase by Rs. 847.0 million, or 22.4%, in duty-free revenue due to an increase in passenger traffic; (iii) an increase by Rs. 347.6 million, or 16.8% in revenue from cargo services; and (iv) an increase by Rs. 324.7 million, or 24.4 % in revenue from retail business.

Other Income

Other income was Rs. 5,306.1 million for the fiscal year ended March 31, 2019, a 46.6% increase from Rs. 3,618.7 million for the fiscal year ended March 31, 2018, primarily due to an increase in interest income on delayed payments by customers, which primarily include Air India Group, and income from duty credit scrip and gain on fair value and sale of current investments in mutual funds, partially offset by a decrease in gain on foreign exchange difference (net).

Annual Fee to Airports Authority of India (AAI)

Annual fee to Airports Authority of India (AAI) was Rs. 15,912.5 million for the fiscal year ended March 31, 2019, a 9.7% decrease from Rs. 17,614.7 million for the fiscal year ended March 31, 2018, as a result of a decrease in our actual total income for fiscal year 2019. See "Business — Our Concession — Operation, Management and Development Agreement" for further details of how the annual fee to AAI is calculated.

Employee Benefit Expenses

Employee benefit expenses were Rs. 1,864.8 million for the fiscal year ended March 31, 2019, a 12.9% increase from Rs. 1,652.4 million for the fiscal year ended March 31, 2018, primarily due to an increase in headcount (due to increased operations) and annual salary increases.

Other Expenses

Other expenses, comprising operating, administrative and other expenses, were Rs. 9,729.9 million for the fiscal year ended March 31, 2019, a 4.4% increase from Rs. 9,316.8 million for the fiscal year ended March 31, 2018. This increase was primarily due to an increase in foreign exchange difference (net), partially offset by a decrease in airport operator fees.

Depreciation and Amortization Expense

Depreciation and amortization expenses were Rs. 6,398.2 million for the fiscal year ended March 31, 2019, a 0.9% decrease from Rs. 6,459.0 million for the fiscal year ended March 31, 2018.

Finance Costs

Our finance costs were Rs. 6,295.9 million for the fiscal year ended March 31, 2019, a 8.7% increase from Rs. 5,791.5 million for the fiscal year ended March 31, 2018, primarily due to an increase in call spread option premium relating to the hedge taken in respect of the Existing Notes, and interest on borrowings (due to Rupee depreciation), partially offset by a decrease in interest expense on financial liability carried at amortized cost.

Tax Expenses

We accounted total tax credit of Rs. 1,151.0 million and Rs. 788.5 million for the fiscal years ended March 31, 2019 and 2018, respectively, due to the reversal of deferred tax liability on account of loss during the year.

Profit for the Year

As a result of the factors described above, we recorded a loss of Rs. 1,117.7 million for the fiscal year ended March 31, 2019, as compared to a profit of Rs. 382.5 million for the fiscal year ended March 31, 2018.

Fiscal year ended March 31, 2018 compared to fiscal year ended March 31, 2017

Total Income

Total income was Rs. 40,428.4 million for the fiscal year ended March 31, 2018, a 31.8% decrease from the Rs. 59,312.2 million for the fiscal year ended March 31, 2017, as a result of a decrease in revenue from aeronautical operations, partially offset by an increase in revenue from non-aeronautical operations.

Revenue from aeronautical operations was Rs. 17,054.8 million for the fiscal year ended March 31, 2018, a 56.6% decrease from Rs. 39,315.3 million in the fiscal year ended March 31, 2017. The decrease in our aeronautical services revenue was primarily attributable to the implementation of tariff for the second control with effect from July 7, 2017, which resulted in decreases in UDF and landing and parking charges.

Revenue from non-aeronautical operations was Rs. 17,988.1 million for the fiscal year ended March 31, 2018, an increase of 17.7%, from Rs. 15,284.7 million in the fiscal year ended March 31, 2017, primarily due to (i) an increase by Rs. 631.1 million or 29.8%, in others as a result of an increase in revenue from IT services, (ii) an increase by Rs. 318.6 million, or 10.0%, in land and space rental revenue as a result of an increase in the annual rental rates, (iii) an increase by Rs. 339.3 million, or 34.1%, in retail revenue as a result of the increase in passenger traffic through our Airport, (iv) an increase by Rs. 359.0 million, or 10.5%, in duty free revenue due to an increase of passenger traffic through our Airport, and (v) an increase by Rs. 357.6 million, or 20.9%, in cargo revenues due to an increase in tonnage of cargo handled.

Other Income

Other income was Rs. 3,618.7 million for the fiscal year ended March 31, 2018, a 17.9% increase from Rs. 3,069.9 million for the fiscal year ended March 31, 2017, primarily due to income on fair value of duty credit scrip and a gain on fair value and sale of current investments, partially offset by a decrease in a gain on foreign exchange rate fluctuation.

Annual Fee to Airports Authority of India (AAI)

Annual fee to Airports Authority of India (AAI) was Rs. 17,614.7 million for the fiscal year ended March 31, 2018, a 33.1% decrease from the Rs. 26,348.4 million recorded for the fiscal year ended March 31, 2017, as a result of a decrease in our actual total income for fiscal year 2018. See "Business — Our Concession — Operation, Management and Development Agreement" for further details of how the annual fee to AAI is calculated.

Employee Benefit Expenses

Employee benefit expenses were Rs. 1,652.4 million for the fiscal year ended March 31, 2018, a 27.6% increase from the Rs. 1,294.7 million recorded for the fiscal year ended March 31, 2017, primarily due to an increase in headcount (due to increased operations), operationalization of Terminal 2 and annual salary increases.

Other Expenses

Other expenses, comprising operating, administrative and other expenses, were Rs. 9,316.8 million for the fiscal year ended March 31, 2018, a 11.7% increase from the Rs. 8,343.7 million for the fiscal year ended March 31, 2017. This increase was primarily due to a 31.5% increase in manpower hire charges from Rs. 957.9 million for the fiscal year ended March 31, 2017 to Rs. 1,259.7 million for the fiscal year ended March 31, 2018 and a 13.8% increase of the airport operator fees from Rs. 1,510.5 million for the fiscal year ended March 31, 2017 to Rs. 1,718.7 million for the fiscal year ended March 31, 2018. These increases were partially offset by a decrease in marketing expenses of Rs. 395.5 million. See "Business — Our Concession — Operation, Management and Development Agreement" for further details about the airport operator fee.

Depreciation and Amortization Expense

Depreciation and amortization expenses were Rs. 6,459.0 million for the fiscal year ended March 31, 2018, a 1.2% increase from the Rs. 6,380.3 million for the fiscal year ended March 31, 2017 due to operational capital expenditure.

Finance Costs

Our finance costs were Rs. 5,791.5 million for the fiscal year ended March 31, 2018, a 9.8% increase from the Rs. 5,272.5 million recorded for the fiscal year ended March 31, 2017, primarily due to an increase in call spread option premium relating to the hedge taken in respect of the Existing Notes, partially offset by a decrease in interest on our borrowings.

Tax Expenses

We accounted total tax credit of Rs. 788.5 million for the fiscal year ended March 31, 2018, as compared to a tax expense of Rs. 5,405.0 million for the fiscal year ended March 31, 2017, carry-forwards losses that were set-off against our tax liabilities for those periods.

Profit for the Year

As a result of the factors described above, we recorded a profit for the year of Rs. 382.5 million for the fiscal year ended March 31, 2018, a 93.5% decrease from the profit for the year of Rs. 5,859.6 million recorded for the fiscal year ended March 31, 2017.

LIQUIDITY AND CAPITAL RESOURCES

Our financial condition and liquidity has been and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flow from our operating activities;
- the level of our outstanding indebtedness and the interest that we are obligated to pay on our indebtedness, which together affect our overall finance costs;
- prevailing domestic and international interest rates, which affect our debt service requirements; and
- our investment and capital expenditure commitments under our revised Master Plan consisting of several phases of infrastructure, including the Phase 3A Expansion, which will likely require significant additional borrowings in the future.

Our principal cash requirements consist of the following:

- operating and working capital requirements;
- the servicing of our indebtedness; and
- our investment commitments under our investment plan and Master Plan, including the Phase 3A Expansion, as well as additional capital expenditures.

Historically, our operations have been funded through cash flow from operations, borrowings under our long-term debt facilities and issuance of debt securities. See "Description of Material Indebtedness." If certain conditions are met, we are obligated under our Concession Agreements to undertake significant capital expenditures for the construction and development of additional facilities at the Airport, including new terminals and the related facilities necessary to support these terminals, such as roads and security infrastructure. We will need to raise additional indebtedness, as we will not be able to fund many of these required capital expenditures solely with our operating cash flows. See "Risk Factors — Risks Related to Our Business — Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion." and "Risk Factors — Risks Related to Our Business — Our operations and fees we charge for aeronautical services — which comprise a substantial majority of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historical results of operations and financial condition, and will continue to affect our future results of operations and financial condition." As of March 31, 2019, 2018 and 2017, our cash and cash equivalents and bank balance other than cash and cash equivalents totaled Rs. 6,252.8 million, Rs. 4,662.4 million and Rs. 6,003.4 million, respectively.

Working Capital

Due to the nature of our business, our current liabilities will generally exceed our current assets. Current liabilities primarily arise from trade payables, interest accrued but not due on borrowings and current maturities of trade deposits. However, we did not have any working capital deficits as of March 31, 2019, 2018 and 2017, at which times our current assets exceeded our current liabilities by Rs. 19,314.1 million, Rs. 26,010.7 million and Rs. 25,723.6 million, respectively, due primarily to our decision to increase investments in mutual funds and fixed deposits in anticipation of a potential change in aeronautical tariff rates and in light of our plans for future expansion. See "Business — Our Sources of Revenue — Other Fees We Do Not Earn." Our trade deposits consist primarily of deposits we receive from our aeronautical and non-aeronautical service customers, including certain of our joint ventures and associates. We believe that we have adequate working capital for our present requirements, and we expect that if current market conditions prevail, our cash flows from operations, our working capital facility and available cash on hand will be sufficient to fund our operating needs, maintenance capital expenditures and debt service obligations for the foreseeable future. We may, however, incur additional indebtedness to finance all or a portion of any capital expenditures. See "Risk Factors — Risks Related to Our Business — We have had, and may in the future have, working capital deficits."

Cash Flows from Operating Activities

For the fiscal year 2019, our net cash flows from operating activities were Rs. 10,461.3 million, which represented an increase of 8.2% from Rs. 9,665.3 million for fiscal year 2018. This was primarily a result of a decrease in trade receivables due to collection of old outstanding receivables from Air India Group and an increase in non-current deferred revenue, partially offset by an increase in other current financial assets and a decrease in trade payables.

For the fiscal year 2018, our net cash flows from operating activities were Rs. 9,665.3 million, which represented a decrease of 47.9% from the Rs. 18,565.3 million for fiscal year 2017. This was primarily a result of a decrease in operating profit before working capital changes of Rs. 12,119.2 million, a decrease in non-current deferred revenue, a decrease in other current liabilities and a decrease in trade payable, partially offset by a decrease in trade receivable and an increase in current financial liabilities.

For fiscal year 2017, our net cash flows from operating activities were Rs. 18,565.3 million, which primarily consisted of profit before tax and working capital.

Cash Flows from Investing Activities

For fiscal year 2019, our net cash flows used in investing activities were Rs. 6,364.0 million compared to net cash flows used in investing activities of Rs. 4,686.6 million for fiscal year 2018. This increase was primarily due to an increase in the purchase of property, plant and equipment, including capital work-in-progress and capital advances, partially offset by a disposal of current investments during the fiscal year 2019 as compared to the fiscal year 2018.

For fiscal year 2018, our net cash flows used in investing activities were Rs. 4,686.6 million compared to net cash flows used in investing activities of Rs. 11,411.0 million for fiscal year 2017. This decrease was primarily due to an increase in the sale/maturity of current investments, partially offset by an increase in the purchase of both current and non-current investments and fixed deposits.

For fiscal year 2017, our net cash flows used in investing activities were Rs. 11,411.0 million, which primarily consisted of purchase of current investments, partially offset by the sale/maturity of current investments.

Cash Flows from Financing Activities

For fiscal year 2019, our net cash flows used in financing activities were Rs. 5,583.6 million compared to net cash flows used in financing activities of Rs. 6,770.2 million for fiscal year 2018. This decrease was primarily due to no payment of dividends in fiscal year 2019, partially offset by an increase in call spread option premium paid.

For fiscal year 2018, our net cash flows used in financing activities were Rs. 6,770.2 million compared to net cash flows used in financing activities of Rs. 5,689.9 million for fiscal year 2017. The increase in net cash used in financing activities was primarily due to an increase in final dividend paid and option premium paid, partially offset by a decrease in interest paid.

For fiscal year 2017, our net cash flows used in financing activities were Rs. 5,689.9 million, which primarily consisted of repayment of borrowings and interest paid, partially offset by proceeds from borrowings.

Contractual Obligations

The following table summarizes our contractual obligations as at March 31, 2019:

	Less than 1 year	1 — 5 years	More than 5 years	Total
		(Rs. in millions)		
Total debt	—	19,732.5	35,914.0	55,646.5
Total(1)	—	19,732.5	35,914.0	55,646.5

(1) All of our purchase obligations are cancellable without penalty, and thus are not included in contractual obligations. Amounts under the EPC Contract are not included in contractual obligations. Such amounts are cancellable with certain penalties.

Contingent Liabilities

Other than provisions that we have made in connection with certain legal proceedings, we have no contingent liabilities other than as disclosed in accordance with Ind AS 37 of Ind-AS in our financial statements included elsewhere in this offering memorandum. See “Business — Legal Proceedings — Provisions” and the notes to our audited standalone financial statements included elsewhere in this offering memorandum.

Capital Expenditures

The following table provides historical information regarding our capital expenditure for the fiscal years ended March 31, 2019, 2018 and 2017.

	Fiscal year ended March 31,		
	2019	2018	2017
	(Rs. in millions)		
Property plant and equipments (additions)			
Buildings and Leasehold improvement			
Terminals and associated buildings including Leasehold improvements, etc.	437.5	108.8	271.4
Bridges, Culverts, Bunders, etc.	0.1	3.2	—
Roads-other than RCC	119.5	17.8	44.6
Runways, taxiways, control towers, aprons	314.4	93.0	122.1
Utility related infrastructure			
Electrical Installations and Equipment	352.8	145.6	291.7
Plant and Machinery	1461.1	72.2	202.3
Office Equipment	16.8	2.3	8.6
Computer and data processing units	190.7	148.5	116.9
Furniture and Fittings	419.6	118.8	343.2
Vehicles	42.2	12.5	24.5
Total (A)	3,354.7	722.7	1,425.3
Intangible Assets (additions)			
Computer Software	7.5	5.8	5.3
Total (B)	7.5	5.8	5.3
Total (A+B)	3,362.2	728.5	1,430.6

As of the date of this offering memorandum, our material contracted and budgeted capital expenditures for the next three to five years consists primarily of capital expenditure associated with the Phase 3A Expansion. We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. This capital expenditure is expected to be funded principally through (i) cash on hand and cash generated from operations of Rs. 40 billion, (ii) deposits from our commercial property development business of Rs. 15 billion, (iii) the incurrence of additional U.S. dollar indebtedness in the form of the Notes offered hereby of Rs. 24.5 billion, and (iv) the balance through additional deposits from our commercial property development business, or, if required, the incurrence of additional debt. These capital expenditures and the composition of the Phase 3A Expansion are based on our preliminary estimates and are thus subject to change as a result of detailed design and final bid amounts. They are also subject to consultation with stakeholders and regulatory approvals. As of the date of this offering memorandum, we have incurred approximately Rs. 10 billion (which is reflected in our financial statements for fiscal year 2019 as capital advances and capital work in progress) in connection with the Phase 3A Expansion, and expect to incur more than half of the total cost of the Phase 3A Expansion within the next two fiscal years. See "Business — Corporate History and Structure — The Revised Master Plan." In addition, we are obligated under our Concession Agreements, if certain conditions therein are met, to undertake significant capital expenditures for the construction and development of additional facilities at the Airport, including new terminals and the related facilities necessary to support these terminals, such as roads and security infrastructure.

Additionally, in the past, regulatory bodies have required us to accelerate the timing of certain projects outlined in the Master Plan. For example, MoCA instructed us to begin construction in 2013 of a new air traffic control tower, using funds previously borrowed and to be repaid using additional ADF allocated by AAI, which originally had been scheduled in the Master Plan for construction in the sub-phase beginning in 2016. See "Risk Factors — Risks Related to Our Business — Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion."

OFF-BALANCE SHEET TRANSACTIONS

As of March 31, 2019, we did not have any off-balance sheet arrangements, which are assets or debts or financing activities that are not reflected on our balance sheet.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in currency exchange rates. This market risk principally involves the possibility that changes in currency exchange rates will adversely affect the value of our financial assets and liabilities or future cash flows and earnings.

Foreign Currency Exchange Rate Risk

Our principal exchange rate risk involves changes in the value of the Indian Rupee relative to the U.S. dollar.

As we borrow in the international markets to support our operations and investments, we are exposed to market risks from changes in foreign exchange rates. As of March 31, 2019, we had an aggregate of Rs. 55,646.5 million (US$ 804.5 million) of non-current borrowings outstanding representing U.S. dollar-denominated indebtedness in the form of senior secured foreign currency notes, which represent the Existing Notes. Decreases in the value of the Indian Rupee in the future will increase the cost in Indian Rupees of servicing our U.S. dollar indebtedness, including the Notes offered hereby. A depreciation of the Indian Rupee relative to the U.S. dollar would also result in foreign exchange losses, as the Indian Rupee value of our U.S. dollar-denominated indebtedness would increase. We attempt to manage our exposure to such foreign exchange risks by entering into call spread option.

Interest Rate Risk

The Company is not currently exposed to risk of changes in market interest rates as all of the outstanding borrowings of the Company are fixed rate of interest. However, we are exposed to market risks from changes in foreign exchange rates for our interest liability. We attempt to manage our exposure to such foreign exchange risks by entering into forward exchange contracts.

Seasonality

Our industry tends to be seasonal in nature, and we typically experience increased passenger traffic, in particular international passenger traffic, and ATMs, in the first and third quarter of each fiscal year as travelers visit northern India during school holidays and the relatively cooler weather, and lower passenger traffic and ATMs in the second and fourth quarters. Our business, financial condition and results of operations could be adversely affected by seasonal changes in our passenger traffic and mix.

CRITICAL ACCOUNTING POLICIES

Our financial statements have been prepared in conformity with Ind-AS. The preparation of our financial statements requires that our management make judgments, estimates and assumptions that affect reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of each reporting period. Although these estimates are based on our management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. You should read the following descriptions of critical accounting policies and estimates in conjunction with our financial statements and related notes thereto appearing elsewhere in this offering memorandum.

We conducted detailed analysis to determine applicability of Appendix A of Ind-AS 11 and concluded that the same does not apply to DIAL. Our Concession has significant non-regulated revenues, such as non-aeronautical revenues, which are not ancillary in nature, as these are important from the perspective of DIAL, AAI and passengers. Further, the regulated and non-regulated services are substantially interdependent and cannot be offered in isolation. The Airport is used for both providing regulated services (aeronautical services) and non-regulated services (non-aeronautical services). Accordingly, we have concluded that SCA does not apply to DIAL.

On March 30, 2019, the Ministry of Corporate Affairs notified lnd-AS 116 — Leases, the new accounting standard on accounting for leases. lnd-AS 116 is applicable to us for the financial year beginning April 1, 2019 and it replaces the existing standard lnd-AS 17 — Leases covering accounting for leases. The standard permits two possible methods of transition, which includes an option to restate earlier periods for the adoption of this standard or to reflect the impact of change as an adjustment to the opening balance of retained earnings as at April 1, 2019 in our financial statements for the periods beginning April 1, 2019. We continue to evaluate both the transition methods and our contractual arrangements. The ultimate impact resulting from the application of this standard will be subject to our assessments which will be subject to many variables, including but not limited to terms of contractual arrangements. On application of this standard, we will be required to adopt a single recognition and measurement approach for all leases using a “right of use” model, resulting in the creation of a liability for the present value of our future lease obligations with a corresponding “right to use” asset. In the statement of profit or loss, we would recognize an amortization of such right to use asset and interest expense. We have not attempted to quantify the impact of lnd-AS 116 on the financial information included in this.

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, 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.

Revenue from contract with customer (applicable with effect from April 1, 2018)

Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the we expect to be entitled in exchange for those services. We have generally concluded that we are the principal in our revenue arrangements, because we typically control the services before transferring them to the customer.

Revenue from Operations

Significant financing component

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

We also receive long-term advances from customers for rendering services. The transaction price for such contracts are discounted, using the rate that would be reflected in a separate financing transaction between us and our customers at contract inception, to take into consideration the significant financing component.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer. If we perform by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Trade receivables

A receivable represents our right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which we have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before we transfer services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when we perform under the contract.

Income from Services

Revenue from airport operations, aeronautical and non-aeronautical operations are recognized on accrual basis, net of GST, and applicable discounts when services are rendered. Aeronautical operations include user development fees ("UDF"), Passenger Service Fee (Facilitation Component) ("PSF (FC)"), baggage x-ray charges, landing and parking of aircraft, fuel farm and CUTE counter charges. The main streams of non-aeronautical revenue includes duty free, retail, advertisement, food and beverage, cargo, ground handling, car parking and land and space-rentals. Land and space rentals include the granting or 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 includes rights granted to concessionaires and is recognized on accrual basis, as per the terms of the agreement entered into with the customers.

Interest and Dividend Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable except for the interest income received from customers for delayed payments, which is accounted for on the basis of reasonable certainty and realization.

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate ("EIR"). The EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR, we estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognized when our right to receive a dividend is established, which is generally when our shareholders approve the dividend.

Financial Instrument

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

A. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and our business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which we have applied the practical expedient, we initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction cost. Trade receivables that do not contain a significant financing component or for which we have applied the practical expedient are measured at the transaction price determined under Ind AS 115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Our business model for managing financial assets refers to how we manage our financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that we commit to purchase or sell the asset.

Subsequent measurement

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

- financial assets at amortized cost;
- financial assets at fair value through profit or loss ("FVTPL"); and
- financial assets at fair value through other comprehensive income ("FVTOCI").

Financial assets at amortized cost

A 'Financial asset' is measured at the amortized 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.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method.

Amortized 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 amortization is included in other income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as at Fair Value through OCI ("FVTOCI"), is classified as at FVTPL.

In addition, we may elect to designate a financial asset, 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'). Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

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

b) we have transferred our 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 (i) we have transferred substantially all the risks and rewards of the asset, or (ii) we have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When we have transferred our rights to receive cash flows from an asset or have entered into a pass-through arrangement, we evaluate if and to what extent we have retained the risks and rewards of ownership. When we have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, we continue to recognize the transferred asset to the extent of our continuing involvement. In that case, we also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that we have retained.

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

Impairment of financial assets

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

- financial assets measured at amortized cost e.g., deposits, trade receivables and bank balance.

We follow the 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables. The application of the simplified approach does not require us to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

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

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

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

As a practical expedient, we use a provision matrix to determine impairment loss allowance on portfolio of our trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

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

B. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Our financial liabilities include trade and other payables, loans and borrowings including and derivative financial instruments.

Subsequent measurement

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 or losses attributable to changes in own credit risk is recognized in OCI. These gains or losses are not subsequently transferred to the standalone statement of profit and loss. However, we may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. We have not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to us. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized 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 amortization is included as finance costs in the standalone statement of profit and loss.

Derecognition

A financial liability is derecognized 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 respective carrying amounts is recognized in the statement of Profit and Loss.

Offsetting of financial instruments

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

C. Derivative financial instruments and hedge accounting

Initial Recognition and subsequent measurement

We use derivative financial instruments, such as call spread options, to hedge its foreign currency risks.

Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, we formally designate and document the hedge relationship to which we wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes our risk management objective and strategy for undertaking hedge, the hedging and economic relationship, the hedged item or transaction, the nature of the risk being hedged, the hedge ratio and how we will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as described below:

- the effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.
- amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.
- if the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Presentation of derivative contracts in the financial statement

Derivative assets and liabilities recognized on the balance sheet are presented as current and non-current based on the classification of the underlying hedged item.

Fair value measurement

We measure financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by us.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized 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 recognized in the standalone financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

We determine the policies and procedures for recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuers are involved for valuation of significant assets or liabilities such as derivative instruments.

At each reporting date, we analyze the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per our accounting policies. For this analysis, we verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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.

Assets under installation or under construction as at the balance sheet date are shown as "Capital work-in-progress" ("CWIP"). However, CWIP relating to the development fund ("DF") are being net off from the development fee accrued (to the extent not utilized) and are not included in CWIP. Expenditure including finance charges directly relating to construction activity is capitalized.

Capital work in progress includes leasehold improvements under development as at the balance sheet date.

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

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 derecognized.

Development fee related to an asset, (net of direct amount incurred to earn aforesaid development fee) is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

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.

Depreciation and amortization

Depreciation on property, plant and equipment is calculated on a straight line basis using the useful lives prescribed under Schedule II to the Companies Act, 2013, except for certain assets class i.e. internal approach roads, electric panels and transformers and sub-station. Based on a technical evaluation, we believe that the useful life of such property, plant and equipment 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 property, plant and equipment as adopted by us and those prescribed under Schedule II to the Companies Act, 2013:

For the fiscal years 2019 and 2018, we have used the following useful lives prescribed in Schedule II of the Companies Act, 2013, resulting assets to be depreciated at a faster rate than previously stipulated:

Particulars	Management Estimated Lives (Years)	Schedule II Lives (Years)
Buildings on leasehold land	30	30
Runway and taxiways	30	Not prescribed
Plant and equipment	15	15
Office equipment	5	5
Computers		
Servers and networking	6	6
End-user device	3	3
Furniture and fixtures	10	10
Vehicles	8	8

The useful lives of assets which are not as prescribed in Schedule II of the Companies Act, 2013 are estimated by the management based on technical evaluation as follows:

Particulars	Management Estimated Lives Based on Technical Evaluation (Years)	Schedule II Lives (Years)
Internal Approach Roads — Other than RCC (Reinforced Cement Concrete)	10	5
Transformers / Power Sub-Stations	15	10
Electric Panels	15	10

Individual assets not exceeding Rs. 5,000 are fully depreciated in the year of purchase. Includes compound wall which is depreciated using a useful life of 10 years and rehabilitation cost in respect of Runway number 09-27 and 10-28, which is depreciated a useful life of 6 years and 20 years, respectively.

For the fiscal year 2017, we have used the following rates of depreciation on our tangible assets:

Particulars	Management Estimated Rates	Schedule XIV Rates
Buildings on leasehold land(2)	3.34% - 10.00%	3.34%
Runway and taxiways	3.34% - 16.67%	Not prescribed
Plant and equipment	4.75%	4.75%
Office equipment	4.75%	4.75%
Computers	16.21%	16.21%
Furniture and fixtures	6.33%	6.33%
Vehicles	9.50%	9.50%

Individual assets not exceeding Rs. 5,000 are fully depreciated in the year of purchase. Includes compound wall which is depreciated at 10% per annum and rehabilitation cost in respect of Runway number 09-27 and 10-28, which is depreciated at 16.67% and 5.00% per annum respectively.

The useful life of property, plant and equipment which are not as per schedule II of the Companies Act 2013, have been estimated by our management based on internal technical evaluation.

The Property, plant and equipment acquired under finance lease is depreciated over the asset's useful life; or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that we will obtain ownership at the end of lease term.

Leasehold Improvements are improvements, betterments, or modifications of leased property which will benefit the company for the period of more than one year. The amount of leasehold improvements are capitalized and amortized over the period of lease or useful life, whichever is less.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in these financial statements.

The upfront fee paid as airport concession rights and other costs paid to AAI referred to above are recognized and amortized over the initial and extended period of OMDA i.e. 60 years. Other intangible assets are amortized over the useful life of asset or six years, whichever is lower.

Impairment of non-financial assets

We assess 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, we estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating units' ("CGUs") fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account.

We base our impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of our CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, we extrapolate cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

For assets an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, we estimate the asset's or CGU's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Provisions, Contingent Liabilities and Commitments

Provisions are recognized when: (i) we have a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation. When we expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Provisions for onerous contracts are recognized when the expected benefits to be delivered by us from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established we recognize any impairment loss on the assets associated with that contract.

Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

Investments in Associates, Joint Ventures and Subsidiary

We have accounted for our investments in associates, joint ventures and subsidiary at cost.

Retirement and other Employee Benefits

Defined Benefit Plan

Retirement benefit in the form of provident fund is a defined benefit scheme. We contribute a portion of the contribution to DIAL Employees Provident Fund Trust (‘the Trust’). We have an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate which is determined by actuary and accounted by us as provident fund cost.

Retirement benefit in the form of Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the standalone statement of profit and loss of the year when the contributions to the respective funds are due. We have no obligation, other than the contribution payable to the respective trusts.

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

We recognize 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 a reduction in future payment or a cash refund.

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

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss on the earlier of:

(i) the date of the plan amendment or curtailment, and date that we recognize related restructuring costs; and

(ii) The date that we recognize related to restructuring costs.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

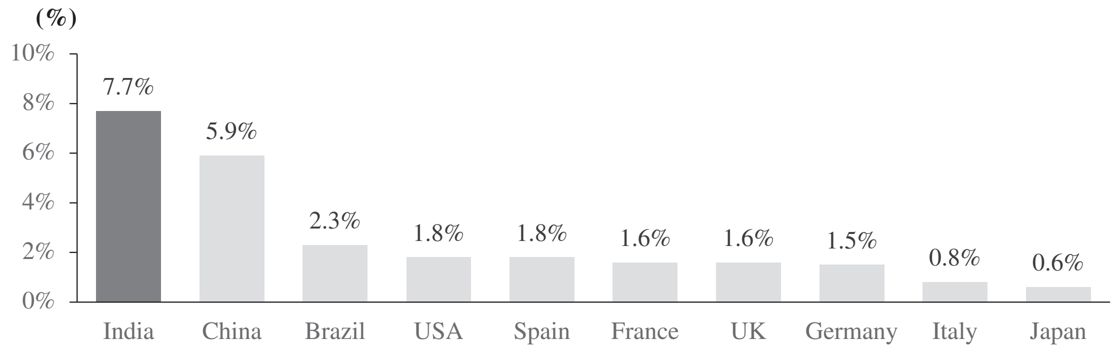
- net interest expense or income.

This section contains information concerning the aviation industry in India, including industry data and forecasts that we have obtained from industry publications and surveys, reports of governmental agencies, publicly available corporate information and internal company surveys, as well as from industry reports prepared by ICF Limited, CRISIL, IATA and Knight Frank. No representation or warranty, express or implied, is made by the Company, the Initial Purchasers, ICF Limited, CRISIL, IATA or Knight Frank as to the accuracy or completeness of the information set forth in this section, and nothing contained in this section shall be relied upon as a promise or representation, whether as to the past or future. This information has not been independently verified by of the Company or the Initial Purchasers or any of the advisors of the foregoing and should not be unduly relied on.

India Macroeconomic Overview

India's economy was the seventh largest in the world by nominal GDP and the third largest by purchasing power parity in 2018, according to the International Monetary Fund ("IMF"). India's real GDP has grown at an average rate of over 7.1% per annum from 2012 to 2018, led by growing domestic consumption, infrastructure spending and private capital expenditure ("PCE"). The IMF estimates 7.7% real GDP compound annual growth rate ("CAGR") for India over 2018-23. The below chart sets out expected growth rates in GDP per capita over 2018-23 for select countries.

Real GDP growth (CAGR 2018-2023E) of key economies

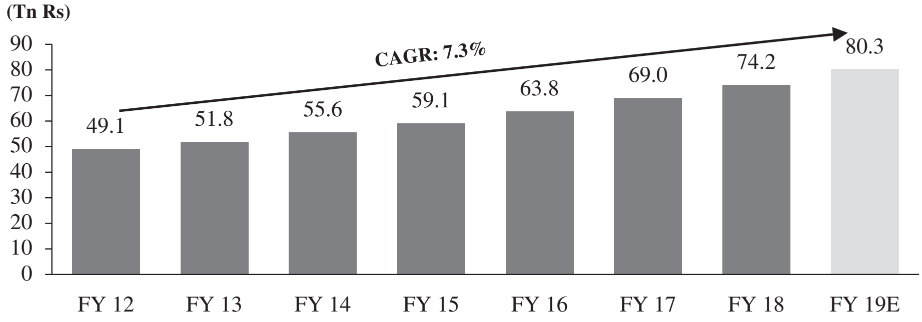


Source: International Monetary Fund

Note: GDP at constant prices in national currency

PFCE is a crude indicator of the prosperity of a country. India's PFCE has grown at a CAGR of 7.3% from fiscal year 2012 to fiscal year 2019. Private final consumption expenditure (PFCE) at constant prices is estimated at Rs 80.3 trillion in fiscal year 2019.

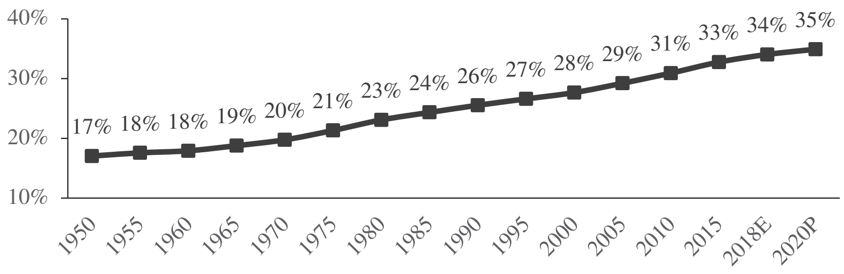
Private final consumption expenditure



Source: Ministry of Statistic and Programme Implementation (MoSPI)

The share of India's urban population in relation to total population has been consistently rising over the second half of the twentieth century, and was approximately 34% in 2018. The United Nations report, 'World Urbanization Prospects: The 2018 Revision', expects the share of India's urban population to be nearly 35% by 2020.

Urban population as a percentage of total population



Source: The United Nations report, 'World Urbanization Prospects: The 2018 Revision'

Indian Aviation Industry Overview

According to IATA, the Indian aviation industry is the seventh largest in the world, and is expected to become the third largest by 2024, based on passenger numbers. There are 486 airports and airstrips in India, of which 129 are managed by AAI (not including concession airports). In the last decade, India has seen considerable growth in aviation. According to CRISIL Research, passenger throughput grew to 309 million and cargo throughput to 3.3 million metric tons in fiscal year 2018, registering 14% and 9% CAGR, respectively, for the period ranging from fiscal years 2013 to 2018.

Future Growth Potential

Over the next few years, improving economic growth in India along with favorable demographic factors such as an expanding middle class resulting in higher disposable incomes are expected to result in higher spending on travel as well as increased trade activity and freight traffic, according to the World Bank. Additionally, revival in the global economy is also likely to lead to greater traffic flows between India and the rest of the world. Other growth drivers for passenger and freight traffic include:

- upgrading of smaller airports and commissioning of green field airports, which will improve air connectivity and provide a boost to domestic traffic growth;
- development of Indian airports as transit hubs to serve traffic between Europe and the Middle East, and East and Southeast Asia;
- the Government of India's focus on increasing exports and manufacturing as a share of GDP; and
- upgraded cargo-handling infrastructure at major airports and the increased focus of Indian airlines on cargo operations.

The Indian aviation industry is also expected to benefit from government policies and initiatives. The Government of India announced the Aviation Policy 2016 with the aim of making flying affordable and convenient for the general population along with establishing an integrated eco-system that will lead to significant growth of the sector in the longer term. The policy covers all key aviation subsectors including airlines, airports, cargo, maintenance, repairs and overhaul services, general aviation, aerospace manufacturing and skill development and emphasized the need to enhance regional connectivity by providing fiscal support, infrastructure development and enhancing the ease of doing business through deregulation, simplified procedures and e-governance. The key objectives of the Aviation Policy 2016 include:

- making India among the global top three nations in terms of domestic and international passenger traffic;
- increasing domestic ticketing to 300 million (by number of passengers) by 2022 and 500 million (by number of passengers) by 2027;
- increasing international ticketing to 200 million (by number of passengers) by 2027;
- increasing cargo volumes to 10 million tons by 2027; and
- removing the minimum five years domestic operations requirement for flying on international routes. However, airlines will still have to utilize at least 20 aircrafts or 20% of their total capacity on domestic routes.

According to the Aviation Policy 2016, tariffs at all airports will be calculated on a 'hybrid till' basis by using 30% of non-aeronautical revenue to cross subsidize aeronautical charges to ensure uniformity and a level playing field across all airport operators.

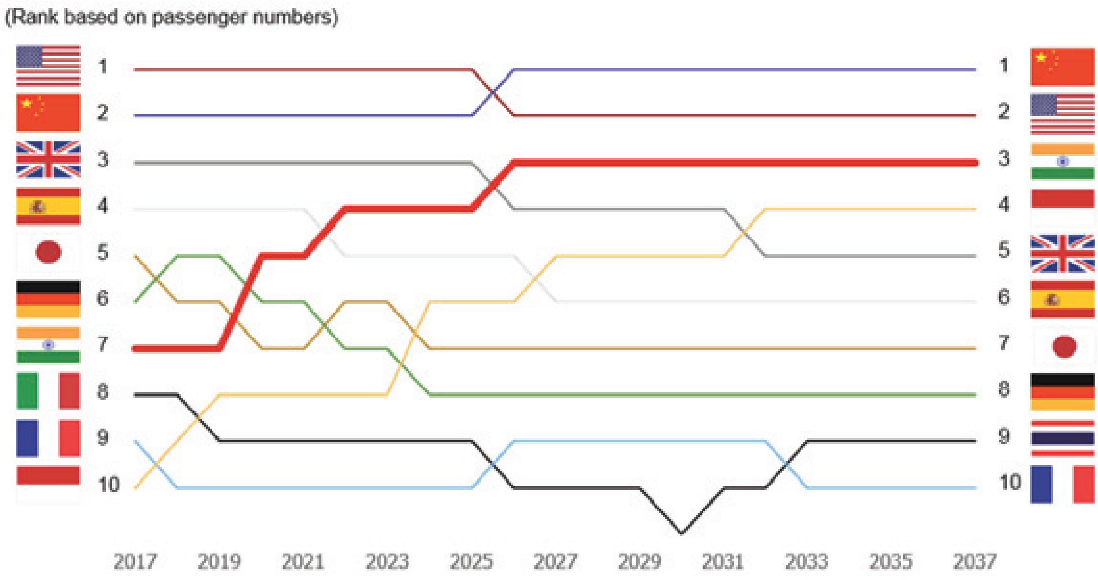
The Government of India also announced a regional connectivity scheme ("RCS"), which is also referred to as UDAN ("Ude Desh Ka Aam Naagarik") in 2016 aimed at improving civil aviation regional connectivity across the country. The RCS will focus on reviving unserved/underserved airports across the country and incentivizing airline operators to operate in regional routes through concessions to reduce operating costs and other forms of financial support. On February 1 2019, the Government of India has allocated a budgetary support of Rs 4.8 billion to UDAN during the interim budget. A total of 38 airports have been made operational in un-served and under-served areas under UDAN. According to AAI, under UDAN-I, 128 routes were awarded, of which 72 routes were operational as of February 14, 2019. Under UDAN-II, 312 routes were awarded, of which 68 were operational as of February 14, 2019. Additionally, 31 new helipads have been approved under UDAN II.

With the opening of the airport sector to private participation, Adani Enterprises emerged as the successful bidder for the operation of six airports across non-metro cities in 2019 for development under a public-private partnership ("PPP") model. This is the second big round of privatizing airports after Delhi and Mumbai were handed out to private players. Currently, 53% of India's airport passenger traffic is handled under PPP model, while the remaining 47% is managed by AAI.

With the major upcoming greenfield airports (Navi Mumbai, Goa and Bhogapuram) and brownfield investments in Delhi, Bengaluru, Hyderabad and Chennai airports, airport investments are expected to pick up significantly.

The aforementioned factors are expected to result in continued high growth for the Indian aviation industry.

10 Largest Air Passenger Markets Over 2017-2037

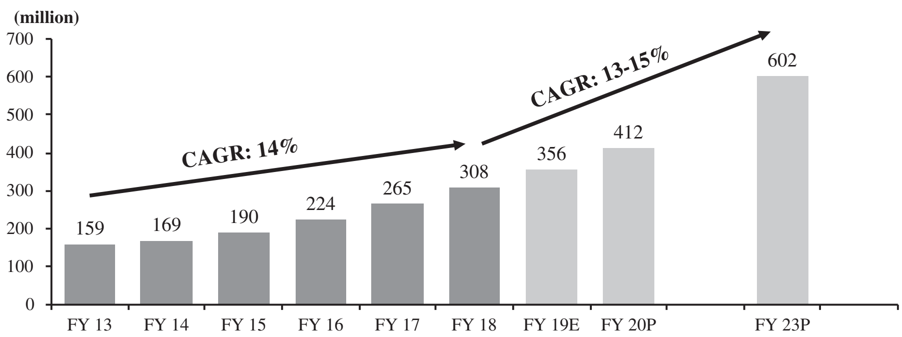


Source: IATA

Indian Air Traffic Outlook

Indian passenger air traffic grew at a CAGR of 14% from fiscal year 2013 to fiscal year 2018, driven by economic growth and the growing availability of low cost air travel options. Passenger air traffic is projected to grow at a CAGR of 13-15% from fiscal year 2018 to fiscal year 2023, according to CRISIL Research. Growth is expected to be led by domestic traffic, which is projected to grow at 13-15% during this period, while international traffic is projected to grow at 8-10% over this period. Currently, the route between Mumbai and Delhi is the third busiest domestic route in the world. Continued economic growth, improved connectivity to tier 2 and tier 3 cities and increase in transit passengers at Indian Airports will be the key drivers behind passenger air traffic growth.

Total Passengers Handled (millions) at Indian Airports, fiscal years 2012-2022



Break-up of overall passenger traffic handled at Indian airports

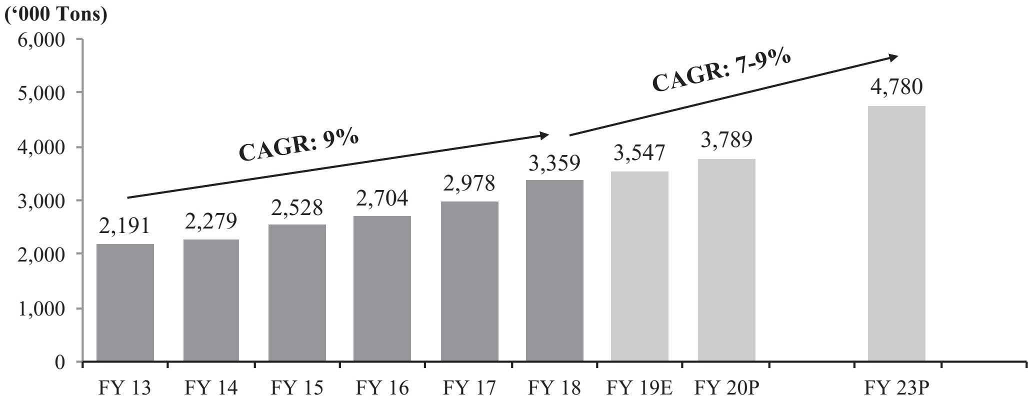
	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20P	FY23P
Domestic	73%	72%	73%	75%	78%	79%	80%	81%	83%
International	27%	28%	27%	25%	22%	21%	20%	19%	17%

Source: CRISIL Research

Note: "E" refers to Estimate; "P" refers to Projection.

Indian freight traffic grew at a CAGR of 9% from fiscal year 2013 to fiscal year 2018. Freight traffic is projected to grow at a CAGR of 7-9% from fiscal year 2017 to fiscal year 2022, according to CRISIL Research. Growth is expected to be driven by improved domestic and global economic conditions, which would result in increased Indian trade. Key sectors expected to drive the growth in freight traffic are e-commerce, pharmaceuticals, auto components, and electrical and electronic goods.

Total Freight Traffic ('000 Metric Tons) at Indian Airports, Fiscal Years 2012-2023



Break-up of overall freight traffic handled at Indian airports

	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20P	FY23P
Domestic	36%	37%	39%	39%	38%	36%	37%	37%	38%
International	64%	63%	61%	61%	62%	64%	63%	63%	62%

Source: CRISIL Research

Note: "E" refers to Estimate; "P" refers to Projection.

Delhi Region Overview

According to World Population Review, Delhi city is the largest metropolis by area, and the second largest metropolis by population in India with over 22 million people and a major financial, industrial and political center in India. As the capital of India, Delhi houses many multinational corporations and most of the government institutions which form part of one of India's most robust economies.

Delhi is the largest commercial district in Northern India and has the highest per capita income in India with regional income three-times higher than the national average, according to the latest budget for Delhi issued by the Ministry of Finance on February 26, 2019. The primary source of Delhi's GDP is tertiary and secondary-sector industries which account for more than 98% of total income. These businesses generate considerable air travel demand, both domestically to other commercial centers within India, and to and from international headquarters.

Delhi's economy has shown significant growth during the last decade. This growth has mainly been driven by the service sector followed by the manufacturing sector. One of the key reasons for the high growth of the service sector is Delhi's position as a trading hub in northern India which is due to its better infrastructure compared to other states in the region. Besides trade, other services like real estate, hotels, restaurants, finance, banking, insurance, business services and other service-centered industries have also played an important role in the growth of the service sector.

The availability of world-class infrastructure such as the Delhi Metro, clean-energy bus transport and a modern airport has spurred service sector growth and hence the overall economic growth of Delhi. The Indira Gandhi International Airport represents an important gateway for the Indian subcontinent by developing its air transport infrastructure.

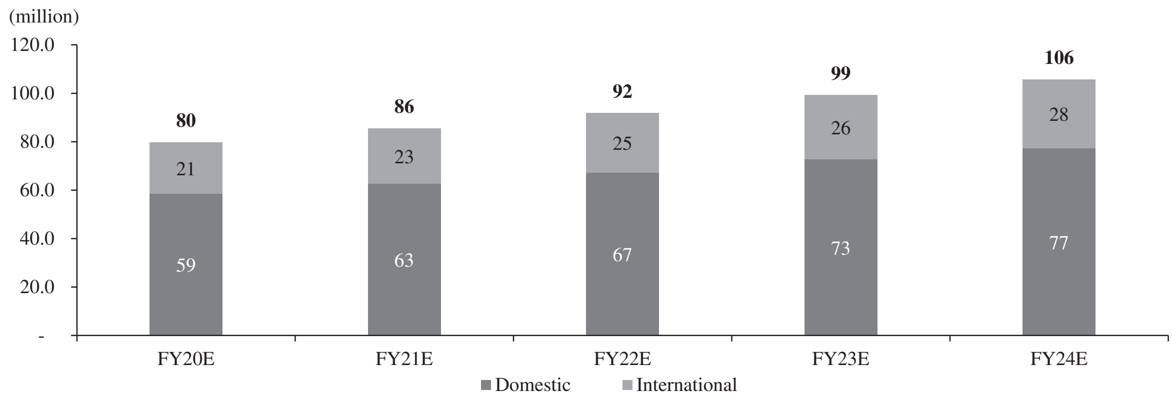
Indira Gandhi International Airport (Delhi Airport)

Located in Palam, 16 kilometers from the New Delhi city center and 15 kilometers south-west of New Delhi railway station, Delhi Airport serves the entire National Capital Region of India and is emerging as a leading aviation hub in South Asia. According to data compiled by AAI, the Delhi Airport is the busiest and largest airport in India in terms of passenger traffic and passenger capacity.

As of 2018, Delhi Airport is the sixth busiest airport in Asia and the 12th busiest airport in the world, ahead of Changi, Incheon and Bangkok airports, according to Airports Council International. Delhi Airport surpassed the 65 million passenger mark in fiscal year 2018, witnessing a growth of approximately 14% in traffic over the previous year with double digit growth in domestic and international traffic at 14.5% and 12.2%, respectively. Delhi Airport consistently crossed the 5 million passengers per month mark during the year while the maximum ATMs handled per day reached 1,364. Strong growth in the domestic cargo segment ensured Delhi Airport retained its number one position in cargo traffic in India with a 12.3% growth in fiscal year 2018. Delhi Airport has an ultimate design and scaling capacity to handle 119 million passengers per annum and 2.3 million metric tons of cargo per annum.

ICF International expects passenger traffic at Delhi Airport to grow at a CAGR of 7.6% from fiscal year 2019 to fiscal year 2024 and reach 105.8 million, with international traffic and domestic traffic growing at CAGRs of 7.7% and 7.6%, respectively.

Passenger traffic forecast at DIAL (millions), Fiscal Years 2019-2024

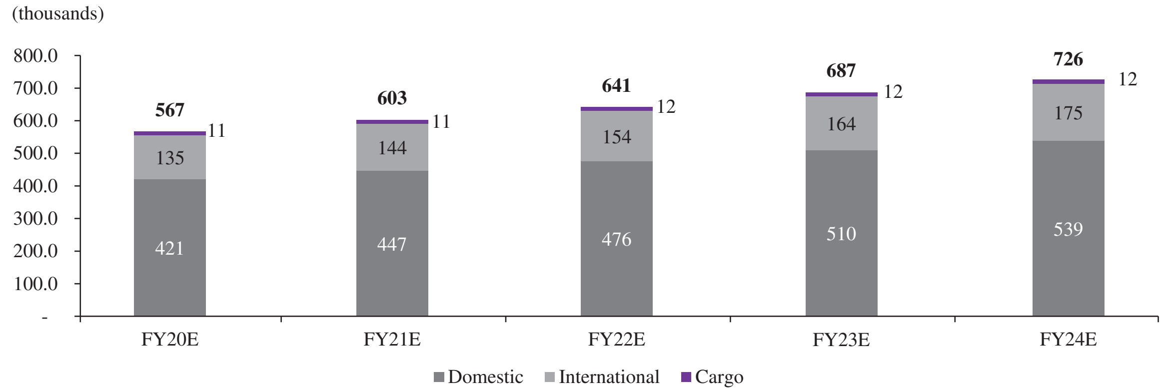


Source: ICF International, 2018

Note: "E" refers to Estimate

ICF International expects ATM traffic at the Airport to grow at a CAGR of 6.7% and reach 725.6 metric tons by fiscal year 2024, with international ATM, domestic ATM and Cargo ATM growing at 6.8%, 6.7% and 3.4%, respectively.

ATM forecast at DIAL (thousands), Fiscal Years 2019-2024

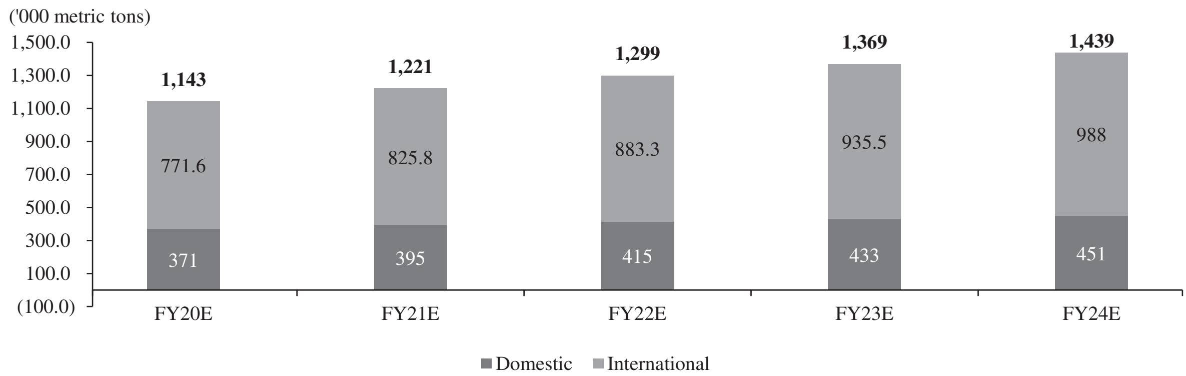


Source: ICF International, 2018

Note: "E" refers to Estimate.

Cargo traffic at the Airport is expected to grow at a CAGR of 6.2% and reach 1.4 million metric tons by fiscal year 2024, with international cargo and domestic cargo growing at 6.5% and 5.5%, respectively.

Cargo Traffic Forecast at DIAL (thousands), Fiscal Years 2019-2024



Source: ICF International, 2018

Note: "E" refers to Estimate.

NCR Commercial Real Estate Market Overview

Key drivers for growth in the aviation industry include economic growth, liberalization of government policies, access to bank financing, increasing urbanization and expansion in industrial and commercial activities.

The National Capital Region ("NCR") is spread over 43,374 square kilometers, making it one of the largest urban agglomerations in the world. The NCR consists of the entire National Capital Territory ("NCT") of Delhi as well as select urban areas from its neighboring states of Haryana, Rajasthan and Uttar Pradesh. Due to lateral development, peripheral areas such as Gurugram, Noida and Greater Noida have emerged as the major sub-regions of NCR. The economy is driven by multiple industries — primarily manufacturing, IT/ITeS, small and medium enterprises, banking and financial services, and consulting. Primarily, NCR has been an IT/ITeS driven market, but the trend has been changing since the past ten quarters. The percentage contribution of the IT/ITeS sector reduced to 17% in 2018 from an already low 18%.

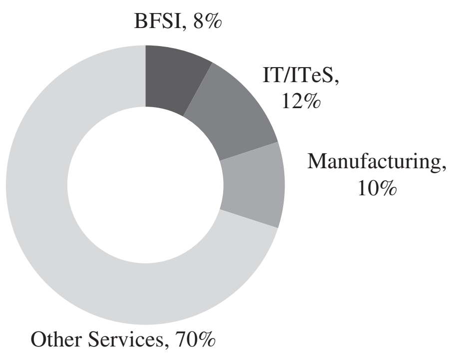
The NCT of Delhi forms the core of NCR and accounts for much of its urban population. As the national capital, Delhi attracts the banking, financial services and insurance ("BFSI") sector, while

Faridabad and Ghaziabad are perceived to be manufacturing and industrial towns, and Noida and Gurugram are driven by the IT/ITeS sector. Behind the demand for commercial real estate in the NCR are a conducive business environment, favorable government policies, lower rentals and larger floor plate availability. With six urban centers, the real estate landscape of NCR is dynamic in nature. Being the seat of political power and the core of NCR, the NCT of Delhi will continue to be a favorite among office occupiers who want to reside close to the capital, such as the BFSI sector.

The NCR office market has bounced back in 2018 after a lackluster performance in 2017. According to Knight Frank, the market registered a total of 0.68 million square meters (7.4 million sq. feet) registering a growth of 14% compared to 2017. Steering through the structural adjustments in the real estate sector, the market saw new completions amounting to 0.71 million square meters (7.6 million sq. feet) entering the market registering an impressive 86% growth as compared to 2017.

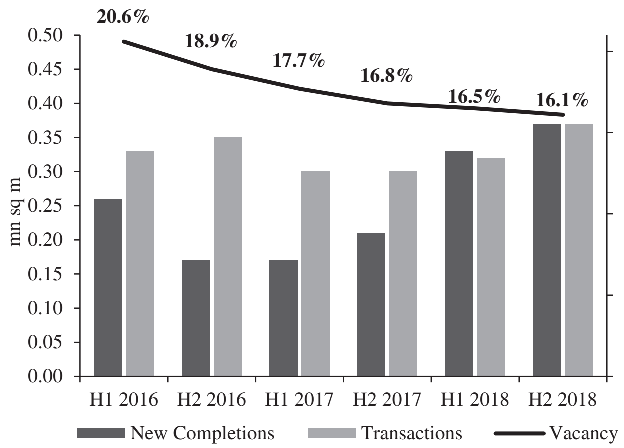
Gurugram led the market activity in 2018 and was the most sought-after office address for occupiers followed by Noida and the secondary business district of Delhi. The dominance of the commercial capital of NCR is evident from the fact that 66% of the total office space taken up in 2018 comes from this business district.

Sector-Wise Transaction Mix (H2 2018)



Source: Knight Frank Research
Note: IT/ITeS: Information Technology/ Informational Technology
Enabled Services; BFSI- Banking, Financial Services and Insurance

NCR office market activity and Vacancy Levels



Source: Knight Frank Research

Fueled by demand from co-working occupiers, the other services sector has outperformed its average space taken up in 2018. The significance of the sector is evident from the fact that 70% of the leasing activity in the second half of 2018 was made up of the other services sector comprising co-working spaces, media and consulting companies, E-commerce and legal firms. Major occupiers in this sector that have taken up sizable office spaces are Paytm, WeWork, Regus in Noida and Zomato, Gartner, CoWorks and KPMG in Gurugram.

Though the number of office deals in the NCR market fell from 127 deals in the second half of 2017 to 113 deals in the second half of 2018, there was an increase in average space transacted in the second half of 2018. Characterized by some large size deals, the average transacted space in the second half of 2018 increased to 3,241 square meters (34,895 sq. feet) from 2,370 square meters (25,520 sq. ft.) in the second half of 2017. The dearth of quality office supply in key locations has put an upward pressure on rentals in the second half of 2018. The weighted average rents in the second half of 2018 have inched up from Rs. 807 per square meters per month to Rs. 893 per square meters per month.

OVERVIEW

We hold the exclusive right to operate, manage and develop Indira Gandhi International Airport — the busiest and largest airport in India in terms of passenger traffic and passenger capacity, according to data compiled by the Airports Authority of India, or AAI. Our core activities include the development, management, maintenance and operation of the Airport and management of commercial and other activities conducted at the Airport. The Airport serves New Delhi and the entire National Capital Region of India, which constitutes the second largest urban agglomeration in the world, according to the United Nations. Servicing 66 passenger airlines flying direct to 148 destinations, including 76 international destinations and 72 domestic destinations as of March 31, 2019, the Airport is emerging as a leading aviation hub in South Asia. The Airport handled more passenger traffic than any other airport in India in the year ended March 31, 2019, according to IATA.

Located within the city of New Delhi between the Connaught Place central business district and the key commercial and residential suburb of Gurugram, the Airport is connected to the surrounding region by several links, including a dedicated high-speed Airport Express metro line connecting directly to Terminal 3, an eight-lane access road linked to National Highway 8, a major transportation artery in the National Capital Region and Terminal 1 has been recently joined to the Delhi Metro network, connecting it with all parts of the city. With no other major international airport serving northern India, we expect to benefit from the projected increase in international and domestic passenger traffic to the region, which is projected to reach 25 million and 67 million, respectively, by fiscal year 2022 according to the ICF Report. See "Industry" for additional information about the aviation sector in India.

In March 2010, we successfully completed the first phase of our Master Plan for the Airport, which included construction of a third runway and a new state-of-the-art passenger terminal, at a total capital expense of Rs. 125 billion, as recognized by the Airports Economic Regulatory Authority of India, or AERA. The only airport in India with three runways, the Airport currently has the capacity to handle 66 million passengers and 1.8 million metric tons of cargo per year. The Airport's facilities include two cargo terminals and three passenger terminals, with a total of 321 check-in counters and 84 aerobridges, as well as three A380 compliant boarding gates. The current phase of our Master Plan, the Phase 3A Expansion, includes, among others, (i) expansion of Terminal 1, including improvements to the terminal approach, the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of a grade separator, new roads and a new access tunnel. Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year.

Under our management, the Airport has received numerous awards and has been recognized in various rankings in recent years, including the "Best Airport in India and Central Asia" in 2019 and "Best Airport Staff in India and Central Asia" in 2018, each awarded by SKYTRAX "Best Airport in the World" among over 40 million passenger-sized airports in each of 2018 and 2017 by the Airport Council International, "Most Sustainable and Green Airport" from FICCI for 2018, "Best Airport in India" in 2018 from Travel + Leisure Magazine, Golden Peacock Business Excellence Award under Transportation (Aviation) sector for 2018, "Smartest Building in India", "Smartest Large Airport in India", "Greenest Building in India", Safest Building in India" and Most Productive Building in India" from the Network 18 and Honeywell Smart Building Awards 2017, and International Safety Award in Distinction Category from the British Safety Council for 2016."

Incorporated in March 2006, we were formed following a competitive bidding process in which a consortium, led by the GMR Group, was awarded an exclusive concession to operate, maintain and develop the Airport. Our Concession has an initial term of 30 years, and we have an option to extend for an additional 30 years to 2066 without a renewal fee, subject to the non-occurrence of a default under Operation, Management and Development Agreement, or OMDA, that we entered into with AAI. The OMDA governs our rights and obligations under the Concession, while the SSA and SGSA entered into with the Government of India and the Government of the National Capital Territory of Delhi, or GONCT, respectively, provide for certain support services and incentives to us for the development of the Airport, as well as a right of first refusal to match the winning concession bid to develop any new airport within 150 kilometers of the Airport, subject to certain conditions, including our initial bid being within 10% of the winning bid. The Government of India has guaranteed AAI's payment obligations to us of all undisputed transfer payments, which include debt (as defined in the OMDA), subject to certain parameters.

Our Concession also includes the right to commercially develop approximately 230 acres of land at the Airport for certain identified commercial purposes. We have already awarded development rights to third parties for hospitality, retail and commercial spaces, with the aim of progressively transforming the Airport into an international-caliber "aerotropolis." We expect demand for space and land in our land bank, which is centrally located in the Delhi region, to continue to grow and contribute visible and predictable revenues generated by long-term leases.

Passenger traffic at the Airport has grown substantially under our management, from 16.2 million passengers in 2006 at the beginning of our Concession, to nearly 69.2 million passengers in fiscal year 2019, a compound annual growth rate ("CAGR")[1] of over 11.8%. Cargo volume has also increased rapidly, from 383,052 metric tons in fiscal year 2006 to 1,042,948 metric tons in fiscal year 2019. In the fiscal years ended March 31, 2019, 2018 and 2017, total passenger traffic at the Airport was 69.2 million, 65.7 million and 57.7 million, respectively, while our total cargo traffic in metric tons was 1,042,948, 963,032 and 857,419, respectively, for the same periods. In fiscal year 2019, the Airport handled 476,720 air traffic movements, or ATMs, which are all aircraft arrivals and departures to and from the Airport. Subject to tariff levels, increasing passenger and cargo traffic through the Airport is a key driver of our growth and increased revenue.

For the fiscal year ended March 31, 2019, we had total income of Rs. 37,932.6 million (US$ 548.4 million) and EBITDA of Rs. 10,425.4 million (US$ 150.7 million), a decrease of 6.2% and 12.0%, respectively, from total income of Rs. 40,428.4 million and EBITDA of Rs. 11,844.5 million for fiscal year ended March 31, 2018. See "Selected Financial and Other Data" for details on our calculation of EBITDA.

Our majority shareholder is a subsidiary of the GMR Group, a leading diversified infrastructure group in India with substantial experience in the development and operation of airports, power plants, roads and urban infrastructure. Our other shareholders include AAI, a Government of India enterprise, and Fraport AG Frankfurt Airport Services Worldwide, a leading international airport operator. See "Principal Shareholders" for more information about our shareholders.

Overview of our Sources of Revenue

Our revenue is derived principally from aeronautical operations, which include domestic and international landing fees, domestic and international parking and housing fees, user development fees, baggage x-ray charges, fuel farm and common user terminal equipment ("CUTE") counter charges and are regulated by AERA under the terms of the OMDA and the SSA, and non-aeronautical services, which are derived primarily from commercial and other activities at the Airport and are not regulated. We also earn lease rental revenue from license fees in connection with certain commercial property development activities at the Airport.

Revenue from aeronautical operations was Rs. 9,878.0 million, Rs. 17,054.8 million and Rs. 39,315.3 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 26.0%, 42.2% and 66.3% of our total income in those years. Revenue from non-aeronautical operations was

1 CAGR = (ending value/beginning value)$^{(1/\text{no. of years})}$-1

Rs. 20,909.1 million, Rs. 17,988.1 million and Rs. 15,284.7 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 55.2%, 44.5% and 25.8% of our total income in those years. Revenue from commercial property development was Rs. 1,839.4 million, Rs. 1,766.8 million and Rs. 1,642.3 million in fiscal years 2019, 2018 and 2017, respectively, accounting for 4.8%, 4.3% and 2.7% of our total income in those years. For more information regarding our sources of revenues, see "— Our Sources of Revenue."

Overview of our Concession

We have exclusive rights to operate, maintain and develop the Airport for a 30-year period until 2036, with an option to extend the term for an additional 30 years without a renewal fee, if we comply with our obligations under the OMDA. Our rights and the rights and obligations of AAI, the Government of India and other state bodies in respect of the Concession are provided in a series of agreements, including the OMDA and the SSA, executed following the award of the concession in January 2006.

Operation, Management and Development Agreement

We entered into the OMDA in April 2006 with AAI, pursuant to which we were appointed to undertake certain functions relating to the operation, maintenance, development, design, construction, upgrade, modernization, financing and management of the Airport and to perform certain aeronautical and non-aeronautical services at the Airport. Under the terms of the OMDA, we paid AAI a one-time upfront fee of Rs. 1,500 million and agreed to pay AAI an annual fee in monthly installments throughout the term of the Concession equal to 45.99% of the projected revenue, including all revenue from aeronautical and non-aeronautical services and commercial property development, for each year. We are currently involved in an arbitration with AAI relating to the determination of "revenue" as defined under the OMDA, which is the basis for the calculation of the annual fee we pay to AAI. The term "revenue" as defined under the OMDA includes only certain types of revenue, rather than the gross receipts credited to the profit and loss account. See "— Legal Proceedings — Arbitration Proceedings." The OMDA also places certain restrictions on the transfer of our shares and limits our scope of business to operating, maintaining and developing the Airport, as well as commercially developing the approximately 230 acres of land for specified purposes at the Airport granted to us for the term of the Concession. In addition, it provides a mechanism for AAI and our Lenders (as defined in the OMDA) to replace us with a substitute party if we default under the OMDA or our senior secured credit facilities extended by such Lenders. As of the date of this offering memorandum, we are in compliance with the terms of the OMDA, including the required capital development projects. For more information regarding the OMDA, see "— Our Concession — Operation, Management and Development Agreement."

State Support Agreement

We entered into the SSA with the Government of India in April 2006, pursuant to which the Government of India agreed to provide certain support services and incentives to us for the development of the Airport. Specifically, the Government of India has agreed to provide services related to customs, immigration, plant and animal quarantine, health, meteorology and security, in addition to certain aeronautical services, at the Airport during the term of the Concession. The Government of India also has granted us a right of first refusal in the event it initiates a competitive bid for the development and operation of another airport within a radius of 150 kilometers of the Airport, giving us the right to match the most competitive bid received if our initial bid for the new airport is within 10% of such bid. In addition, the Government of India has guaranteed the payment obligations of AAI to us of all undisputed amounts owed to us under the OMDA, subject to certain parameters. For more information regarding the SSA, please see "— Our Concession — State Support Agreement."

COMPETITIVE STRENGTHS

We believe our competitive strengths include the following:

Asset of national importance and government support

Our business operations fulfill a number of socio-economic goals that are important to the Indian government, such as employment and infrastructure development, and our operational, development and expansion plans are closely aligned with the government's objectives, including supporting the economic development of India and encouraging the growth of tourism. In addition, 26% of our shares are currently owned by AAI, making the Government of India one of our key shareholders and making us a quasi-sovereign asset. The Government of India has invested in infrastructure linking Terminal 3 with the Airport's Express Metro Line and Terminal 1 with other metro stations of the national capital region. Further, the Delhi Metro has also upgraded one of the Airport's Express metro stations into an interchange station at Dhaula Kuan, a major intersection in Delhi.

On June 15, 2016, the Government of India released the Aviation Policy 2016, introducing various measures to promote the growth of the Indian civil aviation sector. Under its Regional Connectivity Scheme, the MoCA will levy a small charge on domestic flights and will use it to fund a subsidy given to airlines which provide capped airfares for certain under-served regional routes at a target rate of Rs. 2,500 per passenger per hour of flight time. The policy also eliminates the existing requirement that airlines must fly domestic routes for at least five years before they fly international routes, so that airlines with at least 20 aircraft can immediately start flying internationally. Going forward, the Government of India will seek to enter into "open sky" air service agreements on a reciprocal basis with member countries of the South Asian Association for Regional Cooperation ("SAARC") and countries that are more than 5,000 kilometers away from India.

In line with the national importance of the Airport, which is a regulated asset, the Government of India has guaranteed AAI's payment obligations to us of all transfer payments, which includes Debt (as defined in the OMDA). See "— Our Concession — Operation, Management and Development Agreement." In addition, it granted us the Concession for a term of 30 years, which may be renewed for an additional 30 years without a renewal fee, giving us access to long-term, sustainable future cash flows for the length of the Concession. The government also plays a range of other important roles with respect to our business, including through regulatory, supervisory, operational coordination and contractual counterparty roles across many aspects of our airport operations and other activities. For example, we are assisted by the OMDA Implementation Oversight Committee ("OIOC"), which meets bi-annually and is chaired by the Secretary of MoCA. OIOC provides us with a medium to raise and resolve any issues directly at the MoCA level. This committee has met several times since its establishment. We believe that due to the pivotal importance of air travel to the economic development of India, we will benefit from the ongoing support of the Government of India.

In addition, our revenue from aeronautical services, which is generated from fees we collect from airlines and passengers, is set by AERA, an independent regulator established by the Government of India, and based on agreed-upon principles provided in the SSA. Those principles include transparency, economic efficiency and commercial considerations. We also have the right to appeal AERA's tariff rates to a separate appellate tribunal, which provides us with an avenue to address potential concerns. See "Indian Regulatory Environment — Regulatory Bodies — AERA."

Strategically located with a dominant position in an industry with high barriers to entry

The Airport is the busiest and largest airport in India in terms of passenger traffic and passenger capacity, according to data compiled by AAI. The Airport is located within the city of New Delhi, 16 kilometers south of the city center, and is well connected to the rest of the National Capital Region of India via commuter rail. New Delhi, which together with its surrounding suburbs constitutes one of the largest urban conglomerations in the world according to the United Nations, is a major financial, industrial and political center in India. The National Capital Region, and New Delhi in particular, has provided a steady flow of business travelers and cargo through the Airport, which also serves as the gateway to the "golden triangle" of North India comprising the tourist destinations of Agra, Jaipur and Delhi.

Under our Concession, we have leased from AAI a land bank in the vicinity of the Airport of approximately 230 acres, which we have been authorized to develop for certain identified purposes. We have already awarded development rights to third parties for hospitality, retail and commercial space, with the aim of progressively transforming the Airport into an international-caliber "aerotropolis." Given the excellent connectivity to central and south Delhi, as well as Gurugram and other parts of the National Capital Region from the Airport, we expect demand for space and land in our land bank to continue to grow and contribute to our visible and predictable revenues.

We believe the Airport is a leading aviation hub in the South Asia region, with no other airport in northern India competing with us for international passenger traffic, and all of South Asia. Air India, the national carrier of India and a member of the Star Alliance, offers the largest number of routes to and from the Airport and is currently using the Airport as its hub. Certain other airlines also use the Airport as a hub and operating base.

The Airport serves 76 international and 72 domestic destinations and, according to IATA, for the year ended March 31, 2019, it ranked number one among all Indian airports in both passenger traffic and cargo handled. In fiscal year 2019, we served a total of approximately 69.2 million passengers, supported 1,042,948 metric tons of cargo traffic and accounted for 476,720 ATMs. In 2017, the Airport served as gateway to 28.35% of the international tourists that arrived via air into India according to a report by the India Ministry of Tourism. The Airport has a built-up capacity to cater to 66 million passengers and 1.8 million metric tons of cargo per year, making us well placed to benefit from the passenger and cargo traffic growth projected in the ICF Report without the need for further expansion in the near term. We believe that the Phase 3A Expansion will ensure that we are prepared for growth in the mid- to long-term.

We believe our industry is characterized by high barriers to entry inherent to airport construction and operation, especially in New Delhi, where the lack of available land for airport expansion in attractive locations, the need for significant capital investments to develop a new competing facility and the extensive regulatory approvals required to operate in a highly regulated industry are natural barriers to potential new entrants. In addition, even if another airport is planned for construction within a radius of 150 kilometers of the Airport, the Government of India has granted us a right of first refusal for the development and operation of such an airport, whereby we have the right to match the most competitive bid received if our bid is within 10% of such bid.

Diversified operations and sources of revenues

The Airport benefits from a diversified passenger base from various markets, including the Asia Pacific region, the Middle East, the United States and Europe. The Airport served 66 passenger airlines as of March 31, 2019 and most of the major global and regional airlines call on the Airport, with several new airlines added in each of fiscal years 2017, 2018 and 2019 and no single airline accounting for more than 18.3% of our revenue from aeronautical services in fiscal year 2019. We believe that this has contributed to traffic at the Airport being relatively resilient to the effects of seasonality and economic cycles affecting specific regions and tourism traffic. Of the international passengers that travelled through our airport in the calendar year 2018, 33.7% travelled to or from the Asia Pacific region, 20.0% travelled to or from the Middle East, 21.6% travelled to or from Europe, 16.2% travelled to or from North America and 5.2% travelled to or from the Australasia region. Our revenue from non-aeronautical operations are not subject to regulatory control and have risen to Rs. 20,909.1 million in fiscal year 2019 from Rs. 17,988.1 million and Rs. 15,284.7 million in fiscal years 2018 and 2017, respectively. Since the beginning of the Concession period, the amount of cargo handled at the Airport has increased at a compound annual growth rate of 7.9%. International cargo accounted for approximately 62.5% of cargo traffic in each of fiscal years 2019, 2018 and 2017. Through our joint ventures, we have coordinated with offsite air freight stations in major manufacturing areas around

North India to facilitate increased cargo traffic at the Airport. The Airport is the first airport in India to achieve compliance with the International Air Transport Association's e-freight standards through the Airport's cargo community system, which provides end-to-end connectivity for all parties in the air cargo industry. While our revenues from aeronautical and non-aeronautical operations are both tied to passenger traffic, our commercial property development business provides a revenue stream largely delinked from air travel. For example, we have recently given the first tranche of development rights for 4.9 million sq. feet of commercial space, and granted options for an additional tranche of development rights for 4.8 million sq. feet of commercial space. We believe our diversified sources of revenues and broad customer base help create a solid revenue generation capability.

The markets in which we operate possess robust macroeconomic and demographic indicators

India, the world's largest democracy in terms of population (an estimated 1,366 million, as of April 2019), had an estimated GDP adjusted for purchasing power parity of approximately US$9.5 trillion in 2017 according to the CIA World Factbook. This makes it the third largest economy by GDP in the world after the U.S. and China. According to the IMF, India's real GDP grew by approximately 7.1% and 7.3% per annum in the financial year 2017-2018 and financial year 2018-2019, respectively, and according to the World Bank, is expected to grow by approximately 7.5% in the financial year 2019-2020. Expansion of India's middle class, coupled with increased disposable incomes due to an expanding economy, are projected to help achieve some of the fastest growth in the world over the next 20 years.

Economic growth and other positive macroeconomic indicators in the country have been reflected in overall growth in passenger traffic in India and in particular in our Airport. According to IATA, India had the fastest year-on-year domestic passenger growth among the world's largest domestic markets as of January 2019, including China, the United States and Russia. In fiscal years 2019, 2018 and 2017, passenger traffic in India was 344.7 million, 308.8 million and 265.0 million, respectively, representing a CAGR of 14.05%. At the same time, in fiscal years 2019, 2018 and 2017, passenger traffic in our Airport was approximately 69.2 million, 65.7 million and 57.7 million, respectively, and has experienced a CAGR of 9.5% since the beginning of our Concession in 2006. One of the drivers behind this passenger traffic growth has been tourism, with foreign tourist arrivals ("FTAs") in India increasing to 10.0 million during 2017 from 8.8 million in 2016. The growth rate in FTA's during 2017 over 2016 was 14.0% as compared to 9.7% during 2016 over 2015 according to the Ministry of Tourism in India. International passenger traffic in India for fiscal years 2019, 2018 and 2017 was 69.48 million, 65.5 million and 59.3 million, respectively, while international passenger traffic in our Airport was 18.7 million, 17.4 million and 15.5 million, respectively.

Excellent reputation and highly experienced management

Our highly experienced management team has leveraged that experience to make substantial infrastructure and operational improvements at the Airport and greatly improve the Airport's reputation. Our management team is composed of experienced professionals with extensive knowledge of airport safety and operations, finance, business development, infrastructure projects and human resources management in airport-related operations. We believe our management team's capabilities and core understanding of our business, as well as the related regulatory environment, enable us to operate efficiently and manage risk effectively. This has allowed us to, among other things, operate the Airport without ever having experienced suspended operations, to construct our new state-of-the-art Terminal 3 in only 37 months, as compared to more than four years for each of Beijing Capital Airport and Kuala Lumpur International Airport, and to handle an increasing number of passengers and air traffic movements, while at the same time maintaining our world-class service standards.

As a result of our management's continued efforts, coupled with that of our partners, our Airport has been recognized by several industry observers and has earned a number of awards, including the following:

- SKYTRAX World Airport Award for "Best Airport in India and Central Asia 2019";

- "Apex in Safety" Recognition and "Platinum Recognition" in the Over 45 Million Passengers per Annum category under ACI Asia-Pacific Green Airports Recognition 2019;
- Best Airport by Size (over 40 million passenger category) for 2018 and 2017 and Region (Asia Pacific) for 2018, in each case by Airports Council International;
- Wings India Award for "Most Sustainable and Green Airport" from FICCI for 2018
- "Best Airport in India" from Travel + Leisure Magazine for 2018;
- SKYTRAX World Airport Award for "Best Airport Staff in India and Central Asia 2018";
- Golden Peacock Business Excellence Award under Transportation (Aviation) sector for 2018;
- National Award for Excellence in Energy Management 2018 by the Confederation of Indian Industry;
- First prize in the KAIZEN Competition under the 5S, Safety and Morale in Large Industries category in the 27th Kaizen Conference and Competition, organized by the Confederation of India Industry 2017;
- Golden Peacock Award for Corporate Ethics 2017;
- "Smartest Building in India", "Smartest Large Airport in India", "Greenest Building in India", Safest Building in India" and Most Productive Building in India" from the Network 18 and Honeywell Smart Building Awards 2017;
- Golden Peacock Occupational Health & Safety Award 2017;
- International Safety Award in Distinction Category from the British Safety Council for in 2016 and 2015;
- First prize in the KAIZEN Competition under the Renovative Category in the 26th Kaizen Conference and Competition, organized by Confederation of India Industry (CII) — Institution of Quality in 2016;
- The first Indian airport ranked number one airport in the 25-40 million Passenger Category by Size (in 2014 and 2015), ranked number one in the 25-40 million Passenger Category in Size and Region — Asia Pacific in 2015 and ranked number two in the Best Airport by Region — Asia Pacific in 2015, in each case by Airports Council International;
- "Best Emerging Airport — Asia" at the 2015 Asian Freight Logistics and Supply Chain (AFLAS) Awards; and
- SKYTRAX World Airport Award 2014 for "Best Airport in India/Central Asia" and "Best Airport Staff in India / Central Asia 2015";

We believe our competitive position compared to other world-class airport operators and a continuing reputation for operational excellence within the airport services industry is a significant competitive advantage.

STRATEGIES

We intend to seek to increase revenues and improve efficiencies through the following key measures:

Successfully implement the Phase 3A Expansion

As the passenger traffic at the Airport nears the passenger capacity of the Airport, we will seek to increase passenger capacity through the construction of additional facilities, which we expect will contribute to an increase in both aeronautical and other revenues. Under the terms of the SSA and the OMDA, we are required to update and resubmit the Master Plan to the Government of India every ten years or more frequently if justified by traffic growth or other reasons covering the anticipated demands in the next 20 years.

In 2016, because of the growth of low cost carriers, higher traffic growth than was previously assumed, changes in flights and passenger demand and other various factors, we submitted to MoCA a revised Master Plan consisting of several phases of development. Our current phase of development is set forth in Phase 3A of the Master Plan, which includes, among others, (i) expansion of Terminal 1, including improvements to the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of new roads and a new access tunnel. See "Summary — Recent Developments — Phase 3A Expansion." Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year.

We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. This capital expenditure is expected to be funded principally through (i) cash on hand and cash generated from operations of Rs. 40 billion, (ii) deposits from our commercial property development business of Rs. 15 billion, (iii) the incurrence of additional U.S. dollar indebtedness in the form of the Notes offered hereby of Rs. 24.5 billion, and (iv) the balance through additional deposits from our commercial property development business, or, if required, the incurrence of additional debt. The final capital expenditures and the composition of the Phase 3A Expansion are based on our estimates and are thus subject to change as a result of detailed design and final bid amounts. They are also subject to consultation with stakeholders and regulatory approvals. See "Risk Factors — Risks Related to Our Business — We expect to incur significant capital expenditure in connection with the Phase 3A Expansion, which we may not fully recover through tariff increases." We will seek to manage our increased leverage and debt-servicing needs by capturing additional revenue through increased passenger traffic, and by preserving our existing cash flow by minimizing disruptions to existing passenger traffic and promptly executing the construction plan for Phase 3A Expansion. We believe that a successful implementation of the Phase 3A Expansion will allow us to capture additional revenue through increased tariff rates, increased passenger traffic, enhanced competitiveness of the Airport as a hub and improved customer satisfaction.

Increase air routes and passenger traffic

A key driver of our revenue growth, subject to tariff levels, is related to passenger traffic. We are therefore committed to developing new air routes at our Airport by encouraging new airlines to call on the Airport and existing airline customers to add further routes to and from the Airport. We intend to enhance our market position as a transit point for international flights. The geographic location of Delhi makes it suitable as a hub for international passenger traffic, especially as it provides easy access to and from various major cities in the National Capital Region of India. We have developed a comprehensive route development strategy, backed by our team of experienced professionals, with the goal of developing new routes, attracting new airlines and increasing overall passenger traffic at Delhi. We believe our strategy is yielding results as international routes increased from 58 in fiscal year 2007 to 76 in fiscal year 2019, and 4, 1 and 5 new airlines began serving the Airport in fiscal years 2017, 2018 and 2019 respectively. Air India, now a member of the Star Alliance, and certain other airlines currently use the Airport as a hub, which has helped increase the number of transfer passengers transiting through our Airport. We are working closely with Air India, IndiGo, Vistara and Spice Jet to align their schedules of departures and arrivals to maximize connection options and minimize connecting times for passengers. We believe that these efforts will facilitate the development of additional routes and further increase passenger traffic and revenues.

Develop the Airport into an international air traffic hub for cargo

Relying on the two cargo terminals at the Airport, including our state-of-the-art greenfield cargo terminal with advanced temperature controlled facilities that we completed during our Concession, we will seek to develop the Airport into an international air traffic hub for cargo in India by pursuing several initiatives, including enhancing our air cargo logistics center to attract new freight forwarders and developing new revenue streams for renting warehouse and commercial cargo space. We will also continue to promote paperless transactions, as evidenced by IATA certifying us as the first e-freight compliant airport in India, and participate in the Air Cargo Forum of India, a national platform for various cargo stakeholders such as freight forwarders, Indian customs authorities, exporters and importers. In addition, we plan to develop air freight stations with higher volume and better operational efficiency and promote the Airport as a trans-shipment hub.

Drive growth in commercial property development and non-aeronautical services revenues

We earn revenue in our commercial property development segment from licensing parcels out of our total land bank of approximately 230 acres. We are currently focused on increasing the percentage contribution from commercial property development and non-aeronautical services to our overall operating revenue. The terms of our Concession also provide us with flexibility and control in developing non-aeronautical services, which are generally not subject to government tariff regulation. These non-aeronautical services, including food and beverage outlets in the Airport, advertising in Airport premises, operation of car parks and our in-house retail operations consisting of the sale of duty-free and non-dutiable goods, are all provided through various partner concessionaires. In addition, non-aeronautical services revenues include those we earn from the leases of commercial space such as offices and airline lounges. Our combined revenue from non-aeronautical operations and commercial property development have risen to Rs. 22,748.5 million in fiscal year 2019 from Rs. 19,754.9 million and Rs. 16,927.0 million in fiscal years 2018 and 2017, respectively. With our sizable retail space and land bank and increasing consumer purchasing power in India, we believe there are significant opportunities to increase non-aeronautical operations revenue per passenger. We expect to focus on this objective through a range of initiatives, including:

- *Generate revenue from commercial property development*. Under the terms of the OMDA, we have the right to develop approximately 230 acres in the vicinity of the Airport for certain identified commercial purposes. We have already given out development rights to third parties for (i) a hospitality district comprising 11 hotels and three commercial developments across approximately 45 acres, (ii) an Airbus virtual training center occupying approximately 1.1 acres, (iii) an integrated retail development project occupying approximately 23 acres and (iv) the first tranche of development rights for 4.9 million sq. feet of commercial space. We have also granted options for an additional tranche of development rights for 4.8 million sq. feet of commercial space. In exchange for these rights, we are entitled to receive refundable security deposits, annual license fees, lease rentals or revenue sharing, subject to escalations as per terms of the respective agreements. We expect demand for space and land in our land bank, which is centrally located in the National Capital Region of India, to continue to grow and contribute to our revenues.

- *Create stronger commercial focus*. We are in the process of optimizing our retail and other service offerings. In connection with these initiatives we are seeking to reorganize, reposition and diversify our retail, food and beverage and other commercial offerings in our Airport to maximize customer traffic and visibility and minimize the distance and processing times from retail or other shops to boarding gates. We utilize extensive benchmarking via best practices learned from the leading airports in the world to enhance our optimization process. We are also working with our joint venture ("JV") partners to better differentiate and diversify our offerings in order to target the contrasting needs of full-service and low-cost carrier passengers and widen our overall product and services ranges to enhance passenger experience in our airports. Furthermore, we seek to promote our Airport branding through extensive marketing and communication of our products and services.

- *Enhance duty free operations*. Through our joint venture, we operate a full-range duty-free products business in the Airport. We have leveraged expert networks, such as the Boston Consulting Group to study and provide recommendations for enhancing the revenue contribution from these duty-free retail operations by means of targeted marketing, better brand promotion and optimization of the business with (i) nationality-focused marketing initiatives aimed at improving sales from Chinese, Japanese and Russian passengers; (ii) loyalty programs; (iii) in-store promotions; and (iv) customer behavior studies. We also plan to broaden the range of products, in particular electronics, sold at duty-free outlets. For the fiscal year 2019, revenue from duty-free sales contributed 22.1% of our revenue from non-aeronautical operations.

- *Enhance our business capabilities*. We seek to expand commercial airport operations by supporting better business decision-making methodologies through the improvement of our business intelligence analytics, point-of-sales data analysis, business relationship management and customer relationship management systems. We believe that enhancing our business management capabilities will allow us to leverage the expansion of our commercial operations infrastructure into compounding business growth.

We believe the above steps have resulted in a significant increase in revenue from non-aeronautical operations from the beginning of our Concession and we will continue to implement these strategies. Revenue from non-aeronautical operations in fiscal year 2019 was Rs. 20,909.1 million, accounting for 55.2% of our total income in the period.

Continue to enhance service levels and passenger satisfaction

Having been named Best Airport by Size (over 40 million passenger category) for 2018 and 2017, in each case by Airport Council International, we continue to aim to improve service levels and overall passenger satisfaction by working with AAI and regulatory partners to introduce passenger friendly policies. Initiatives in passenger friendly policies include no frisking for transfer passengers, visa on arrival for citizens from more countries, improvement in accuracy and timeliness in reporting of traffic data and improvement of transfer area facilities. These initiatives are expected to reduce waiting times, increase available space for retail activities and reduce our operating costs.

Other initiatives to enhance service levels which we are working with governmental partners to accomplish include improving surface and metro connectivity for passengers, for example by expediting the extension of the Airport Express Metro to Gurugram, for which we expect to provision land at the Airport. By aligning our airport infrastructure planning with the expected growth in passenger levels, we hope to satisfy the changing needs and expectations of passengers at the Airport. In addition to building a customer-focused organization, we are continually implementing initiatives to develop and train our human capital, including employee engagement and welfare initiatives, to ensure that we have the capabilities to deliver the highest service standards.

Further enhance operational efficiency

In an effort to optimize the operating efficiency of the Airport, we have implemented several initiatives designed to manage costs while maintaining the quality of the airport experience. We intend to continue exploring and implementing similar initiatives in the future in order to improve our operational efficiencies, which we believe are already among the best in the airport industry. Examples of initiatives we have recently implemented that we intend to continue exploring in the future include the following:

- *Rationalizing energy consumption at the Airport.* The Airport has implemented various energy audits and energy saving measures as part of its environmental sustainability management, and is the first airport in the world to achieve the Energy Management System Certification (ISO 50001:2011) from the British Standards Institution. We received the Excellent Energy Efficient Unit Award 2012 from the Confederation of Indian Industry. We have also successfully registered "Energy efficiency measures at Terminal T3" at UNFCCC in 2013. In addition, we have installed more than 300 rainwater harvesting wells spread across the Airport premises to conserve and sustain water resources. We are accredited by Airport Council International (ACI) for our carbon management at the Airport to the level of "Neutrality." We have also installed a 7.18 megawatt solar power plant at the Airport and are the first airport in India that has an on-site mega solar power plant. We have invested in a 180 MW hydropower project as a source of captive energy for the Airport through our joint venture in GMR Bajoli Holi Hydropower Private Limited. We will continue analyzing our operations to further reduce costs and enhance efficiency.

- *Improving air traffic movements and on-time performance.* We implemented certain recommendations from an air traffic study we commissioned, which resulted in the increase of maximum ATMs per hour that we are able to handle from 60 in fiscal year 2012 to 75 in fiscal year 2019. We also implemented the Airport-Collaborative Decision Making program in close cooperation with air traffic control, ground handlers and the airlines, which highly improved our on-time performance. Furthermore, we have installed a Category III instrument landing system, which has contributed to improvements in our air traffic control and on-time performance.

- *Maintaining effective headcount and controlling administrative expenses.* We are continuously assessing efficiency initiatives and targeting these measures to achieve economies of scale through the consolidation of our core corporate functions and administrative expenses. We will continue to analyze our headcount requirements as permitted by our operations in an effort to optimize efficiency without adversely affecting the airport experience.

CORPORATE HISTORY AND STRUCTURE

Corporate History

In 2003, the Government of India approved the restructuring of the Airport's operations and management along a public private partnership model, with the goal of modernizing and expanding the Airport, which at the time was under the direct operation and management of AAI. Following a competitive bidding process, a consortium led by the GMR Group was awarded the concession to operate, manage and develop the Airport in January 2006. AAI incorporated DIAL as a limited company in India in March 2006 as a special purpose vehicle to act as concessionaire. AAI subsequently transferred 74% of our shares to the winning consortium, which included certain subsidiaries of the GMR Group, Fraport AG Frankfurt Airport Services Worldwide ("Fraport"), Malaysia Airports (Mauritius) Private Limited (a subsidiary of Malaysia Airport Holdings Bhd, ("Malaysia Airports") and India Development Fund. In June 2009, India Development Fund sold to GMR Airports Limited all of its shareholdings in us, which comprised 3.9% of our outstanding shares. On May 22, 2015, Malaysia Airports sold to GMR Airports Limited all of its shareholdings in us, which comprised 10% of our outstanding shares. As a result of these transactions, GMR Airports Limited owns 64% of our outstanding shares.

We took over the operation and management of the Airport on May 3, 2006, following the execution of the OMDA with AAI and the other Concession Agreements. The OMDA, the SSA and the SHA set forth certain restrictions on the scope of our business and the transfer of our shares. Under the OMDA, we are responsible for the operation, maintenance, development, design, construction, upgrade, modernization, financing and management of the Airport, but we are permitted to sub-contract, sub-lease and license out certain functions, such as the provision of non-aeronautical services, which we have done so through our joint ventures and concessionaires, though the terms of the OMDA require us to award major contracts through a competitive bidding process. See "— Our Concession" for further details. In addition to exercising overall management control and supervision of the Airport, we directly perform, among others, the following activities: firefighting, customer service, sales and marketing directed at our airline and cargo customers and various administrative, legal and other tasks required for both the everyday operation and long-term development of the Airport.

Pursuant to the OMDA and the SSA, we prepared a master plan in 2006 for the long-term development of the Airport. The Master Plan prepared in 2006 consisted of two phases. The first phase, which we completed within the required timelines, comprised two development sub-phases. Phase 1A, which we completed in April 2009, consisted of (i) upgrading the international terminal, (ii) building a new "Code F" compliant runway, which is the third runway at the airport and associated taxiways designed to fit new generation aircraft like the Airbus A380 and other wide-bodied aircraft, and (iii) expanding the domestic terminal (Terminal 1).

Phase 1B involved construction of a new terminal with 78 aerobridges capable of handling next generation aircraft such as the Airbus A380, new aprons, an upgraded cargo terminal, enhanced ground access, and a multi-level parking structure. We completed construction of the new Terminal 3 in March 2010 in only 37 months. Commercial operation commenced in July 2010 in respect of international operations and November 2010 in respect of domestic operations. As a result of the full completion of Phase 1, which was funded in part through debt financing, the Airport's capacity has increased to 66 million passengers per year.

The Revised Master Plan

Under the terms of the SSA and the OMDA, we are required to update and resubmit the Master Plan to the government of India every ten years or more frequently if justified by traffic growth or other reasons covering the anticipated demands in the next 20 years. In 2016, in light of the growth of low cost carriers, higher traffic growth than was previously assumed, changes in flights and passenger demand and other various factors, we submitted to MoCA a revised Master Plan consisting of Phase 3A, Phase 3B and Phase 4, with indicative planning and implementation periods of 2017-2021 for Phase 3A, 2021-2025 for Phase 3B and 2026-2034 for Phase 4. The capital expenditures relating to these phases may fall both inside and outside of these indicative planning and implementation periods.

Our current phase of development, the Phase 3A Expansion, includes, among others, (i) expansion of Terminal 1, including improvements to the terminal approach, the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of a grade separator, new roads and a new access tunnel. Upon completion of the Phase 3A Expansion, we expect that the passenger capacity of the Airport will increase from 66 million passengers per year to 100 million passengers per year. Work on the Phase 3A Expansion began in March 2019, and our target commercial operation date is March 2022. See "Summary — Recent Developments — Phase 3A Expansion" for further details. Phase 3B includes, among others, the first phase of the development of Terminal 4 for domestic flights with one pier and various airfield developments. Phase 4 includes, among others, the second phase of the development of Terminal 4 and the construction of a new pier. The completion of Phase 3B is expected to increase the passenger capacity of the Airport to 100 million passengers per year and the completion of Phase 4 is expected to increase the passenger capacity of the Airport to in excess of 130 million passengers per year.

We estimate the total capital expenditures required for the Phase 3A Expansion to be approximately Rs. 97.9 billion (excluding interest during construction), or Rs. 105.5 billion (including interest during construction), which will be made within the next three to four years, depending on the formal project specifications and payment terms with construction vendors. See "Risk Factors — Risks Related to Our Business — We expect to incur significant capital expenditure in connection with the Phase 3A Expansion, which we may not fully recover through tariff increases." The final capital expenditures and the composition of the Phase 3A Expansion are based on our estimates and are thus subject to change as a result of detailed design and final bid amounts. They are also subject to ongoing consultation with stakeholders and regulatory approvals. As of the date of this offering memorandum, we have incurred approximately Rs. 10 billion in connection with the Phase 3A Expansion, and expect to incur more than half of the total cost of the Phase 3A Expansion within the next two fiscal years. Our initial estimates for the Phase 3A Expansion were made through a stakeholder consultation process, whereby our stakeholders, including various airlines, provided their input on the necessity of making various capital expenditures, as well as the associated costs and the timeline of spending. In addition, we are continuously working on various initiatives to increase our capacity on terminal and airside, in order to minimize our future capital expenditure needs. Such initiatives include, among others, peak hour demand management, modular expansion, efficiency improvement and technology and security enhancement. As a result of any comments by our stakeholders and regulatory authorities and our efforts to fully utilize our current facilities, the actual amount of the capital expenditures associated with the Phase 3A Expansion and its timeline of spending may be different from our current estimates. See "— Our Concession — Operation, Management and Development Agreement — Master Plan" for further details.

THE AIRPORT

The Airport operates 24 hours daily and it is the busiest and largest airport in India in terms of passenger traffic and passenger capacity, according to data compiled by AAI. Located within the city of New Delhi, just 16 kilometers south of the city center, which together with the surrounding suburbs constitutes the second largest urban agglomeration in the world. With over 22 million people, New Delhi is a major financial, industrial and political center in India. The Airport serves the entire National Capital Region of India. According to IATA, for the year ended March 31, 2019, the Airport ranked number one among all Indian airports in both passenger traffic and cargo handled. In fiscal year 2019, it served a total of approximately 69.2 million passengers, as compared with approximately 48.8 million, 33.3 million, 21.3 million, 22.5 million and 21.4 million passengers served by the airports in Mumbai, Bangalore, Kolkata, Chennai and Hyderabad, respectively, according to AAI. The Airport also supported 1,042,948 metric tons of cargo traffic and accounted for 476,720 ATMs.

The following tables set forth certain statistical data relating to passenger and cargo traffic and our revenue for the periods indicated.

	Year ended March 31,		
	2019	**2018**	**2017**
Passenger Traffic			
Domestic passengers (in millions of persons)	50.5	48.3	42.2
International passengers (in millions of persons)	18.7	17.4	15.5
Total passengers (in millions of persons)	**69.2**	**65.7**	**57.7**
Revenue from user development fees (Rs. in millions)[(1)]	1,996.2	7,893.8	27,177.1
Percentage of total income	5.3%	19.5%	45.8%
Cargo Traffic			
Domestic cargo (in metric tons)	390,975	311,612	298,357
International cargo (in metric tons)	651,973	651,420	559,062
Total cargo (in metric tons)	**1,042,948**	**963,032**	**857,419**
Revenue from cargo operations (Rs. in millions)	2,417.5	2,069.9	1,712.3
Percentage of total income	6.4%	5.1%	2.9%
Air Traffic Movements			
Domestic	345,721	332,401	297,451
International	114,708	108,898	100,348
General aviation	16,291	17,944	19,520
Total Air Traffic Movements	**476,720**	**459,243**	**417,319**

(1) We use user development fees and passenger service fees as a measure of direct revenue from passenger traffic.

International passengers accounted for 27.0% of our total passenger traffic in fiscal year 2019. Since the beginning of our Concession, the number of international passengers using the Airport has increased by approximately 181%. The Asia Pacific region accounted for approximately 38.1% of our international traffic in fiscal year 2019, while the Middle East and Europe accounted for 18.5% and 20.5%, respectively. In accordance with the tariffs set by AERA, we have historically received higher landing charges from airlines for international flights than domestic flights, and collected higher user development fees and passenger service fees from international passengers than domestic passengers.

The total number of passengers using the Airport from fiscal year 2010 through fiscal year 2019 was 26.12 million, 29.94 million, 35.88 million, 34.37 million, 36.88 million, 40.99 million, 48.42 million, 57.70 million, 65.69 million and 69.23 million, respectively. From 2009 to 2019, the total number of passengers at the Airport grew at a CAGR of 11.4%, as compared with a CAGR of 14.3%, 13.2%, 7.6%, 12.1% and 8.6% for the airports in Bangalore, Hyderabad, Mumbai, Kolkata and Chennai, respectively, according to AAI. In 2019, the Airport accounted for 20% of the total passengers in India, while the airports serving Mumbai, Bangalore, Chennai, Kolkata, Hyderabad and Cochin accounted for 14%, 10%, 7%, 6%, 6% and 3%, respectively, according to AAI. Airports owned by the Government of India, excluding Kolkata and Chennai, accounted for nearly all of the remainder of total passengers. The airports at Bangalore and Mumbai are controlled by Fairfax and GVK Power and Infrastructure Limited respectively and the airport at Hyderabad is also majority-owned by GMR.

In fiscal year 2019, the total number of transfer passengers using the Airport was 12.05 million, which accounted for approximately 17.4% of all passenger traffic. Transfer passengers are an indicator of an airport's function as an aviation hub and provide opportunities for us to increase revenues from duty-free, retail and food and beverage services. As transfer passengers do not typically use our check-in counters and certain other facilities which origination and destination passengers use, the costs associated with handling increased numbers of transfer passengers is generally lower than for origination and destination passengers. We believe the Airport's large-scale infrastructure, central location and efficient operational track record positions us well to become the leading aviation hub in South Asia.

The Airport is located on approximately 5,100 acres of land, of which approximately 230 acres is available for commercial property development on which we have already begun awarding development rights to third parties for hospitality, retail and commercial space, with the aim of progressively transforming the Airport into an international-caliber "aerotropolis." It has three runways, more than any other airport in India, with lengths of 4,430 meters, 3,810 meters and 2,813 meters, an apron area of 947,000 square meters, and handled a maximum of 75 ATMs per hour in fiscal year 2019. The Airport's facilities include three passenger terminals: Terminal 1, which was upgraded and modernized in 2008 as part of our Phase 1A development plan, Terminal 2 and Terminal 3, a state-of-the-art facility completed in March 2010 as part of Phase 1B. Terminal 1 has a total surface area of 37,500 square meters, Terminal 2 has a total surface area of 62,000 square meters, and Terminal 3, a nine-level building with two 1.2 kilometer piers, has a total surface area of 502,000 square meters. Terminal 1 will undergo renovations in connection with the Phase 3A Expansion and part of Terminal 1 may be closed as a result as additional terminal space comes online. Together, Terminal 1, Terminal 2 and Terminal 3 have a capacity of 66 million passengers per annum, with a total of 321 check-in counters and 84 aerobridges, as well as three A380-compliant gates. In addition, Terminal 3 has 48 contact stands and 20 remote parking bays. Approximately 32,000 square meters in the passenger terminals is designated retail space for restaurants, cafes, duty-free shops, wellness lounges, retail shops, hotels and other diverse businesses. In terms of baggage capacity, the Airport can process 21,200 bags per hour and has 26 baggage reclaim belts. A centralized airport operation control center oversees and manages the Airport's daily operations, which utilize systems that have received several ISO certifications.

The cargo infrastructure at the Airport includes two cargo terminals, each with an integrated import/export, domestic, perishable and pharmaceutical logistics center, one of which is a state-of-the-art advanced temperature control cargo handling facility with a capacity of over 150,000 metric tons completed during our Concession. Our cargo facilities have a total capacity of 1.8 million metric tons per annum and includes on-airport logistics facilities of over 28,000 square meters. Since the beginning of the Concession period, the amount of cargo handled at the Airport has increased at the compound annual growth rate of 8.0%. For the fiscal years ended March 31, 2019, 2018 and 2017, international cargo accounted for 62.5%, 67.6% and 65.2% of cargo traffic, respectively. Through our JVs, we have coordinated with offsite air freight stations in major manufacturing areas around North India to facilitate increased cargo traffic at the Airport. The Airport is the first airport in India to achieve compliance with the International Air Transport Association's e-freight standards through the Airport's cargo community system, which provides end-to-end connectivity for all parties in the air cargo industry, and is India's first airport to be certified pursuant to the World Customs Organization's Authorized Economic Operator scheme.

Located within the city of New Delhi between the Connaught Place central business district and the key commercial and residential suburb of Gurugram, the Airport is connected to the surrounding region by several links, including a dedicated high-speed Airport Express metro line connecting directly to Terminal 3, an eight-lane access road linked to National Highway 8, a major transportation artery in the National Capital Region and Terminal 1 has been recently joined to the Delhi Metro network, connecting it with all parts of the city. The Airport has a multilevel car park facility for 4,300 cars and surface car parking with a capacity of 2,300 cars.

In fiscal year 2019, regularly-scheduled direct flights departing from the Airport were available to 148 locations, including 76 international destinations and 72 domestic destinations. The Airport served 66 passenger airlines as of March 31, 2019, with major global carriers in each of the three major passenger airline alliances, Star Alliance, Sky Team and Oneworld, calling on the Airport. Air India, the national carrier of India and a member of the Star Alliance, offers the largest number of routes to and from the Airport and is currently using the Airport as its hub, as are certain other airlines. Other major airlines utilizing the Airport include Air France, British Airways, United Airlines, Air Canada, Air China, Cathay Pacific, Emirates, Etihad, Gulf Air, Japan Airlines, KLM, Lufthansa, Singapore Airlines, United and Virgin Atlantic, among others, each of which operates daily international flights. Iraqi Airways, Mahan Air and Ukraine International Airlines each operate scheduled flights to and from Iraq, Iran and Ukraine, respectively. Domestic routes are served primarily by Air India, IndiGo, Vistara, Go Air, Air Asia India and Spice Jet. See "— Our Sources of Revenue — Main Aeronautical Services Customers" for more information. In April 2019, Jet Airways (including its affiliate, Jet Lite) discontinued its operations due to the deterioration of its financial health, reducing the number of passenger airlines calling on the Airport to 64.

The Airport has received numerous awards and rankings in recent years for its facilities and management, including the "Best Airport in India and Central Asia" in 2019 and "Best Airport Staff in India and Central Asia" in 2018, each awarded by SKYTRAX "Best Airport in the World" among over 40 million passenger-sized airports in each of 2018 and 2017 by the Airport Council International, "Most Sustainable and Green Airport" from FICCI for 2018, "Best Airport in India" in 2018 from Travel + Leisure Magazine, Golden Peacock Business Excellence Award under Transportation (Aviation) sector for 2018, "Smartest Building in India", "Smartest Large Airport in India", "Greenest Building in India", Safest Building in India" and Most Productive Building in India" from the Network 18 and Honeywell Smart Building Awards 2017, and International Safety Award in Distinction Category from the British Safety Council for 2016." See "— Awards" for further details.

OUR SOURCES OF REVENUE

We generate revenues from the provision of aeronautical and non-aeronautical services and commercial property development at the Airport. Revenue from aeronautical services, which primarily include user development fees (including passenger service fees), landing charges, airplane parking and housing charges and CUTE counter charges, are regulated by AERA under the terms of the SSA. Non-aeronautical services, which include food and beverage, duty-free shops, retail and related services, cargo, car park, information technology, rentals, flight kitchen, ground handling, foreign exchange counters, advertisement, and our commercial property development division, generate revenue that, while taken into account in setting tariffs, is generally not regulated by the Government of India.

Aeronautical Services

Under the current tariff structure applicable to the Airport, our aeronautical services are classified under user development fees, landing charges and parking and housing charges. All aeronautical charges are assessed and paid to us in Indian Rupees, except for user development fees from international passengers who purchase airline tickets in a foreign currency, which are paid to us in U.S. dollars. CUTE counter charges are also defined as aeronautical services revenue under the OMDA and regulated by AERA. Aeronautical services revenue also includes baggage x-ray charges. When determining our aeronautical charges, AERA takes into account our forecasts for operating costs, depreciation expenses and tax expenses, as well as our revenues from non-aeronautical services and our desired return on capital. In addition, AERA may take into account viewpoints from government agencies, the airline industry and passenger advocacy groups as well as other public policy considerations. AERA's determinations for our aeronautical charges are for a "control period" of five years, following which AERA may increase or decrease our aeronautical charges for the subsequent control period, subject to Base Airport Charges. See "Indian Regulatory Environment — Applicable Legislation, International Conventions and Sectoral Policy — The Airports Economic Regulatory Authority of India Act, 2008, as amended (the "AERA Act")" and "— Our Concession — State Support Agreement" for further details about the regulation of aeronautical services.

In the tariff structure for the first control period, spanning fiscal years 2010-2014, AERA allowed us a 16% return on equity and, in accordance with the OMDA and SSA, reduced our target aeronautical services revenues by an amount equal to 30% of our projected gross revenue from non-aeronautical services, excluding revenue from commercial property development. We appealed certain aspects of that tariff structure to the AERAAT, including the return on equity, return on deposits and hypothetical regulatory asset base. The Delhi High Court directed that the aeronautical tariff structure from the first five-year control period continue until the disposal of our appeals by the AERAAT. As a result, we did not immediately implement the aeronautical tariff for the second control period although AERA issued an order dated December 8, 2015 to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff structure for the first control period (as opposed to the 42.6% reduction we had requested). On January 11, 2016, we filed an appeal against this order before the AERAAT, which tribunal was merged into Telecom Disputes Settlement and Appellate Tribunal ("TDSAT") as directed by Ministry of Finance in a notification dated May 2, 2017. On July 3, 2017, in response to a special leave petition filed by Air India, the Supreme Court of India vacated the order of the Delhi High Court relating to the continuation of the aeronautical tariff structure from the first control period and directed TDSAT to dispose of the appeal within two months of its order. On July 7, 2017, we implemented the December 8, 2015 AERA order to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff for the first control period, which has had a significant negative impact on our aeronautical revenue. On April 23, 2018, TDSAT issued a judgment to dispose of all appeals pertaining to the first control period tariff. We subsequently applied to AERA for upward adjustment of the tariff set under the December 8, 2015 AERA order on the basis that the tariff fell below the Base Airport Charges to which we are entitled under the SSA. On November 19, 2018, AERA issued a further order setting the tariff for the second control period to an amount equal to the Base Airport Charges, including a 10% escalation as provided for in the SSA. See "Summary — Recent Developments — Base Airport Charges" and "Risk Factors — Risks Related to Our Business — Our operations and the fees we charge for aeronautical services — which comprise a substantial portion of our revenues — are regulated by the Government of India, through AERA, and the terms of our Concession Agreements. Accordingly, government regulations and the terms of our Concession Agreements (including with respect to the determination of tariffs for our aeronautical services) have materially affected our historic results of operations and financial condition, and will continue to affect our future results of operations and financial condition" and "— Legal Proceedings — Aeronautical Tariff."

We are currently operating in the third control period, spanning fiscal years 2020 through 2024. We submitted our tariff proposal to AERA for the third control period on November 27, 2017. AERA has appointed consultants to assist in evaluations of the proposal, including determination of charges, reasonable returns on equity and refundable security deposits and aero/non-aero cost allocation. After review of the consultant's reports, AERA will release a consultation paper and invite stakeholder comments, and after review of the same AERA will release the order determining the tariff for the third control period.

User development fees (including passenger service fees) are charged to each departing passenger. Prior to July 7, 2017, we also charged user development fees on passengers arriving at the Airport. These fees vary depending on whether the passenger's flight is international or domestic, arriving or departing and long, medium or short haul and if the passenger is transferring to another flight. Landing charges are assessed on airlines for each flight that lands at the Airport and vary depending on whether the flight is international or domestic and the weight of the aircraft. Parking and housing charges are also assessed on airlines and are calculated based on the weight of the aircraft and the duration of the aircraft's stay at the Airport. We collect CUTE counter charges from airlines for each departing flight at different rates depending on whether the flight is international or domestic.

We invoice the airlines operating at the Airport on a bi-monthly basis for aeronautical charges, including the user development fees (including passenger service fees) which they collect directly from passengers and transfer to us. The airlines provide us with bank guarantees, security deposits or both to cover certain amounts of the aeronautical charges they owe us. In certain circumstances, we may require airlines to pay us in cash prior to the departure of each flight all aeronautical charges owed to us for such flight. See "Risk Factors — Risks Related to Our Business — We are exposed to certain credit risks and we may be unable to collect on our receivables." Under the tariff structure during the first control period, AAI required us to offer discounts on aeronautical charges under certain circumstances, and in the future we may offer similar discounts to some or all airlines operating at the Airport from time to time.

Revenues from aeronautical operations were Rs. 9,878.0 million, Rs. 17,054.8 million and Rs. 39,315.3 million in the fiscal years 2019, 2018 and 2017, respectively, accounting for 26.0%, 42.2% and 66.3% of our total income in those periods. The table below sets forth the amount of revenue from each type of aeronautical service for the given period.

	Year ended March 31,					
	2019		2018		2017	
	(Rs. in millions except percentages)					
Revenue from Aeronautical Operations						
Landing and Parking Charges	5,932.5	60.1%	7,222.7	42.3%	10,455.3	26.6%
Baggage X-ray Charges	131.5	1.3%	—	—	—	—
User Development Fee	1,996.2	20.2%	7,893.8	46.3%	27,177.1	69.1%
CUTE Counter Charges	129.2	1.3%	170.6	1.0%	144.3	0.4%
Fuel farm	1,688.6	17.1%	1,767.7	10.4%	1,538.6	3.9%
Total	**9,878.0**	**100%**	**17,054.8**	**100%**	**39,315.3**	**100%**

Non-Aeronautical Services

Revenue from our non-aeronautical services comprises revenue share from our various joint ventures, associates and third-party concessionaires and includes revenues from cargo, advertisement, car parking, food and beverage, duty-free and other retail goods and services. In addition, our non-aeronautical services revenues include those we earn from land rent and leasing, leasing of terminal space, hangar rent, ground handling services, rent from the transit hotel in Terminal 3, car rental services, automatic teller machines, lounges rent, flight kitchen and forex counters. None of our non-aeronautical service is subject to tariff structures set by AERA, although 30% of our revenue from non-aeronautical service is included among the building blocks used by AERA in determining our aeronautical charges. See "Indian Regulatory Environment — Applicable Legislation, International

Conventions and Sectoral Policy — The Airports Economic Regulatory Authority of India Act, 2008, as amended (the "AERA Act")" for further details. Although ground and cargo handling charges are typically considered aeronautical services and are listed as such in the AERA Act, the OMDA classifies them as non-aeronautical services. These charges are determined bilaterally between our various joint ventures and associates and the third-party concessionaires.

We have granted concessions and licenses to our joint ventures and associates or third parties to provide most of the non-aeronautical services available at the Airport. Joint ventures and associates in which we own interests ranging from 26% to 50% conduct duty-free, cargo-handling, advertising, food and beverage, retail, car-parking and information-technology services, among others. See "— Subsidiary, Joint Ventures and Associates" and "Related Party Transactions" for more information about our joint ventures. The fee structures under the concession and licensing arrangements with our joint ventures and third-party operators are based on a revenue-sharing model and fluctuate according to their revenue, subject to minimum monthly guarantees that each joint venture and third-party operator must pay us. Through our equity investments in our joint ventures, we also receive dividend income from our joint ventures, in addition to revenue sharing under their respective concession or licensing arrangements. Most of our joint-venture agreements include rights of first refusal and standard termination provisions, and we may be required to contribute additional capital in certain circumstances to maintain our current shareholding percentages. Unlike the revenue sharing model under our concession and licensing arrangements, the rental fees we collect from the leasing of terminal space, hangar rent, ground-handling services, car-rental services and automatic teller machines and lounges rent are fixed. All of our revenue from non-aeronautical services is in Indian Rupees, except, historically, for revenue sharing from duty-free sales, which are paid to us in U.S. dollars.

We have adopted several initiatives focused on increasing our revenue from this segment. For example, we have expanded and reconfigured the commercial space available in the Airport's terminals and also redirected the flow of passengers through the Airport so as to increase passengers' exposure to the duty-free, retail and other services available at the Airport. Similarly, we and our joint ventures have entered into sub-concessions with established, internationally recognized businesses, such as Starbucks, McDonalds, KFC and the Coffee Bean & Tea Leaf, in order to improve the quality, selection, and recognition of food and beverage and retail offerings available to passengers. Based on the passenger research and trends in the retail industry, we have recently opened various new retail stores in the affordable luxury and premium segment across our terminals, including Coach, Michael Kors, Longchamp, Superdry, Brooks Brothers, MAC, Bally and Pandora.

Revenue from non-aeronautical operations were Rs. 20,909.1 million, Rs. 17,988.1 million and Rs. 15,284.7 million in the fiscal years 2019, 2018 and 2017, respectively, accounting for 55.2%, 44.5% and 25.8% of our total income in those years. The table below sets forth the amount of revenue from certain types of our non-aeronautical services for the given year.

	Year ended March 31,					
	2019		2018		2017	
	(Rs. in millions except percentages)					
Revenue from Non-Aeronautical Operations						
Duty Free	4,631.2	22.1%	3,784.2	21.0%	3,425.2	22.4%
Retail	1,657.7	7.9%	1,333.0	7.4%	993.7	6.5%
Advertisement	1,627.4	7.8%	1,709.8	9.5%	1,422.4	9.3%
Food and Beverages	1,533.9	7.3%	1,346.6	7.5%	1,115.1	7.3%
Cargo	2,417.5	11.6%	2,069.9	11.5%	1,712.3	11.2%
Ground Handling	1,315.5	6.3%	1,244.0	6.9%	1,131.8	7.4%
Parking	310.8	1.5%	258.9	1.4%	192.3	1.3%
Land and Space — Rentals	3,798.2	18.2%	3,493.3	19.4%	3,174.7	20.8%
Other	3,616.9	17.3%	2,748.4	15.4%	2,117.2	13.8%
Total	**20,909.1**	**100%**	**17,988.1**	**100%**	**15,284.7**	**100%**

(1) Others primarily include revenue from IT services, including maintenance, management, upgrades and modernization of IT resources at the airport received from one of the joint ventures, income from foreign exchange counters and flight catering charges.

Commercial Property Development

Revenues from commercial property development are not regulated by AERA and include earnings from fixed license fees from developers who are developing commercial properties at the Airport. Under the terms of the OMDA, we are entitled to commercially develop up to 5% of the demised premises as per the Lease Deed, which represents approximately 230 acres of land area at the Airport, for services related to the airport, including for passengers and other airport users. Under our Master Plan, we have identified areas for developing a commercial hub at the Airport composed primarily of office and hospitality space.

In the first phase of our commercial property development plan, we gave various third-party developers rights to construct a hospitality district, with the aim of progressively transforming the Airport into an international caliber aerotropolis. This hospitality district hosts a variety of hotels, hotel apartments and associated commercial space, including three separate commercial developments. A total of 11 hotels under the brands JW Marriott, Hyatt, Hotel Aloft, Lemon Tree Premier, Red Fox, Holiday Inn, Novotel, Pride Plaza, Pullman, IBIS and Roseate House have been built or are under construction in this area. The hospitality district covers an area of approximately 45 acres, but AAI considers the area to be approximately 62.5 acres after accounting for the common infrastructure area. We are challenging AAI's position, but should AAI prevail, the area available to us for commercial property development at the Airport would be reduced by an additional 17.5 acres. Our termination of a license granted to Silver Resort Hotel India Private Limited of approximately 5 acres of our 45 acre hospitality district has been upheld, and we expect to be able to relicense such acreage.

We have also given out development rights to third parties for (i) an Airbus virtual training center occupying approximately 1.1 acres, (ii) an integrated retail development project occupying approximately 23 acres and (iii) the first tranche of development rights for 4.9 million sq. feet of commercial space. We have also granted options for an additional tranche of development rights for 4.8 million sq. feet of commercial space. In exchange for these rights, we are entitled to receive refundable security deposits, annual license fees, lease rentals or revenue sharing, subject to escalations as per terms of the respective agreements.

Under the terms of the licenses we have granted to developers, they may sub-license the facilities they construct to hotel operators, property managers or others, provided that the developers retain overall liability for the facilities. The initial term of each license coincides with the term of our Concession, with potential extension for an additional 30 years. We are entitled to receive upfront deposits and annual license fees at pre-determined rates, subject to yearly increases.

Revenue from commercial property development was Rs. 1,839.4 million, Rs. 1,766.8 million and Rs. 1,642.3 million, or 4.8%, 4.3% and 2.7% of our total income, in fiscal years 2019, 2018 and 2017, respectively.

Other Fees We Do Not Earn

Until April 30, 2016, on behalf of AAI, we collected from airlines certain other fees that AERA and AAI require to be levied on each departing passenger at the Airport. These fees included an airport development fee ("ADF") to partially meet capital expenditures incurred in our Phase 1 upgrade and expansion of the Airport completed in 2010. We deposited all ADF amounts into AAI's account pursuant to an arrangement with AAI and AAI releases the ADF amounts to us at agreed intervals towards the loans raised by us against the receivables of such amounts. No ADF has been levied after May 2016.

Pursuant to MoCA guidelines, we collect certain passenger service fees (security component) ("PSF(SC)") on behalf of the Government of India and have used a portion of them in the past as collateral for repaying the debt used to purchase designated security equipment and service of private security guards. We have challenged before the Delhi High Court certain orders and circulars issued by MoCA regarding the utilization of the PSF(SC) amounts. See "— Legal Proceedings — Passenger Service Fee Proceeding" for details.

We do not recognize as revenue or otherwise record in our financial statements any ADF amounts that we collect on behalf of AAI or the PSF(SC) amounts we collect on behalf of the Government of India. See "Risk Factors — Risks Related to Our Business — We are subject to risks related to tax disputes with certain tax authorities."

Main Aeronautical Services Customers

Air India and IndiGo collectively operate the majority of the flights at the Airport.

During the fiscal year ended March 31, 2019, the amount of revenue recognized by us from Air India Group was Rs. 3,557.2 million, (US$51.4 million),, of which Rs. 1,681.2 million (US$24.3 million) corresponded to aeronautical services, representing 9.4% of our total income for the year. During the same year, the amount of revenue recognized by us from IndiGo totaled Rs. 1,606.8 million (US$23.2 million), of which Rs. 1,155.7 million (US$16.7 million) corresponded to aeronautical services, representing 4.2% of our total income for the year.

The following table sets forth our main aeronautical services customers for the fiscal years ended March 31, 2019, 2018 and 2017 based on the percentage of revenue from aeronautical services recognized by us during those years.

	Year ended March 31,		
	2019	2018	2017
Main Aeronautical Services Customers			
Interglobe Aviation Ltd (IndiGo)	11.7%	15.4%	19.4%
Air India Group[(1)]	17.0%	17.0%	16.3%
Jet Group	8.4%	12.2%	12.1%
Spicejet Limited	3.0%	4.9%	5.2%
Go Airlines India Ltd	3.7%	4.2%	4.5%
Emirates	3.1%	2.8%	3.5%
Indian Oil Sky Tanking	15.3%	8.6%	3.2%
Lufthansa German Airlines	1.9%	1.7%	2.0%
Singapore Airlines Limited	1.7%	1.5%	1.7%
Tata Sia Airlines Limited (Vistara)	3.8%	3.6%	3.0%
Air Asia (India) Limited	1.3%	1.7%	1.3%
Etihad Airways	1.2%	1.3%	1.8%
Others	27.9%	25.1%	26.0%
Total	**100%**	**100%**	**100%**

(1) See "Risk Factors — Risks Related to Our Business — We are exposed to certain credit risks and we may be unable to collect on our receivables."

In the past we have experienced delays in collecting amounts invoiced to Air India Group. As of March 31, 2019, the concentration of credit risk from Air India Group in the form of outstanding receivables was Rs. 2,573.6 million (including unbilled receivables). See "Risk Factors — Risks Related to Our Business — We are exposed to certain credit risks and we may be unable to collect on our receivables."

The Government of India has proposed to open Hindon Airbase in Ghaziabad for the operation of regional commercial flights under the UDAN Scheme, thereby making room at the Airport for the operation of more mid- to long-haul flights. As capacity at the Airport expands, all commercial operations at Hindon Airbase are expected to transfer back to the Airport.

Main Non-Aeronautical Services Customers

As of March 31, 2019, our three largest customers that provide non-aeronautical services were Delhi Duty Free Services Private Limited ("Delhi Duty Free"), which operates our duty-free stores and is a joint venture in which we own 49.9%, Celebi Delhi Cargo Terminal Management India Private Limited ("Celebi Delhi Cargo"), which provides cargo services and is a joint venture in which we own 26.0%, and TIM Delhi Airport Advertising Private Limited ("TIMDAA"), which provides advertising services at the Airport.

During the fiscal year 2019, the amount of revenue recognized by us from Delhi Duty Free, Celebi Delhi Cargo and TIMDAA was Rs. 4,568.4 million (US$66.0 million), Rs. 2,093.1 million (US$30.3 million) and Rs. 1,646.3 million (US$23.8 million), respectively, representing 12.0%, 5.5% and 4.3%, respectively, of our total income.

The following table sets forth our main non-aeronautical services customers for the fiscal years ended March 31, 2019, 2018 and 2017 based on the percentage of revenue from operations-non-aeronautical services recognized by us during those years.

	Principal Activities at the Airport	Year ended March 31,		
		2019	2018	2017
		(percentages)		
Main Non-Aeronautical Services Customers				
Delhi Duty Free Services Pvt. Ltd.	Duty Free	21.8%	20.9%	22.6%
Celebi Delhi Cargo Terminal	Commercial Cargo	10.0%	10.8%	10.3%
TIM Delhi Airport Advertising Pvt. Ltd.	Advertisement	7.9%	9.6%	9.4%
Delhi Cargo Service Center	Commercial Cargo	4.1%	3.9%	3.8%
Thomas Cook (I) Limited	Foreign Exchange	1.3%	2.8%	3.3%
Jet Group	Passenger Service	1.5%	1.6%	2.0%
Air India Group	Passenger Service	2.5%	2.7%	2.7%
Bird Worldwide Flight Services	Ground Handling	1.5%	1.7%	1.7%
Premium Port Lounge management	Lounge	1.4%	1.5%	1.7%
Interglobe Aviation Limited	Passenger Service	2.2%	1.7%	1.8%
Travel Food Services Pvt. Ltd.	Food and Beverages	1.6%	1.3%	1.1%
WAISL Limited	IT services	5.0%	2.5%	—
Others	Others	39.2%	39.0%	39.6%
Total		**100%**	**100%**	**100%**

Of our main customers listed above, Delhi Duty Free, Celebi Delhi Cargo, TIM Delhi Airport Advertising are our joint ventures and associates which pay us a share of their revenues based on a revenue-sharing model, while any dividends we may receive from them are recorded as other income in our financial statements.

OUR CONCESSION

Our exclusive rights to operate, maintain and develop the Airport and the rights and obligations of AAI, the Government of India and other state bodies in respect of the Concession are provided in a series of agreements executed in April and May of 2006. In addition to the OMDA, which is the main Concession Agreement, the other primary Concession Agreements include the SSA and SHA, among others. The following summaries set forth certain key terms of these agreements.

Operation, Management and Development Agreement

We entered into the OMDA in April 2006 with AAI, pursuant to which we were appointed to undertake certain functions relating to the operation, maintenance, development, design, construction, upgrade, modernization, finance and management of the Airport, as well as certain aeronautical and non-aeronautical services at the Airport, as more fully described below. Specifically, the OMDA provides that AAI recognizes our exclusive rights to:

- develop, finance, design, construct, modernize, operate, maintain, use and regulate the use by third parties of the Airport;
- enjoy complete and uninterrupted possession and control of the land and existing assets of the Airport for the purpose of providing aeronautical services and non-aeronautical services;
- determine, demand, collect, retain and appropriate charges from the users of the Airport in accordance with the OMDA; and
- contract or sub-contract with third parties to undertake functions on our behalf and sub-lease or license the land and facilities leased to us in accordance with the OMDA.

Master Plan

In the OMDA, we undertook to submit to AAI and the Ministry of Civil Aviation a master plan for the development of the Airport over a 20-year time horizon. We initially prepared and submitted the Master Plan to the government of India in 2006.

We engaged UK-based Mott MacDonald Limited as our lead technical advisor for the initial preparation of the Master Plan and major development plans. The Master Plan was developed with particular emphasis on maximizing the lifespan of the airport system, ensuring optimal utilization of the available airport land resources and existing facilities and balancing airside and landside demand and capacity in each phase of development.

The Master Plan prepared in 2006 consisted of two phases. The first phase, which we completed within the required timelines, comprised two development sub-phases. Phase 1A, which we completed in April 2009, consisted of (i) upgrading the international terminal, (ii) building a new "Code F" compliant runway, which is the third runway at the airport, and associated taxiways designed to fit new generation aircraft such as the Airbus A380 and other wide-bodied aircraft, and (iii) expanding the domestic terminal.

Phase 1B involved construction of a new terminal with 78 aerobridges capable of handling next generation aircraft such as the Airbus A380, new aprons, an upgraded cargo terminal, enhanced ground access, and a multi-level parking structure. We completed construction of the new Terminal 3 in March 2010 and commercial operation commenced in July 2010 in respect of international operations and November 2010 in respect of domestic operations. As a result of the full completion of Phase 1, which had a total capital expense of Rs. 125.0 billion (US$ 2.1 billion), as recognized by AERA, the Airport's capacity has increased to 66 million passengers per year.

In 2016, in light of the growth of low cost carriers, higher traffic growth than was previously assumed, changes in flights and passenger demand and other various factors, we submitted to MoCA a revised Master Plan consisting of Phase 3A, Phase 3B and Phase 4, with indicative planning and implementation periods of 2016-2020 for Phase 3A, 2021-2025 for Phase 3B and 2026-2034 for Phase 4. The capital expenditures relating to these phases may fall both inside and outside of these indicative planning and implementation periods.

In March 2019, we commenced work on the Phase 3A Expansion. Our proposed Phase 3A Expansion plan includes expansion and improvements to our airside and landside infrastructure, including expansion of Terminal 1 and renovations enabling capacity additions to Terminal 3. The improvements include, among others, (i) expansion of Terminal 1, including improvements to the terminal approach, the buildings, the apron and the surrounding infrastructure; (ii) construction of a fourth runway and the refurbishment of one of our existing runways; (iii) enhancement of airfields and construction of new taxiways, including the north parallel taxiway and dual eastern parallel cross taxiways; and (iv) the widening of existing roads and curbs and the construction of a grade separator, new roads and a new access tunnel. We have engaged AECOM, a leading multinational engineering firm, for the preliminary design of the Phase 3A Expansion, and we have engaged Larsen & Toubro Limited to act as our EPC contractor for the execution of the Phase 3A Expansion. Upon completion of the Phase 3A Expansion, we expect passenger capacity of the Airport to increase from 66 million passengers per year to 100 million passengers per year. Our target date for the completion of the Phase 3A Expansion is March 2022. See "Summary — Recent Developments — Phase 3A Expansion."

Phase 3B includes, among others, the first phase of the development of Terminal 4 for domestic flights with one pier and various airfield developments. Phase 4 includes, among others, the second phase of the development of Terminal 4 and the construction of a new pier. The completion of Phase 3B is expected to increase the passenger capacity of the Airport to 100 million passengers per year and the completion of Phase 4 is expected to increase the passenger capacity of the Airport to in excess of 130 million passengers per year.

In connection with the submission of our revised Master Plan, there were extensive consultations with key stakeholders such as major airlines, IATA, AAI, MoCA and others. For example, we studied the strategies and future plans of major airlines, discussed the highlights of the proposed plan with the stakeholders and revised the plan to reflect their comments.

We will update and revise the Master Plan throughout the term of the Concession as necessary to reflect changes in traffic levels and the air transportation industry. In the past, regulatory bodies have required us to accelerate the timing of certain projects outlined in the Master Plan. For example, MoCA instructed us to begin construction in 2013 of a new air traffic control tower, using funds previously borrowed and to be repaid using additional ADF allocated by AAI, which originally had been scheduled in the Master Plan for construction in the sub-phase beginning in 2016. If we are required to construct additional infrastructure at the Airport, we will need to raise additional indebtedness, as we will not be able to fund much of these required capital expenditures solely with our operating cash flows, and such additional indebtedness incurred to fund our required capital expenditures, including the Notes offered hereby, will compound the adverse consequences of our high leverage. In addition, our maintenance costs may exceed our projections, thereby causing budgetary shortfalls that require additional incurrence of indebtedness. Moreover, our stakeholders may require us to incur additional, unanticipated capital expenditures based on their interpretation of the OMDA. For instance, the Government of India or AAI may require us to improve or expand certain infrastructure, such as the facilities supporting the security services that they provide at the Airport. See "Risk Factors — Risks Related to Our Business — Our substantial leverage could adversely affect our ability to raise additional capital to fund our operations and prevent us from meeting our obligations under our Concession Agreements, particularly our obligations to construct and develop additional facilities at the Airport including those set forth in the Phase 3A Expansion."

Term

The term of the OMDA is 30 years beginning on May 3, 2006. We have the right to extend the term for an additional 30 years on the same terms and conditions by giving written notice to AAI during the six-month period ending May 3, 2031, provided that there has been no DIAL Event of Default (as defined below) in the five-year period prior to our giving notice of extension. Upon our exercise of the right of extension, however, if a DIAL Event of Default or any other default occurs before May 3, 2036, triggering the levy of liquidated damages, then our right of extension will lapse unless otherwise agreed by AAI.

Property

Pursuant to the OMDA, we entered into a lease deed with AAI in April 2006, and a supplementary lease deed in August 2009 (together, the "Lease Deed"), under which, in exchange for a nominal annual rent, AAI leased to us, for the term of the Concession, approximately 5,100 acres of land constituting all the land underlying the Airport, along with the buildings and other immovable assets at the Airport and up to approximately 230 acres which can be used for commercial property development. Certain parcels already leased to third parties under existing leases and certain carved-out parcels and buildings were initially not leased to us but may be transferred to us under certain circumstances. The Lease Deed provides us with the right to construct, erect, renovate, repair, alter, or otherwise deal with the leased property in accordance with the OMDA. We are required to notify AAI of any unplanned material damage, destruction or impairment of the leased property. The OMDA provides for our right to sub-lease or license any part of the leased property for a period not to exceed the term of the Concession and requires us to inform AAI of any such sub-lessor or licensee and their respective shareholders.

Indemnification

In the OMDA, we have agreed to indemnify AAI against all claims made against it arising out of or in connection with, among others, our use and occupation of the Airport and the provision of all services that we and our contractors and sub-contractors provide at the Airport. AAI has also agreed to indemnify us against claims related to certain narrowly-defined legacy matters arising out of actions or inactions during the period prior to the Concession, so long as the aggregate liability exceeds Rs. 100 million (and each claim exceeds Rs. 10 million).

Service Standards and Airport Operator

Under the OMDA, we have agreed to adopt certain standards for the Airport regarding design, construction, operation, maintenance, renewal, improvement, development, management, service quality and systems as outlined in the schedules to the OMDA. These standards incorporate guidelines and manuals developed by the International Civil Aviation Organization, the International Air Transport Association and other international and domestic bodies. We were also required to achieve and maintain ISO9001:2000 certifications for all facilities at the Airport relating to aeronautical services. We timely achieved such certifications and have maintained them since. In connection with monitoring our compliance with these standards, AAI has the right to inspect at any time, but with reasonable prior notification, any part of the Airport or any assets at the Airport.

Pursuant to the OMDA, we entered into an airport operator agreement (the "Airport Operator Agreement") in May 2006 with Fraport, one of our shareholders. Pursuant to the Airport Operator Agreement, the airport operator assists us with, among others, (a) the operation and maintenance of the aeronautical and non-aeronautical assets at the Airport, (b) the operation and maintenance of the terminals at the Airport, including the passenger facilities, (c) the maintenance and operation of the airport utilities, and (d) compliance with applicable safety requirements. Fraport is also required to provide us with certain management and consultancy services, with the ultimate intention of developing know-how at the Airport, as well as utilize the resources and expertise of GMR. In exchange for the services provided, Fraport is entitled to the payment of certain secondment, consultancy and performance fees, as well as additional fees upon the achievement of specified milestones. The annual performance fee payable to Fraport is 3% of our gross revenue for the previous year, subject to increase when the business plan is outperformed.

The Airport Operator Agreement terminates automatically upon the termination of the OMDA. It is also subject to termination beginning in 2014 if an alternate airport operator is appointed in accordance with the terms of the OMDA subject to approval by AAI. The Airport Operator Agreement provides that if we are appointed as the alternate airport operator, we will enter into a technical airport advisory services agreement with Fraport for a minimum term of eight years. In the future, if Fraport was not acting as the airport operator, we would no longer be required to pay Fraport an annual performance fee of 3% of our gross revenue for the previous year, but may be required to pay them a fee pursuant to any technical airport advisory services agreement we enter into with them.

Penalties

We are subject to monetary penalties if we fail to maintain certain objective and subjective service and development standards.

Support and Services Provided by AAI

Pursuant to the OMDA, we entered into a CNS/ATM Facilities and Services Agreement (the "CNS/ATM Agreement") in April 2006 with AAI. Under the terms of the CNS/ATM Agreement, AAI is required to provide communication, navigation and surveillance and air traffic management services at the Airport for the term of the OMDA. AAI must provide such services in accordance with certain international standards, including those issued by the International Civil Aviation Organization, in exchange for the right to collect route navigation facilities charges and terminal navigational landing charges directly from airlines operating at the Airport. In turn, we have agreed to maintain the runway, taxiway, surrounding areas, and the airfield lighting system, ensure that the approach and take-off areas as well as other sensitive and critical areas (as identified by AAI) are clear of obstructions, provide rescue and fire crews, prevent animal and bird nuisances, prepare for various emergencies such as fires and bomb threats and to support AAI by providing utilities and space as well as by executing AAI's orders with respect to AAI equipment or certain airport operations.

Support from the Government of the National Capital Territory of Delhi

Pursuant to the OMDA, we entered into a state government support agreement (the "SGSA") in April 2006 with the Government of the National Capital Territory of Delhi (the "GONCT"). Under the terms of the SGSA, the GONCT agreed to use its best endeavors to, among others, (a) clear land required for the provision of aeronautical services at the Airport of any squatters occupying such land, provided that the costs for relocation of squatters are borne by us, (b) make available additional land necessary for the provision of aeronautical services at the Airport and we undertake to purchase such land, (c) upgrade, modernize and maintain existing access roads to and from the Airport, namely National Highway 8, as well as make reasonable endeavors to develop additional modes of public transport to and from the Airport, (d) provide sufficient utility services to the Airport, (e) maintain cleanliness in the area surrounding the Airport and prevent any interference from animals or birds in such areas, and (f) provide us with all consents, licenses, approvals, permits and other authorizations or permissions required from GONCT under applicable law that we properly apply for in order to perform our obligations under the OMDA.

Maintenance of Insurance

The OMDA requires us to maintain a property insurance policy for airports in respect of "all risks" customarily covered by such policies throughout the term of the Concession. We are also required to maintain business interruption insurance in order to indemnify AAI and worker's compensation insurance for death or personal injury, in addition to a general casualty insurance policy. See "— Property and Insurance — Insurance" for further details about our insurance policies.

Fees to AAI and Escrow Account

In consideration for AAI granting us the Concession, we paid AAI a one-time upfront fee of Rs. 1,500 million in May 2006. The OMDA requires us to pay AAI an annual fee in monthly installments throughout the term of the Concession equal to 45.99% of the projected revenue for each given year (subject to certain exclusions as set out in the OMDA). Revenue is defined in the OMDA as all of our pre-tax gross revenue excluding, among others, (a) payments made by us, if any, for the activities undertaken by "Relevant Authorities" (as defined under the OMDA) or payments received by us for the provision of utilities up to the extent of the amount we paid for such utilities to any third-party utility service providers, (b) insurance proceeds except insurance indemnification for loss of revenue, (c) any amounts that accrue to us from the sale of any capital assets or items, (d) payments and or monies collected by us for and on behalf of any governmental authorities under the applicable law and (e) certain amounts for bad debts written off, provided these pertain to past revenues on which the annual fee has been paid to AAI, clarifying that the Annual Fee (pursuant to Article 11 of the OMDA) and the Operation Support Cost (as defined under the OMDA) payable to AAI shall not be deducted from revenue. The projected revenue for each year is the amount we set out in the business plan that we are required to submit to AAI and periodically update. If the projected revenue for any given quarter exceeds or falls short of the actual revenue as per our quarterly financial statements approved by our Board, the annual fee amount we pay to AAI in the succeeding quarter is adjusted accordingly. We are further required to pay AAI interest at the SBI prime lending rate plus 3.0% on any amount of actual revenue that exceeds the corresponding projected revenue by 110%. AAI has certain inspection rights to review our books, records and other materials for purposes of verifying any information, including the calculation of revenue, that we provide to AAI under the OMDA. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting our Results of Operations — Volatility and Unpredictability of Our Results of Operations Due to Regulation and Implementation of Our Aeronautical Charges."

We are currently involved in an arbitration with AAI relating to the determination of "revenue" as defined under the OMDA, which is the basis for the calculation of the annual fee we pay to AAI. The term "revenue" as defined under the OMDA includes only certain types of revenue, rather than the gross receipts credited to the profit and loss account. See "— Legal Proceedings — Arbitration Proceedings."

Pursuant to the OMDA, we entered into an escrow account agreement (the "Escrow Account Agreement") on April 28, 2006 with ICICI Bank Limited, as the escrow bank, and AAI providing for the opening of an escrow account (the "Escrow Account") with certain sub-accounts for receivables, proceeds, statutory dues, AAI fees and surplus. The Escrow Account Agreement requires us to deposit all cash flows and cash realizations accruing from or in relation to the Airport from any source, including, among others, from borrowings and equity injections, into the Escrow Account immediately upon receipt of such funds. Following each deposit, the escrow bank transfers the required amounts into each sub-account based on the following cash-flow priorities:(a) statutory dues, which are the our monthly tax liability; (b) AAI fees, which include the fee payable each month and other amounts due to AAI; and (c) surplus. Under the Escrow Account Agreement, we have discretion to direct the escrow bank to make withdrawals from the surplus account, while the statutory dues and AAI fees accounts are restricted for payments only to satisfy tax liabilities and AAI fees, respectively, and pursuant to the Trust and Retention Account Agreement, the Trust and Retention Account is funded from the surplus. The Trust and Retention Account Agreement also prohibits any co-mingling of cash flows with our shareholders.

Financing Arrangements and Security

Under the terms of the OMDA, we may not assign the OMDA or pledge as security our interests in the OMDA or any of the other Concession Agreements. Nor may we create any encumbrances over the Transfer Assets or the underlying land at the Airport. However, in order to secure borrowings for use in connection with the Airport, we may create encumbrances over the Non-Transfer Assets (other than underlying land), subject to certain limitations, such as land usage restrictions. We also have created, pursuant to the OMDA, a mortgage over the Transfer Assets in favor of AAI to secure our payments due to AAI under the OMDA.

We are allowed under the OMDA to create a charge over revenues deposited in the Escrow Account for the benefit of AAI and any Lenders (as defined in the OMDA) in order to secure borrowings for use in connection with the Airport, and we have created such a charge under certain of our existing financing arrangements. The OMDA also provides that our shareholders may pledge our shares in favor of our Lenders to secure borrowings, provided that upon the enforcement of such pledges, the Lenders transfer the shares to a third-party approved by AAI. See "Description of Material Indebtedness" for further details.

Applicable Law and Disputes

The OMDA is governed by and construed in accordance with the laws of India. The parties to the OMDA agreed to use their reasonable endeavors to settle any disputes amicably, with any unresolved disputes to be referred to arbitration by a tribunal of three arbitrators, one appointed by each of AAI and us, respectively, and the third chosen by the other two, under the Indian Arbitration and Conciliation Act, 1996. New Delhi will be the venue of any arbitration, and the substantive laws of India will be the governing law.

Our Sole Purpose

Under the terms of the OMDA, we are prohibited from becoming directly or indirectly engaged, concerned or interested in any business other than operating, maintaining and developing the Airport, except with the prior written consent of AAI, pursuant to the right of first refusal provided in the SSA to develop a second airport or as otherwise provided in the OMDA, such as for the development of our commercial property division. See "— State Support Agreement" for details about the right of first refusal.

Our Ownership Structure

The OMDA places certain restrictions on the transfer, pledge and dealing in our equity shares. Beginning in the eighth year of the Concession period, our initial shareholders other than AAI (the "Non-AAI Shareholders") are allowed to transfer shares more freely, provided that following any transfer each shareholder beneficially own no less than 10% of our shares and that the initial Non-AAI Shareholders collectively own no less than 26% of our shares. Other transfers may be permitted subject to certain requirements, including the prior written permission of AAI and relevant security and probity clearance procedures.

Under the terms of the OMDA, the aggregate foreign shareholding of our total issued and paid up capital may not exceed 49% at any time during the term of the Concession. Foreign shareholding is defined to include direct shareholdings of our shares by a foreign entity not incorporated, formed or domiciled in India and indirect shareholdings in our shares by such a foreign entity through an entity incorporated, formed or domiciled in India that is not publicly listed.

Force Majeure

Under the terms of the OMDA, if we or AAI are unable to perform our respective obligations under the OMDA due to a force majeure event, we or AAI, as applicable, are entitled to suspend or excuse such performance. Any party claiming a force majeure event must give notice to the other party and take steps to mitigate the effects of such an event. Force majeure is defined in the OMDA as any event or circumstance that (a) materially and adversely affects the performance of an obligation; (b) is beyond the reasonable control of the affected party; (c) could not have been prevented or reasonably overcome with the exercise of good industry practice or reasonable skill and care; and (d) does not result from the negligence or misconduct of the affected party or the failure of such party to perform its obligations under the OMDA; and (e) renders the affected party unable to perform its obligations under the OMDA. The OMDA lists certain events and circumstances as potentially constituting a force majeure if they occurred within, or affected, India, such as war, invasion, revolution, riot, terrorism, natural disasters, epidemic, plague and aircraft accident or breakdown, among others, and specifies that a strike by the general employees at the Airport, excluding certain employees engaged in air traffic control, security and communication, navigation and surveillance, constitutes a force majeure event.

Events of Default

Summarized below are the primary events or circumstances, to the extent not caused by a default of AAI or a force majeure, that, among others, constitute our events of default under the OMDA if not cured within various stipulated cure periods (each a "DIAL Event of Default"):

- any material breach by us of our obligations under the OMDA;
- a breach of any representation or warranty given by us in the OMDA which materially adversely affects AAI's ability to perform its obligations under the OMDA;
- a suspension by us of the performance of our obligations under the OMDA or more than two interruptions of service at the Airport in any 24-month period that lead to AAI taking temporary control of the Airport;
- any failure by us to operate and maintain the Airport in accordance with applicable laws and to certain service standards;
- any material default by us under our financing arrangements unless such default is cured or waived;
- any failure by us to maintain required insurance;
- any failure by us to adhere or comply with the Master Plan or any Major Development Plan, or any violation or breach thereof;
- a transfer of shares or voting rights by any of our shareholders in breach of the restrictions in the OMDA; and

- a court orders us to be wound up; we file a petition for voluntary winding up; an execution or restraint is levied on our assets; or a provisional, administrator, trustee or receiver of the whole or substantially whole of our undertaking is appointed by a court of competent jurisdiction.

Summarized below are the primary events or circumstances, to the extent not caused by a default on our part or a force majeure, that, among others, constitute events of default of AAI under the OMDA following various cure periods (each an "AAI Event of Default"):

- any breach by AAI of its obligations under the OMDA if such breach causes a material adverse effect;
- a breach of any representation or warranty by AAI which materially adversely affects our ability to perform our obligations under the OMDA; and
- a suspension by AAI of the performance of the obligations under the OMDA.

Termination and Substitution under the OMDA and the Substitution Agreement

If an AAI Event of Default occurs, we have the right to notify AAI of such event and require them to remedy it within six months, failing which we may submit to AAI a notice of our intention to terminate the OMDA and, 30 days following the submission of such notice, issue them a notice of termination. In the event we exercise our right to terminate the OMDA, AAI will acquire all our rights, title and interests in the Transfer Assets by making payment of 100% of the Debt (as defined below) related to the Transfer Assets and 120% of the subscribed and paid-up value of the equity share capital related to the Transfer Assets within six months of our transfer to them of the Transfer Assets, and exercise its rights, or forgo such rights to acquire all our rights, title and interests in the Non-Transfer Assets in exchange for payment of fair market value of such assets. "Debt" is defined in the OMDA to include the outstanding principal payable to "Lenders," as of the date of termination of the OMDA, in respect of financial assistance secured by a first charge provided by such Lenders for the financing of capital expenditures for the development and upgrading of the Transfer Assets. The definition explicitly excludes, among others, debt not secured by a first-priority charge and debt on which we have defaulted and which has become payable prior to the Transfer Date or expiry of our Concession, working capital facilities relating to the Transfer Assets and any other financial assistance of any kind relating to the Non-Transfer Assets. "Lenders" are defined by the OMDA as the financing institutions, banks, multilateral funding agencies and similar bodies involved in the lending business, or their trustees or agents, who have agreed to guarantee or provide financing to us to assist us in meeting the costs of all or any part of development of the Transfer Assets.

Pursuant to the OMDA, we entered into a substitution agreement (the "Substitution Agreement") in December 2017 with AAI and Axis Trustee Services Limited as lender's agent for the Lenders under our financing arrangements. Read together, the OMDA and the Substitution Agreement govern the process by which we may be substituted as a party to the OMDA and have our rights under the OMDA terminated. If a DIAL Event of Default occurs (as defined above), AAI has the right to issue a notice of its intention to terminate the OMDA with a copy of such notice to the Lenders' Agent. The Lenders, acting through the Lenders' Agent, would have the right to nominate a third-party for the purposes of substitution immediately upon issue of the notice of intention to terminate the OMDA by AAI. The Lenders also have the right to nominate a third-party for the purposes of substitution if a Financing Event of Default is not cured, remedied, or revoked within 60 days of delivery of a Lenders' notice of default. A "Financing Event of Default" is defined as a default in payment by us to any or all Lenders under the Financing Documents of two quarterly installments or six monthly installments of principal, interest, or other amounts, or any other event of default under, or breach of the terms of, the Financing Documents that the Lenders' agent determines to be a major or material breach which may seriously affect our ability to continue to make required payments under any of the Financing Documents.

Once a notice to terminate has been furnished to AAI, or we have failed to cure within 60 days of the Lenders notifying AAI of a Financing Event of Default, the Lenders have the right to nominate a suitable entity to replace us and perform our obligations under the OMDA. The Lenders must notify AAI of their intent to exercise their right of substitution within 60 days of the issuance of the notice of default by the Lenders or the notice of intention to terminate by AAI, respectively, as the case maybe. Our current lenders, along with the Trustee under the Notes, will agree in the Intercreditor Agreement to engage in a consultative process among the lenders regarding any decision to exercise their right of substitution. The criteria for nomination of suitable entity includes its ability to execute all duties under the OMDA, to perform under the financing arrangements so as to provide security and comfort to the Lenders, the ability to pay all fees due to AAI — and agree to pay such fees — and to pass selection criteria involving matters of security, probity, technical capabilities, and scrutiny by the Government of India. In the event that a suitable substitute is chosen and approved by AAI according to criteria set out in the Substitution Agreement and the OMDA, the rights, approvals and clearances granted to us by AAI would be granted to the substitute, and all relevant contracts, including but not limited to the CNS-ATM Agreement, the Lease Deed, the SSA, the OMDA, the State Government Support Agreement and the contracts necessary for the proper operation of the Airport, would be novated in the substitute's favor. If no suitable substitute could be found, or the Lenders fail to nominate a suitable substitute, or such substitute has been unable to cure any breaches that led to the original notice of termination, then AAI shall have the right, but shall not be required, to terminate the OMDA. In the event AAI exercises the right to terminate the OMDA, it would then acquire all our rights, title and interests in the Transfer Assets (as defined below) by making payment of 90% of the Debt in respect of the Transfer Assets as recorded in our books within six months of our transfer to them of the Transfer Assets. AAI could also elect to acquire all our rights, title and interests in the Non-Transfer Assets in exchange for payment of the discounted fair value, which is the lower of the recorded book value and the net present value, of such assets. See "Description of Material Indebtedness" for details about our existing financing arrangements. See also "Risk Factors — Risks Related to the Notes and the Collateral — If our Concession is terminated or transferred to another party, the Notes may not be eligible for transfer payments by AAI or repayments made by any party substituting us and assuming our rights and obligations under the Concession" for further details on how such limitations may impact the rights of Noteholders.

If a force majeure event continues for more than 365 days, both AAI and we have the right to terminate the OMDA by issue of a notice of termination, following which AAI is required under the OMDA to acquire all our rights, title and interests in the Transfer Assets by making payment of 100% of the Debt related to the Transfer Assets as recorded in our books within six months of our transfer to them of the Transfer Assets, and exercise its rights, or forgo such rights, to acquire all our rights, title and interests in the Non-Transfer Assets in exchange for payment of the discounted fair value of such assets.

Following the expiration or termination of the OMDA, we are obliged to transfer to AAI, clear of encumbrances and with good title, all the assets, land, property and structures at the Airport necessary or required for the performance of aeronautical services (the "Aeronautical Assets"), as well as certain assets, land, property and structures not defined as Aeronautical Assets in the OMDA, such as airline lounges, cargo terminals, hangers and observation terraces, among others (together with the Aeronautical Assets, the "Transfer Assets"). AAI also has an option to acquire from us, clear of encumbrances and with good title, certain other assets, land, property and structures at the Airport, including business centers, logistic centers, duty free and general retail shops, hotels, restaurants and bars, vehicle parking areas and warehouses, among others (the "Non-Transfer Assets").

If the term of the Concession is not extended by 30 years and there is no DIAL Event of Default, AAI or its nominee is required to acquire all our rights, title and interests in the Transfer Assets by making payment of 120% of the subscribed and paid-up value of our equity share capital related to the Transfer Assets and 100% of the "Debt" related to the Transfer Assets, as determined by independent valuer(s) appointed in accordance with the terms of the OMDA and exercise its rights, or forgo such rights, to acquire all our rights, title and interests in the Non-Transfer Assets in exchange for payment of the net present value of such assets. "Net present value" with respect to any asset, means the discounted value as estimated on the date of valuation of the free cash flows (reflecting the then prevailing market value of the underlying land as on the valuation date) expected to be generated by the said asset from the valuation date for the economic life or life of such asset as intended under the Master Plan, whichever is lower, assuming no residual value of the asset at the end of such economic life.

If the term of the Concession is extended, at the end of the additional 30-year period, AAI or its nominee will acquire all of our rights, title and interests in the Transfer Assets by making payment of 100% of the "Debt" related to the Transfer Assets and exercise its rights, or forgo such rights, to acquire all our rights, title and interests in the Non-Transfer Assets in exchange for payment of the net present value of such assets.

State Support Agreement

Pursuant to the OMDA, we entered into the SSA in April 2006 with the President of India, acting through the Secretary of the Ministry of Civil Aviation of the Government of India. The SSA supplements the OMDA with additional details and procedures regarding, among others, the determination of aeronautical charges and passenger service fees (facilitation component), review of the Master Plan and any major development plans, the right of first refusal to build a second airport within 150 kilometers of the Airport and a guarantee from the Government of India to pay undisputed dues owed to us by AAI. The effective period of the SSA is co-terminus with the OMDA, and it has the same applicable law and dispute resolution clauses as the OMDA.

Airport Economic Regulatory Authority and Tariffs

Pursuant to the SSA, the Government of India established AERA in May 2009 as the economic regulatory authority responsible for the regulation of aeronautical tariffs and other matters for certain airports in India, including the Airport. See "Indian Regulatory Environment — Applicable Legislation, International Conventions and Sectoral Policy — The Airports Economic Regulatory Authority of India Act, 2008, as amended (the "AERA Act")" for further information about AERA.

Under the terms of the SSA, the Government of India has agreed that AERA will set the aeronautical tariffs to be applied at the Airport based on certain principles, including, among others, transparency, consistency, economic efficiency, independence, consultation, pricing responsibility and considerations of incentives and our need to achieve a reasonable return on investment. In June 2011, at AERA's request, we submitted our initial tariff proposal under the Concession, which included higher tariffs to reflect the increased capital expenditures associated with the Phase 1 upgrade and expansion of the Airport. AERA then published a consultation paper in January 2012 based on the tariff-setting principles laid out in the SSA. After conducting a public hearing and accepting responses from other agencies, AERA issued a final tariff order in April 2012.

As provided in the SSA, the primary components to be used by AERA in setting the aeronautical tariffs at the Airport are returns on the asset base, weighted average cost of capital, operation and maintenance costs, depreciation, taxes and 30% of the gross revenue generated from non-aeronautical services and assets. Through considering those factors, AERA determines the net present value of our target aeronautical services revenue for each control period, which equals the net present value of our projected aeronautical services revenue according to the relevant traffic forecasts and aeronautical services rates over the same period, and then sets the tariffs based on that target. The formula AERA uses to calculate our target revenue is presented below.

$$TR = RB \text{ X } WACC + OM + D + T - S$$

Where:

TR = Target revenue.

RB	=	Regulatory base pertaining to both investments made for the performance of reserved activities and to aeronautical assets owned by us, including capital expenditure, but excluding capital work in progress to the extent that they are not capitalized in fixed assets. Working capital is not included in the regulatory base. Furthermore, any penalties or liquidated damages levied under the provisions of the OMDA would not be allowed to be capitalized in the regulatory base. The fee we paid up front to AAI prior to the commencement of operations is also excluded from the regulatory base.
WACC	=	Nominal post-tax weighted average cost of capital, calculated using the marginal rate of corporate tax.
OM	=	Operation and maintenance cost pertaining to aeronautical services. Any penalties or liquidated damages levied under the provisions of the OMDA would not be counted as part of operation and maintenance cost.
D	=	Depreciation calculated in the manner as prescribed in Schedule XIV of the Indian Companies Act, 1956. In the event, the depreciation rates for certain assets are not available in that Act, then the depreciation rates as provided in the Income Tax Act for such assets as converted to the straight line method from the written-down value method will be considered. In the event, such rates are not available in either of the Acts then depreciation rates as per generally accepted Indian accounting standards may be considered.
T	=	Corporate taxes on earnings pertaining to aeronautical services.
S	=	30% of the gross revenue generated by us from the revenue share assets. The costs associated with these revenues are not included in calculating aeronautical charges.

Government of India Services

Under the terms of the SSA, the Government of India agreed to provide, or cause to provide, services related to customs, immigration, plant and animal quarantine, health, meteorology and security, in addition to aeronautical services, at the Airport during the Concession period. We, in turn, agreed to provide the necessary operational space, at no cost, and back office space, at 50% of the applicable commercial rent, at the Airport in order for Government of India to perform such services, as well as the required security systems and equipment. The SSA also allows the Government of India to require us to undertake and provide any services otherwise designated for it to perform, other than air traffic control and air navigation services, on terms and conditions reasonably acceptable to the GOI and us.

Right of First Refusal

The SSA grants us a right of first refusal to develop and manage a second airport within a 150 kilometer radius of the Airport if the Government of India desires to develop such an airport. Our right of first refusal for the new airport may be exercised by participating in a competitive bidding process in which, if we are not initially the successful bidder, we have the right to match the competitive bid received, if our bid is within 10% of such bid. The right expires in 2036 and may not be exercised if we are in material default under any of the Concession Agreements.

Review of Master Plan and Major Development Plan

Under the terms of the SSA and the OMDA, we are required to update and resubmit the Master Plan to the Government of India every ten years, but in practice we may update the Master Plan and submit it to AAI on a more frequent basis. We are also required to prepare major development plans, which, like the Master Plan, should be completed in full consultation with relevant stakeholders, for any project expected to have a capital cost of more than Rs. 1,000 million and submit such plans to the

Government of India for review. The SSA provides the applicable timelines for the Government of India's review of the Master Plan and any major development plans. With respect to the Master Plan, we are required to incorporate reasonable input from the Government of India. See "— Master Plan."

Step in Rights

The SSA and OMDA provides that if the Government of India declares an emergency, AAI has the right to temporarily assume control of the Airport, in whole or in part, or to instruct us to manage the Airport in accordance with its directions during an emergency. AAI is required to return the Airport back to our control generally within seven days of the cessation of any such emergency, and we must reimburse and indemnify AAI for any costs and expenses incurred during such step in period, subject to offset by all aeronautical and non-aeronautical charges collected by AAI on our behalf during that time.

Indian Defense Forces and Military Activities

Under the terms of the SSA, we agreed that the Indian Defense Forces have the right to use the Airport and all its facilities free of charge and without any restrictions. The SSA specifies that other than in emergencies, our obligations to accommodate the Indian Defense Forces in respect of, among others, airspace allocation and closure and runway usage is subject to mutual consultation between the Government of India and us.

GOI Guarantee

Pursuant to the SSA, the President of India, acting through the Secretary of the Ministry of Civil Aviation executed a deed of guarantee (the "Guarantee") in April 2006, in favor of us. Under the terms of the Guarantee, if following the expiration or termination of the OMDA, AAI fails to pay into the Escrow Account the applicable amounts for the Transfer Assets and Non-Transfer Assets, if any, within six months of our transferring such assets to AAI, the Government of India agrees to pay the undisputed amounts plus interest at the SBI prime rate, subject to monetary caps and other limitations.

Clearances and Coordination

As with the GONCT in the SGSA, the Government of India agreed to provide us with all consents, licenses, approvals, permits and other authorizations or permissions required from GOI under applicable law that we properly apply for in order to perform our obligations under the OMDA. To facilitate interaction and coordination between the Government of India and us, the SSA provides for the establishment of (a) a joint coordination committee consisting of representatives from AAI, us and the various departments responsible for customs, immigration, plant and animal quarantine, health, meteorological and security at the Airport and (b) an airport coordination committee consisting of representatives from the Government of India, AAI, the Delhi government and us.

Change in Law

Under the terms of the SSA, if a change in law occurs that results in, among others, an increase in our costs or reduction in our after-tax returns in connection with our development or operation of aeronautical services and assets greater than Rs. 100 million in any year, we may propose amendments to the OMDA intended to restore us to our financial position prior to such change in law. The Government of India is required to use reasonable efforts to ensure AAI agrees to our amendments, barring which it, following our issuance of a written notice, is obligated to pay us compensation to restore us to our financial position prior to such change in law. Conversely, if a change in law occurs that results in, among others, a decrease in our costs or increase in our after-tax returns in connection with our development or operation of aeronautical services and assets greater than Rs. 100 million in any year, we must pay to the Government of India an amount as would restore us to our financial position prior to such change in law. No amendments to the OMDA or compensation payments to or from the Government of India are allowed in connection with changes in law that impact our development or operation of non-aeronautical services and assets. Change in law is broadly defined to include, among others, (a) the enactment of any new Indian law, (b) the amendment, modification or repeal of any existing Indian law, (c) a change in interpretation, application or enforcement of any Indian law by the Supreme Court of India and (d) a change in the terms and conditions, or imposition of new terms and conditions, applicable to any outstanding consents, licenses, approvals, permits and other authorizations or permissions.

Shareholders Agreement

Pursuant to the OMDA, we entered into a SHA in April 2006 with AAI and our other initial shareholders, namely, GMR Infrastructure Ltd., GMR Energy Ltd., GMR Airports Limited (formerly GMR Airports Holdings Limited), Fraport, Malaysia Airports (Mauritius) Private Limited and India Development Fund, providing for the terms and conditions that govern their respective rights as our shareholders and their respective responsibilities regarding our management.

Future Capitalization and AAI's Option

Under the terms of the SHA, the Non-AAI Shareholders are required under certain circumstances to contribute additional capital pro rata, or as otherwise agreed, beyond their initial subscriptions in our share capital. In the event of such additional capital calls, AAI has the option to participate and maintain its shareholding percentage in our shares. If it does not participate, our other shareholders are obligated to increase their shareholdings accordingly, subject to the restriction on foreign ownership not exceeding 49% following such transfer, and contribute the requisite amount of additional capital.

Rights of First Refusal

In the event any of the Non-AAI Shareholders decides to sell any or all of our shares that it holds, it is required under the SHA to first offer them to the other Non-AAI Shareholders, which may purchase any or all of such shares, subject to the restriction on foreign ownership not exceeding 49% following such transfer. If the other Non-AAI Shareholders do not purchase all the offered shares, AAI has the option to purchase no less than all the remaining shares at the same price and on the same terms and conditions offered to the other Non-AAI Shareholders. The selling shareholder may offer shares to outside investors only if AAI does not exercise its option to purchase, and any such sale must not be on terms and conditions more favorable than those offered to AAI.

In the event AAI decides to sell any or all of our shares that it holds, it is required to first offer them to the Non-AAI Shareholders, which may individually or collectively purchase no less than all such shares, subject to the restriction on foreign ownership not exceeding 49% following such transfer. AAI may offer shares to outside investors only if the Non-AAI Shareholders do not exercise their options to purchase, and any such sale must not be on terms and conditions more favorable than those offered to the Non-AAI Shareholders.

Board of Directors and Reserved Matters

Under the terms of the SHA, each shareholder has the right to nominate such number of directors as is proportionate to its shareholding. AAI has the additional right to nominate at least one director irrespective of AAI's shareholding, even if AAI ceases to hold any of our shares. The minimum quorum necessary for a meeting of the board of directors is two directors, with at least one being a director nominated by AAI and at least one being a director nominated by a Non-AAI Shareholder. As long as AAI holds at least 10% of our shares, no decision or resolution by the board of directors or the shareholders in respect of the following reserved matters may be taken unless approved by AAI: (a) any change in our business, including any cessation of any kind of business; (b) any change of rights of any class or classes of shares, either directly or indirectly; (c) any sale, transfer, lease, license or disposal of all or a substantial part of its business, undertaking or assets whether by a single transaction or series of transactions, subject to a 10% of net fixed asset threshold; (d) the commencement of any action to wind up or dissolve us, including the passing of any resolution to liquidate us; and (e) for reserved shareholder matters, any shareholder resolution requiring the consent of not less than 75% of the shareholders voting, that is, a special resolutions, under the provisions of the Companies Act.

Miscellaneous

The SHA reiterates certain restrictions on the transfer and holding of our shares, including to or by foreign investors, provided in the OMDA. See "— Our Ownership Structure" for further details. The applicable law and dispute resolution provisions in the SHA are also consistent with those in the OMDA, with specific performance additionally available. See "— Applicable Law and Disputes" for further details.

CONTRACTS FOR THE PHASE 3A EXPANSION

EPC Contract

On February 7, 2019, we entered into an Engineering, Procurement and Construction Contract ("EPC Contract") with Larsen & Toubro Limited ("L&T") for the Phase 3A Expansion. Pursuant to the EPC Contract, L&T will carry out the execution of all works in connection with the Phase 3A Expansion, including all design, engineering, procurement, supply, construction, erection, installation, testing, pre-commissioning, commissioning, completion and handover. Under the terms of the EPC Contract, L&T is required to complete its work within 39 months from the date of receiving the notice to proceed, which we issued on March 7, 2019, and the work began accordingly. We will make payments to L&T upon completion of each milestone of the project. Further, the EPC Contract provides for a performance guarantee equivalent to 5% of the contract sum and retention payment equivalent to 5% of the gross certifiable amount of each payment request to be executed by L&T in our favor, provided that, prior to release of any payment by our Company under the EPC Contract, in case L&T wishes to do so, they can provide an indemnity cum undertaking in lieu of the retention payment. The EPC Contract also has penalty clauses in the form of liquidated damages for delay, which can be levied subject to a maximum of 5% of the contract sum. The EPC Contract sum is approximately Rs. 83.2 billion (excluding GST), and as of March 31, 2019 we had incurred approximately Rs. 8,663 million against the EPC Contract sum.

LEGAL PROCEEDINGS

We are involved in certain legal proceedings from time to time that are incidental to the normal conduct of our business and the nature of our Concession. The material proceedings are described below and are currently pending at various stages of adjudication.

Aeronautical Tariff Proceedings

In an order dated January 22, 2015, the Delhi High Court responded to our petition seeking expeditious disposal of our appeals before the AERAAT in respect to certain of AERA's methodologies, calculations and classifications of various factors used to set the aeronautical tariff structure for the first control period, which spans fiscal years 2010 through 2014. The tariff structure set by AERA included a 16% return on equity, as opposed to the 24% we had requested, no return on refundable security deposits from lessees, as opposed to the 24% return we had requested, and a hypothetical regulatory asset base valuation of Rs. 4,670 million, as opposed to the Rs. 11,190 million valuation we had requested. AERA also took account for changes in the consumer price index when considering various regulatory components of the tariff, such as operating expenses, capital expenditure and non-aeronautical income, rather than accounting for it as an allowance for inflation over and above the target revenue, which we believe is the proper treatment under the terms of the SSA. Furthermore, AERA chose to adjust for corporate tax as actually paid, rather than accounting for it when considering various regulatory components of the tariff, as we had requested.

In its order, the Delhi High Court issued directions to MoCA to take steps to appoint the chairperson and members of the AERAAT within four weeks of the date of the order. The Delhi High Court also directed the reconstituted AERAAT to adjudicate our pending appeals within twelve weeks of the date of the order. Further, the Delhi High Court directed that the current aeronautical tariff structure from the first control period continue until the disposal of our appeals by the AERAAT. On April 24, 2015, AERA filed a special leave petition to the Supreme Court of India, seeking interim relief from this order. On May 12, 2016, the Supreme Court of India heard and disposed of the special leave petition of AERA with directions to AERAAT to expedite and adjudicate the appeals pending before it within three months of its order.

In addition, the Delhi High Court observed that the appeals pending before the AERAAT involved substantial issues with respect to the methodology for determination of tariffs and the correctness of certain regulatory principles applied by AERA, which would be significant in determining the aeronautical tariffs for the second control period, which spans fiscal years 2015 through 2019, and for subsequent control periods. The Delhi High Court directed AERA to not proceed with the implementation of the aeronautical tariff for the second control period, pending a decision on the matters under appeal before the AERAAT. As a result, we did not implement the aeronautical tariff for the second control period, although AERA issued an order dated December 8, 2015 to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff structure for the first control period. We filed an appeal against this order before the AERAAT, which tribunal was merged into Telecom Disputes Settlement and Appellate Tribunal ("TDSAT") as directed by Ministry of Finance in a notification dated May 2, 2017. On July 3, 2017, in response to a special leave petition filed by Air India, the Supreme Court of India vacated the order of the Delhi High Court relating to the continuation of the aeronautical tariff structure from the first control period and directed TDSAT to dispose of the appeal within two months of its order. On July 7, 2017, we implemented the December 8, 2015 AERA order to reduce the aeronautical tariff for the second control period by 89.4% from the aeronautical tariff for the first control period, which has had a significant negative impact on our aeronautical revenue. On April 23, 2018, TDSAT issued a judgment to dispose of all appeals pertaining to the first control period tariff. We subsequently applied to AERA for upward adjustment of the tariff set under the December 8, 2015 AERA order on the basis that the tariff fell below the Base Airport Charges to which we are entitled under the SSA. On November 19, 2018, AERA issued a further order setting the tariff for the second control period to an amount equal to the Base Airport Charges, including a 10% escalation as provided for in the SSA.

On April 23, 2018, TDSAT issued an order on our appeal (as joined by the Federation of Indian Airlines, Lufthansa and IATA) made on May 23, 2012 relating to the aeronautical tariff for the first control period, which, among others, addressed the following matters:

1. In exercise of powers under Section 13 of the AERA Act, AERA is required to respect rights/concessions, etc.;

2. Contractual rights can be voided only on the basis of explicit statutory provisions or implications from statutory provisions permitting no other option;

3. Even when the airport operator engages in providing an aeronautical service through its servants or agents, the service must be deemed to be one provided by the Airport operator. The color of revenue from aeronautical service cannot get changed to that of revenue from non-aeronautical service, by an act of delegation or leasing out by the concessionaire;

4. Revenue from cargo and ground handling charges are required to be treated as non-aeronautical revenue;

5. For future, the exercise for assets allocation has to be redone, if not already redone;

6. Levy and determination of user development fee is lawful, but its use and appropriation must also be transparent and accounted for in the future exercise for tariff determination;

7. Refundable security deposit of Rs. 1,471 crores cannot be a zero cost debt. Its cost needs to be ascertained and made available to DIAL through appropriate fiscal exercise at the time of next tariff redetermination; and

8. Although rate of 16% as return on equity not interfered with, AERA may redo the exercise through a scientific and objective approach, independently of any observations in the third control period.

We appealed the TDSAT order before the Supreme Court of India in relation to the following issues, among others: (i) calculation of tax for the purposes of determination of target revenue; (ii) calculation of hypothetical regulatory asset base; (iii) treatment of fuel throughput charges for determination of tariff for the Airport; (iv) treatment of revenue from area of terminal building disallowed by AERA as part of regulatory asset base, which should not be considered in determination of the aeronautical tariff and (v) application of CPI-X. The appeal is pending for completion of pleadings. The Federation of Indian Airlines ("FIA") has also filed appeal against TDSAT judgment and the same is pending for admission.

We are also a respondent, along with AERA, in several cases brought by airlines seeking reductions in the aeronautical tariffs set by AERA in the first five-year control period. We believe that if these cases are decided against us, any such reduction in tariffs would not be applied retroactively.

Arbitration Proceedings

Under the OMDA, we are required to pay AAI an annual fee in monthly installments throughout the term of the Concession equal to 45.99% of our projected "revenue" for each given year. However, the term "revenue" as defined under the OMDA includes only certain types of revenue instead of the gross receipts credited to the profit and loss account. The distinction as to what constitutes revenue under the OMDA was not initially recognized when calculating the annual fee paid/payable by us to AAI and, as a result, we mistakenly based our calculation of the annual fee on a figure that took into account our gross receipts which included (a) capital costs recovered by us through aeronautical charges; (b) recovery of the payments made by us, through tariff, for the activities undertaken by the Relevant Authorities (as defined under the OMDA) such as customs, security and immigration; (c) the amounts that accrued to us from the sale of any capital assets (not limited to profit); and (d) earnings from other sources not being aeronautical services or non-aeronautical services. The mistake was noticed while undertaking a financial review exercise in and around February 2016 which lead to a further examination of the provisions of our Concession by legal counsel. After this further examination, we issued a notice to AAI on December 26, 2016 claiming a refund of excess annual fees paid by us in the amount of Rs. 42,963.2 million (US$621.1 million) plus interest for the period from inception up to March 31, 2016. In its meeting held on December 9, 2016, our Board of Directors decided to pay further annual fees under protest until the matter is resolved. Pursuant to its letter dated March 27, 2017, AAI agreed to examine our claim but later refused to recognize our contentions leading to the ongoing dispute, and we subsequently invoked arbitration pursuant to the arbitration agreement in the OMDA. We have filed a statement of claim, making claims of Rs. 105,372 million, comprising Rs. 66,632.60 million (US$963.3 million) towards restitution and return of excess annual fee paid by us and interest thereon amounting to Rs. 38,739.40 million (US$560.1 million) for the period from May 3, 2006 to September 30, 2018, together with excess annual fee paid from October 1, 2018 forward, as well as interest to cover the period up to the resolution of the matter. The matter is presently at the stage of completion of pleadings.

Base Airport Charges

The SSA sets certain Base Airport Charges which represent the minimum amount we are entitled to charge for certain aeronautical services, including landing charges, housing charges, parking charges, baggage x-ray charges, fuel farm and passenger service fees (facilitation component). The specific amounts of the Base Airport Charges are set out in the SSA and are subject to a 10% escalation beginning in the fourth year of the SSA and throughout the duration of the Concession.

Pursuant to the December 8, 2015 AERA order for the second control period, as implemented with effect from July 8, 2017, the aeronautical charges fixed by AERA for the second control period fell below the Base Airport Charges. Accordingly, AERA in its order dated November 19, 2018, ordered that we are entitled to maintain the minimum aeronautical charges equivalent to the Base Airport Charges plus 10% thereof in any year during the term of the Concession. Pursuant to Base Airport Charges, we charge passenger service fees (facilitation component) on passengers departing from the Airport. We no longer charge UDF and CUTE counter charges. The new Base Airport Charges came into effect on December 1, 2018, except with respect to baggage x-ray charges, which came into effect on February 1, 2019.

Passenger Service Fee Proceeding

We have challenged before Delhi High Court certain orders and circulars issued by MoCA regarding the utilization of certain passenger service fees collected as collateral for repaying the debt used to purchase designated security equipment (the "PSF Loan") and deployment and service of private security guards, which collectively involve amounts totaling Rs. 3,217.3 million (excluding interest) as of March 31, 2019. Pursuant to prior orders and circulars issued by MoCA, we used the passenger service fees as collateral for the PSF Loan, which was repaid in full on June 30, 2017. See "— Our Sources of Revenue — Other Fees We Do Not Earn." We have refunded Rs. 1,196.6 million of the total amount claimed by MoCA into the PSF account to enable us to levy baggage x-ray charges as part of our Base Airport Charges, but we shall continue to contest MoCA's entire claim on merits. Although we have not made a provision in our financial statements, if the Delhi High Court were to rule in favor of MoCA, we will be required to make a refund of the remaining amount utilized under the PSF Loan into the passenger service fee account and reflect the PSF Loan as a liability in our financial statements.

"Normative Matter" Proceedings

Pursuant to its order dated June 6, 2016, AERA decided to adopt a normative approach to building blocks towards the capital cost for terminal building, runway, taxiway and apron. Pending finalization of the norms, AERA tentatively fixed the ceiling cost per square meter (subject to a higher cost being justified) for evaluating the capital cost to be incurred by airport operators for the purpose of tariff determination. We and other major airport operators of Hyderabad, Mumbai and Bengaluru filed individual appeals challenging AERA's normative approach order. We have also challenged the jurisdiction of AERA to issue such an order under the AERA Act and, claimed that AERA is in violation of natural justice, that the norms are not applicable to airports under public-private-partnership concessions and that the benchmark adopted by AERA based on a single airport is grossly arbitrary. The appeal is pending before TDSAT.

Civil Proceedings

Two cases have been filed against AAI, one of which lists us as one of the respondents, regarding the determination of the fair market value of the land at the Airport against the award declared by the local land acquisition collector, wherein the petitioners are seeking enhanced compensation.

We have invoked the arbitration provision provided under the OMDA against AAI's demand for payment of an annual fee of Rs. 412.1 million towards the usage of custom duty scripts amounting to Rs. 896.04 million under the import export policy 2006-2010 of Government of India. The matter was referred to arbitral tribunal and pursuant to its decision on December, 27, 2018, the tribunal accepted our position that no revenue share is payable to AAI on the utilization of such custom duty scripts. AAI on April 25, 2019 filed a petition before Honorable Delhi High Court under section 34 of the Arbitration and Conciliation Act, 1996 challenging the said order.

Following the termination by us of certain project agreements with Silver Resort Hotel India Private Limited ("SR"), arbitration proceedings were initiated by SR challenging the termination and in the alternate seeking damages for the termination. On September 8, 2017 the arbitral tribunal upheld the termination and granted interest on the past dues. We were allowed to adjust all such dues, amounting to Rs. 1,158.90 million, against SR's security deposit of Rs. 1,928.80 million, and we subsequently returned the balance of the security deposit in the amount of Rs. 769.87 million to SR. A challenge by SR to this decision before Delhi High Court was rejected, though a further appeal by SR is currently pending with respect only to the determination of interest payable on the security deposit.

Criminal Proceedings

We have filed several criminal complaints against certain debtors for issuing cheques to us that were dishonored, and are seeking recovery of (i) an aggregate of Rs. 345 million from Kingfisher Airlines and its Directors and (ii) an aggregate of Rs. 680.8 million from Silver Resort Hotel India Private Limited and certain of its Directors. Summons have been issued to Kingfisher Airlines and Silver Resort Hotel India Private Limited in relation to these criminal complaints. Certain directors of Silver Resort have challenged the summoning order by filing a revision petition, which is currently pending for final arguments. If the revision petition succeeds, the summoning order will be quashed.

Tax Proceedings

Six tax proceedings have been initiated against us which relate to, among other things: (i) imposition of service tax of approximately Rs. 1,318.9 million and penalty of approximately Rs. 1,318.9 million on the development fees collected by us; (ii) treating the security component of passenger service fees amounting to Rs. 770.7 million as our income under the Income Tax Act, 1961 (the "I.T. Act"), treating disallowance as a deduction under the I.T. Act, of Rs. 1,955.0 million in relation to payment made to AAI with respect to treating them as capital in nature, disallowance of repairs and maintenance expenses of Rs. 240.0 million, treating the same as capital expenditure, disallowance of Rs. 8.5 million under Section 14A of the I.T. Act for assessment year 2007-2008; (iii) treating the security component of passenger service fees amounting to Rs. 807.3 million as DIAL's income under the I.T. Act, disallowance of Rs. 75.98 million as a provision made on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act, disallowance of repairs and maintenance expenses of Rs. 111.4 million, treating the same as capital expenditure, disallowance of club expenses of Rs. 3.4 million and disallowance of Rs. 23.7 million under Section 14A of the I.T. Act for assessment year 2008-2009; (iv) treating the security component of passenger service fees amounting to Rs. 409.2 million as DIAL's income under the I.T. Act, disallowance of Rs. 1.1 million as a provision on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act, disallowance of repairs and maintenance expenses of Rs. 141.6 million, treating the same as capital expenditure, disallowance of club expenses of Rs. 0.3 million and disallowance of Rs. 23.3 million under Section 14A of the I.T. Act for assessment year 2009-2010 on the ground that we earned exempt income; (v) not allowing loss on the security component of passenger service fees amounting to Rs. 155.1 million under the I.T. Act, disallowance of repairs and maintenance expenses of Rs. 79.5 million, treating the same as capital expenditure, disallowance of club expenses of Rs. 0.2 million, disallowance of Rs. 1.4 million as a provision made on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act of Rs. 100.7 million under Section 14A of the I.T. Act for assessment year 2010-2011; and (vi) the imposition of service tax of approximately Rs. 543.1 million and penalty of approximately Rs. 543.1 million on the advance development costs collected by us. Our appeals relating to points (ii) to (v) above have been disposed off by the Income Tax Appellate Tribunal, Delhi. Further, we have filed appeals before Delhi High Court against the order of ITAT-Delhi in respect of assessment year 2008-2009 to assessment year 2010-2011 (points (iii) to (v) above). Also our appeals relating to points (i) and (vi) above have been decided by Cestat in our favor, setting aside the Orders passed by Commissioners.

In addition to the above proceedings, pursuant to the search operation under Section 132 of the I.T. Act, our assessment has been completed under Section 143(3) and Section 153A of the I.T. Act for assessment year 2007-2008 to assessment year 2013-2014 and thereafter under Section 143(3) for the assessment year 2014-2015 to 2016-2017. The following disallowances have been made: (i) for assessment year 2007-2008, disallowance of Rs. 1.2 million on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act on director sitting fees, disallowance of Rs. 27.4 million on account of non-deduction of tax on charges collected by airlines, non-grant of credit for tax refund and self-assessment for Rs. 218.6 million and short grant of interest for an amount of Rs. 108.0 million; (ii) for assessment year 2008-2009, disallowance of Rs. 41.2 million on account of non-deduction of tax on charges collected by airlines and erroneous addition of Rs. 456.0 million by treating the duty credit entitlement under SFIS accrued as grant related to revenue; (iii) for assessment year 2009-2010, disallowance of Rs. 35.2 million on account of non-deduction of tax on charges collected by airlines, addition of Rs. 223.5 million by treating the duty credit entitlement under SFIS accrued as grant related to revenue and withdrawal of relief of Rs. 93.2 million, being the amount of depreciation and repair and maintenance expenditure allowed in the earlier assessment order of assessment year 2007-2008 and assessment year 2008-2009; (iv) for assessment year 2010-2011, disallowance of Rs. 51.3 million on account of non-deduction of tax on charges collected by airlines, addition of Rs. 107.3 million by treating the duty credit entitlement under SFIS accrued as grant related to revenue, non-grant of credit for advance tax paid of Rs. 3.5 million and the tax refund of Rs. 5.4 million not actually received by DIAL, which was claimed by the tax authority as granted; (v) for assessment year 2011-2012, inclusion of loss of Rs. 85.4 million suffered in PSF (security component), disallowance of Rs. 215.2 million under Section 14A of the I.T. Act, and disallowance of director sitting fees of Rs. 0.8 million under Section 40(a)(ia) of the I.T. Act, disallowance of Rs. 52.2 million of collection charges retained by the airlines and addition of Rs. 132.1 million by treating the duty credit entitlement under SFIS accrued as grant related to revenue; (vi) for assessment year 2012-2013, inclusion of loss of Rs. 391.4 million suffered in PSF (security component), disallowance of Rs. 53.3 million of collection charges retained by the airlines, deduction of the amount of duty free entitlement under SFIS of Rs. 86.4 million considering the same as grant related to revenue, addition of revenue of Rs. 690.4 million from National Aviation Company Limited (Air India) on an accrual basis, disallowance of Rs. 204.5 million under Section 14A of the I.T. Act, disallowance of director sitting fees of Rs. 1.06 million on account of non-deduction of tax under Section 40(a)(ia) of the I.T. Act; and (vii) for assessment year 2013-2014, inclusion of loss of Rs. 902.25 million suffered in PSF (security component), disallowance of Rs. 45.4 million of collection charges retained by the airlines and disallowance of Rs. 153.0 million under Section 14A of the I.T. Act, deduction of the amount of duty free entitlement under SFIS of Rs.77 million considering the same as grant related to revenue and allowance of Rs.690.4 million from National Aviation Company Limited (Air India) (viii) for Assessment year 2014-2015, disallowance of Rs.152.74 million under Section 14A of the I.T. Act and deduction of the amount of duty free entitlement under SFIS of Rs.68.43 million considering the same as grant related to revenue and (ix) for Assessment year 2015-2016, disallowance of Rs.95.69 million under section 14A of the I.T. Act, and deduction of the amount of duty free entitlement under SFIS of Rs.60.86 million considering the same as grant related to revenue, and (x) for assessment year 2016-2017, disallowance of Rs.97.99 million under section 14A of the Income Tax Act and deduction of the amount of duty free entitlement under SFIS of Rs.54.15 million considering the same as grant related to revenue. The matters in respect of the appeals pertaining to assessment year 2007-2008 to 2013-2014 have been disposed off by the ITAT-Bangalore. Further, an appeal was filed by DIAL before Bangalore High Court in respect of orders pertaining to assessment year 2011-2012, assessment year 2012-2013 and assessment year 2013-2014. Also a miscellaneous application has been filed before ITAT Bangalore in respect of the assessment year 2007-2008. The appeals were filed against the assessment orders passed in respect of assessment year 2014-2015 to 2016-2017 and the CIT(A) has decided the appeals and passed the orders.

A survey under Section 133A of the I.T. Act was carried out at our premises by the income tax authorities. The income tax department has sought certain information pursuant to its letter dated July 18, 2016. The management has provided such information to the income tax department. The management believes that we are in compliance with all the applicable provisions of the I.T. Act and does not expect any additional tax liability on account of the survey operations.

In addition, we have initiated several cases which relate to, among other things, three cases relating to eligibility of the consignments that we imported for development of the Airport for benefit under the Project Import Regulations, 1986, entitlement of bills of entries for assessment under the Customs Tariff Act, 1975, and our entitlement to refunds of excess duty paid on such bill of entries involving an aggregate refund of Rs.48.4 million for two cases, pending before Commissioner (Appeals), and of Rs. 33.3 million for one case, pending before Assistant Commissioner (Refunds).

Provisions

As of March 31, 2019, liabilities for current tax (net) of Rs. 92.7 million (US$1.3 million) is reflected on the financial statements. The amount relates to tax proceedings for the assessment year 2008-2009. See "—Tax Proceedings."

PROPERTY AND INSURANCE

Real and Personal Property

Pursuant to the OMDA and the Lease Deed, AAI has leased to us all the land underlying the Airport, along with the buildings and other immovable assets at the Airport and approximately 230 acres available for commercial property development. We have the right to sub-lease or license any part of the leased property for a period not to exceed the term of the Concession. Following the expiration or termination of the OMDA, we are obliged to transfer to AAI, clear of encumbrances and with good title, all the assets, land, property and structures at the Airport that constitute Transfer Assets, while AAI has an option to acquire from us, clear of encumbrances and with good title, certain other assets, land, property and structures that constitute Non-Transfer Assets. See "— Our Concession — Operation, Maintenance and Development Agreement" for further details.

Insurance

Under the terms of the OMDA, we are required to maintain a property insurance policy in respect of "all risks" customarily covered by such policies for airports throughout the term of the Concession. We are also required to maintain business interruption insurance in order to indemnify AAI and worker's compensation insurance for death or personal injury, in addition to a general casualty insurance policy.

We maintain an industrial "all-risk" insurance policy, which includes coverage for material damage at the Airport, along with business interruption coverage. Our industrial all risk insurance policy is on a reinstatement value basis. We also have an airport operator's liability policy and a terrorism insurance policy. We maintain a term life insurance and a personal accident insurance for our employees.

AWARDS

Among the numerous awards and rankings the Airport has received in recent years, the Airport has been awarded the following:

- SKYTRAX World Airport Award for "Best Airport in India and Central Asia 2019";
- "Apex in Safety" Recognition and "Platinum Recognition" in the Over 45 Million Passengers per Annum category under ACI Asia-Pacific Green Airports Recognition 2019;
- Best Airport by Size (over 40 million passenger category) for 2018 and 2017 and Region (Asia Pacific) for 2018, in each case by Airports Council International;
- Wings India Award for "Most Sustainable and Green Airport" from FICCI for 2018;
- "Best Airport in India" from Travel + Leisure Magazine for 2018;
- SKYTRAX World Airport Award for "Best Airport Staff in India and Central Asia 2018";

- Golden Peacock Business Excellence Award under Transportation (Aviation) sector for 2018;

- National Award for Excellence in Energy Management 2018 by the Confederation of Indian Industry;

- First prize in the KAIZEN Competition under the 5S, Safety and Morale in Large Industries category in the 27th Kaizen Conference and Competition, organized by the Confederation of India Industry 2017;

- Golden Peacock Award for Corporate Ethics 2017;

- "Smartest Building in India," "Smartest Large Airport in India," "Greenest Building in India," Safest Building in India" and Most Productive Building in India" from the Network 18 and Honeywell Smart Building Awards 2017;

- Golden Peacock Occupational Health & Safety Award 2017;

- International Safety Award in Distinction Category from the British Safety Council in 2015 and 2016;

- First prize in the KAIZEN Competition under the Renovative Category in the 26th Kaizen Conference and Competition, organized by Confederation of India Industry (CII) — Institution of Quality in 2016;

- The first Indian airport ranked number one airport in the 25-40 million Passenger Category by Size (in 2014 and 2015), ranked number one in the 25-40 million Passenger Category in Size and Region — Asia Pacific in 2015 and ranked number two in the Best Airport by Region — Asia Pacific in 2015, in each case by Airports Council International;

- "Best Emerging Airport — Asia" at the 2015 Asian Freight Logistics and Supply Chain (AFLAS) Awards; and

- SKYTRAX World Airport Award 2014 for "Best Airport in India/Central Asia" and "Best Airport Staff in India / Central Asia 2015."

EMPLOYEES

As of March 31, 2019 we employed 1,513 employees, of which 1,156 worked on activities such as firefighting, security, and customer services; 68 performed commercial activities such as sales and marketing; and 289 worked in finance, administration, human resources, legal department and other activities.

The following table provides information in respect of the number of our employees as of March 31, 2019, 2018 and 2017:

	As of March 31,					
	2019		2018		2017	
	Employees	% of employees	Employees	% of employees	Employees	% of employees
Firefighting, security, and customer services	1,156	76.4	1,099	77.9	978	80.0
Sales and marketing	68	4.5	64	4.5	59	4.8
Finance, administration, human resources, legal and others	289	19.1	247	17.5	185	15.1
Total	1,513	100	1,410	100	1,222	100

SUBSIDIARY, JOINT VENTURES AND ASSOCIATES

The following table sets forth our subsidiary, joint ventures and associates as of March 31, 2019:

Name of Company	DIAL equity shareholding	Classification	Other partners	Nature of business	Description
Operations					
Celebi Delhi Cargo Terminal Management India Private Limited	26.0%	Associate	Celebi Hava Servisi As.	Cargo handling	Design, finance, develop, construct, operate, maintain and manage the brownfield cargo terminal.
Delhi Aviation Services Private Limited	50.0%	Joint Venture	Celebi Ground Handling Delhi Pvt. Ltd., Bird Worldwide Flight Services (India) Pvt. Ltd.,	Bridge mounted equipment services	Manage the operations of the bridge mounted equipment; ground power unit; pre-conditioned air unit and supply of potable water to aircrafts at Terminal 3.
Retail and Food and Beverage					
Delhi Duty Free Services Private Limited	49.9%	Associate	Yalorvin Ltd., GMR Airports Limited.	Duty free shops	Develop, operate, maintain and manage duty free outlets as the single largest duty free retail operator in India.
Travel Food Services (Delhi T-3) Private Limited	40.0%	Associate	Travel Food Services (Delhi) Pvt. Ltd., Travel Food Services Pvt. Ltd.	Food and beverages	Travel retail chain, focusing on food and beverage services across India with operations at Terminal 3.
Others					
Delhi Aerotropolis Private Limited	100.0%	Subsidiary	Not applicable	Dormant	Dormant
Delhi Airport Parking Services Private Limited	49.9%	Associate	Tenaga Parking Services (India) Pvt. Ltd., GMR Airports Ltd.	Car parking	Provide car parking management, visitor entry tickets and left luggage services.
Delhi Aviation Fuel Facility Private Limited	26.0%	Joint Venture	Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd.	Fuel farm	Provide design, engineering, construction/procurement and testing facility including onsite facility, existing facility, offsite facility and a hydrant system, to finance and commission the facility, and remedy any defects.
Digi Yatra Foundation	37.0%	Associate	AAI, BIAL	Digitization	Introduction of biometric-based digital processing of passengers at airports
GMR Bajoli Holi Hydropower Private Limited	20.85%	Joint Venture	GMR Energy Limited and its nominees	Energy	180 MW run-of-the-river hydropower project being constructed on the River Ravi, Chamba District, Himachal Pradesh
TIM Delhi Airport Advertising Private Limited	49.9%	Associate	Times Innovative Media Ltd.	Advertising	Develop, operate, maintain, market and manage the in-terminal and outdoor advertising sites and display of advertisement; acquire, install and maintain master antenna television and wall clocks and display of brand logos.

Name of Company	DIAL equity shareholding	Classification	Other partners	Nature of business	Description
WAISL Limited(1)	26.0%	Joint Venture	Wipro Ltd. Antariksh Softech Private Limited	IT systems	Undertake finance, operation, maintenance, management, upgrades and modernization of resources comprising IT services.

(1) On May 2, 2019, our board of directors approved the sale of our entire equity shareholding in WAISL Limited.

As part of our business plan and strategy, we in the future may enter into new joint venture agreements or arrangements as well as amend, modify or replace such new and/or our existing joint venture agreements or arrangements.

INDIAN REGULATORY ENVIRONMENT

The following is a brief overview of certain laws and regulations that are relevant to our business. The information set out below has been obtained from various sources available in the public domain, including various legislation and rules and regulations promulgated by regulatory bodies and local authorities.

The overview below is based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. It is not exhaustive and should not be a substitute for professional legal advice. Prospective investors should seek independent legal advice on the laws and regulations applicable to our business.

AVIATION SECTOR

The Government of India has formulated various regulations which specifically apply to companies operating in the aviation sector. The Airports Authority of India Act, 1994, as amended (the "AAI Act") the Aircraft Act, 1934, Airports Economic Regulatory Authority Act, 2008 and various rules thereunder and other regulations and orders made pursuant thereto govern the aviation sector in India. The oversight over the aviation sector in India is distributed among the MoCA, the DGCA, the Bureau of Civil Aviation Security ("BCAS"), the AAI and AERA. The Ministry of Defense undertakes airspace protection in coordination with AAI.

There are three categories of airports in India:

(i) International airports from which international flights can operate;

(ii) Domestic airports from which only domestic flights can operate; and

(iii) Customs airports from which imported goods can be unloaded or goods can be exported.

The AAI manages all airports in India other than certain private airports which are managed by private operators either independently or along with the AAI and certain military airports that are managed by the Ministry of Defense. The AAI also administers the use of terminal building facilities at military airports by civilian aircraft, while air traffic control ("ATC") and scheduled clearances at these airports are the responsibility of the defense authorities.

The airport sector in India is also broadly governed by two policies: the Domestic Air Transport Policy and the Policy on Airport Infrastructure, which includes the Greenfield Airports Policy.

APPLICABLE LEGISLATION, INTERNATIONAL CONVENTIONS AND SECTORAL POLICY

The Airports Authority of India Act, 1994

The AAI Act was enacted for the constitution of AAI and for the transfer and vesting of the undertakings of the International Airports Authority of India and the National Airports Authority of India to and in AAI for the better administration and cohesive management of airports and civil enclaves.

The AAI Act applies to all airports from where air transport services are operated or are intended to be operated (other than private airports which are managed by private operators either independently or along with the AAI and airports and airfields belonging to, or subject to the control of, any armed force of India), all civil enclaves (which are areas allotted at airports belonging to any armed force of India, for use by persons availing of any air transport services from such airports or for the handling of baggage or cargo by such service, and include land with any building and structure or such areas); all aeronautical communication stations; and all training stations, establishments and workshops relating to air transport services.

The AAI Act was amended in 2003 by way of the Airports Authority of India (Amendment) Act, 2003 to extend its application to private airports with limited applicability as mentioned in the AAI Act (which are airports owned, developed or managed by any person or agency other than AAI or any state government; or any person or agency jointly with AAI or any state government or both where the share of such person or agency as the case may be in the assets of the private airport is more than fifty percent). The provisions of the AAI Act apply to private airports, including the Company, insofar as they relate to, inter alia, providing air traffic service, eviction of unauthorized occupants, and compliance with certain directions of AAI issued in view of the security interests of India or the security of an aircraft.

The 2003 Amendment to the AAI Act also permits AAI, in the public interest or in the interest of better management of airports, to lease the airport premises with prior approval of the Government of India to carry out some of its functions under the AAI Act.

With the enactment of the Airports Economic Regulatory Authority Act in 2008, the AAI Act was further amended to empower AAI to levy and collect development fees from the embarking passengers at airports. The development fees are levied for the purpose of funding or financing the cost of upgrade, expansion or development of the airport at which the fee is collected; establishment or development of a new airport in lieu of the airport at which the fee is collected; or investment in the equity in respect of shares to be subscribed by AAI in companies engaged in establishing, owning, developing, operating or maintaining a private airport in lieu of the airport at which the fee is collected or advancement of loans to such companies or other persons engaged in such activities.

In pursuance of the powers conferred by the AAI Act, various rules and regulations have been framed, including the Airports Authority of India (Management of Airports) Regulations, 2003; the Airports Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007; the Airports Authority of India (Storage and Processing of Cargo, Courier and Express Goods and Postal Mail) Regulations, 2003; and the Airports Authority of India (Major Airports) Development Fees Rules, 2011.

The Aircraft Act, 1934, as amended (the "Aircraft Act")

The Aircraft Act makes provisions for the control of the manufacture, possession, use, operation, sale, import and export of aircrafts. It empowers the Government of India to make rules, inter alia, with respect to the regulation of the air transport services and the prohibition of the use of aircraft in such services except under the authority of and in accordance with a license authorizing the establishment of the service; the economic regulation of the civil aviation and air transport services (other than those to which AERA Act applies); and registration and marking of the aircraft. The Aircraft Act also empowers the Government of India to make rules as may be necessary to give effect to the Chicago Convention on International Civil Aviation, 1944 (the "Chicago Convention"). The licensing, inspection and regulation of aerodromes is also provided for under the Aircraft Act.

The Aircraft Act has been amended from time to time in view of developments in technology, communication, navigation, surveillance, air traffic management standards laid down by the International Civil Aviation Organization ("ICAO") for safety and security of the civil aviation; and to give effect to the various provisions of the Chicago Convention.

Pursuant to the powers conferred by the Aircraft Act, the Government of India has promulgated the Aircraft Rules, 1937 (the "Aircraft Rules") which, inter alia, stipulate that no aerodrome will be used as a regular place for landing and departure by a scheduled air transport service or for a series of landing and departures by any aircraft carrying passengers or cargo for hire or reward unless it has been licensed.

The other rules framed pursuant to the Aircraft Act include the Aircraft (Public Health) Rules, 1954; the Aircraft (Demolition of Obstructions Caused by Building and Trees, etc.) Rules, 1994; the Aircraft (Carriage of Dangerous Goods) Rules, 2003; the Aircraft (Security) Rules, 2011; and the Aircraft (Investigation of Accidents and Incidents) Rules, 2017.

The Airports Economic Regulatory Authority of India Act, 2008, as amended (the "AERA Act")

The AERA Act has been enacted to provide for the establishment of AERA to regulate tariff and other charges for the aeronautical services rendered at airports and to monitor performance standards of airports. AERA was established on May 12, 2009 and is the economic regulator of the airport infrastructure sector and air navigation services in India.

The AERA Act applies to all major airports from where air transport services are operated or are intended to be operated (other than airports and airfields belonging to, or subject to the control of, the armed forces and paramilitary forces of India); all private airports and leased airports; all civil enclaves; and all major airports (which are airports which have, or are designated to have, annual passenger throughput in excess of one and a half million or any other airport as the Government of India may decide).

Tariffs for the aeronautical services at major airports is to be determined by AERA after taking into consideration the capital expenditure incurred and timely investment in improvement of airport facilities; the service provided, its quality and other relevant factors; the cost for improving efficiency; economic and viable operations of major airports; revenue received from services other than the aeronautical services; the concession offered by the Government of India in any agreement or memorandum of understanding or otherwise; and any other factor which may be relevant for the purposes of the AERA Act.

Section 13 of the AERA Act provides that the Concession be considered while determining the tariff for major airports. Pursuant to the SSA and the AERA Act, AERA follows a hybrid-till model for determining the aeronautical tariffs for the Airport. In a hybrid-till model, a percentage share of revenue from revenue-share assets (i.e., non-aeronautical services revenues) are used to subsidize the aeronautical services revenues of an airport — 30% of non-aeronautical services revenues in the case of the Airport. The main building blocks used when determining the tariff are:

- returns on the asset base;
- depreciation;
- operating and maintenance costs;
- taxes; and
- a discount in the amount of 30% of the gross revenue generated from revenue-share assets (i.e. non-aeronautical operations) at the Airport on a standalone basis.

Other key factors in determining the aeronautical tariffs are the forecasted passenger traffic and ATMs levels over the relevant period and the capital expenditures made in developing the applicable asset base.

The tariff is determined by AERA for a period of five years, but it may be amended according to the public interest from time to time. The AERA Act provides for different tariff structures to be determined for different airports based on considerations specified therein.

Further, under the Aircraft Rules, the airport licensee is entitled to collect the passenger service fees from embarking passengers and to levy and collect user development fees at all major airports at the rates, as may be determined by AERA following a stockholder consultation process.

The Airports Economic Regulatory Authority Appellate Tribunal (the "AERA Appellate Tribunal") was established under the AERA Act to adjudicate disputes between two or more service providers or between a service provider and a group of consumers, and to hear and dispose of appeals against any direction, decision or order of AERA under the AERA Act. Pursuant to the amendments to the Finance Bill, 2017, the functions of the AERAAT have been transferred to the Telecom Disputes Settlement and Appellate Tribunal ("TDSAT"), which now also must decide on matters related to determination of charges for aeronautical services.

In pursuance of the powers conferred by the AERA Act, AERA has issued various orders and guidelines, including the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011, and the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011.

The Carriage by Air Act, 1972, as amended: enacted to give effect to the convention for the unification of certain rules relating to international carriage by air signed at Warsaw on October 12, 1929 (the "Warsaw Convention") and the Hague Protocol signed on September 28, 1955, and to make provision for applying the rules contained in the Warsaw Convention, as amended from time to time, to non-international carriage by air. The said Act was amended by the Carriage by Air (Amendment) Act, 2009 to give effect to the Montreal Convention signed on the May 28, 1999.

The Tokyo Convention Act, 1975, as amended: a convention on offences and certain other acts committed on board an aircraft was signed on September 14, 1963 at Tokyo (the "Tokyo Convention"). In order to enable India to accede to the Tokyo Convention the Tokyo Convention Act, 1975 was enacted by the Indian Parliament.

The Suppression of Unlawful Acts against Safety of Civil Aviation Act, 1982, as amended: a statute giving effect to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation (Montreal Convention) signed at Montreal on September 23, 1971 and acceded to by India. The Montreal Convention regulates the law relating to unlawful acts that jeopardize the safety of persons and property, seriously affect the operation of air services, and undermine the confidence of the people of the world in the safety of civil aviation.

Other legislation relevant to the aviation sector include the Anti-Hijacking Act, 1982 and the Convention on International Civil Aviation, 1944 (Chicago Convention).

Airport Infrastructure Policy

The MoCA introduced a policy on airport infrastructure in August 2011 (the "Airport Infrastructure Policy 2011"), which consolidated the Airport Infrastructure Policy 1997 and the policy for Greenfield Airports and guidelines framed thereunder in 2008. The Airport Infrastructure Policy 2011 relates to the use and development of airport infrastructure.

The Airport Infrastructure Policy 2011 deals with issues such as capacity enhancement, augmentation of the existing facilities, reclassification of airports, safety and security of aircraft operations through the introduction of state-of-art air traffic, security and related services, and encourages transparency and clarity in the decision-making processes of Government of India and its public sector units.

The Airport Infrastructure Policy 2011 also envisages the setting up of an independent statutory body called the Airport Approval Commission. This body would assist the Government of India in examining the new airport proposals, and submit its recommendations on aspects such as the requirements of a greenfield airport, the appropriateness of the site for the new airport and whether the new airport project should be undertaken in the public sector, private sector or as a mixed development as a joint venture. The Airport Infrastructure Policy should be read along with National Civil Aviation Policy, 2016.

On June 15, 2016, the Government of India released the Aviation Policy 2016, introducing various measures aimed at promoting the growth of the Indian civil aviation sector.

National Civil Aviation Policy, 2016

With an aim to develop and improve airports, cargo sectors, maintenance, repair and overhaul facilities, and helicopter aviation, and to rationalize the cost of aviation turbine fuel, enhance regional connectivity, modernize the Air Navigation Services ("ANS") and introduce overall institutional reforms in the civil aviation space, the MoCA released the National Civil Aviation Policy, 2016 (the "Aviation Policy 2016") on June 15, 2016. The Aviation Policy 2016 introduces various measures aimed at promoting the growth of the Indian civil aviation sector. Under its Regional Connectivity Scheme, the MoCA will levy a small charge on domestic flights and will use it to fund a subsidy given to airlines which provide capped airfares for certain under-served regional routes at a target rate of Rs. 2,500 per passenger per hour of flying time. The MoCA also proposes to revive old airstrips and airports as "no-frills airports" at an indicative cost of Rs. 500 million to Rs. 1 billion and provides incentives for investing in maintenance, repair and overhauls. The Aviation Policy 2016 also provides for Viability Gap Funding ("VGF") to airline operators to fly to regional locations. The policy also eliminates the existing requirement that airlines must fly domestic routes for at least five years before they fly international routes and thus, now airlines with at least 20 aircraft can immediately start flying internationally. Going forward, the Government of India will seek to enter into "open sky" air service agreements on a reciprocal basis with member countries of the South Asian Association for Regional Cooperation ("SAARC") and countries that are more than 5,000 km away from India. The policy also envisages the framework for a new ground handling policy. Moreover, the policy requires that the tariff at all future airports be calculated on a hybrid-till model, under which a percentage share of non-aeronautical services revenues are used to subsidize the aeronautical services revenues of an airport.

Policy on Regional Connectivity Scheme ("UDAN")

Pursuant to the National Civil Aviation Policy, 2016, released by MoCA, which envisages to develop and improve airports, cargo sectors, maintenance, repair and overhaul ("MRO") facilities, and helicopter aviation, to rationalize the cost of aviation turbine fuel, to modernize the air navigation services ("ANS") and to introduce overall institutional reforms in the civil aviation space, including enhancement of regional connectivity through fiscal support and infrastructure development, the Government of India has launched a regional connectivity scheme (the "Regional Connectivity Scheme"), known as 'UDAN' (Ude Desh ka Aam Nagrik) on June 15, 2016. See "— National Civil Aviation Policy, 2016" for further details. The operation of this scheme is proposed to be through a market mechanism where, among others, operators will assess demand on routes and submit proposals for operating / providing connectivity on such routes. Broadly, this scheme focuses on promoting affordability of regional air connectivity by supporting airline operators through (a) concessions by the GoI, state governments (including Union Territories) and airport operators to reduce the cost of airline operations on regional routes and other support measures; and (b) financial support in the form of viability gap funding to meet the gap, if any, between the cost of airline operations and expected revenues on such routes. The scheme is applicable, subject to periodic review, for a period of 10 years from the date of its notification by the MoCA.

The scheme envisages a market-based mechanism for selection of an airline operator to operate on a designated route or a network, wherein the initial proposal and any counter proposals will be evaluated as per the mechanism presented herein. Pursuant to such evaluation of proposals, a selected airline operator will be identified and a three year contract will be entered into by the selected airline operator with AAI for operations on the designated route. At the time of its inception, a total of 128 routes were identified and declared to be under the purview of this scheme, connecting 70 airports across the country.

The norms relating to this scheme have been relaxed in August 2017 whereby provisions relating to dilution of the exclusivity clause have been envisaged mandating that only one airline may fly on one route in the initial years. Also, a selected airline operator of a particular route may issue a no-objection certificate to other airlines which want to operate on a route designated under the scheme. In addition, norms restricting two airports in close proximity from participating in the bidding have also been relaxed and operations through fixed wing aircrafts on routes with a stage length less than 150 kilometers has also been permitted.

After two successful rounds of bidding, the MoCA launched the largest bidding round under the UDAN Scheme ("UDAN 3"), integrating a number of iconic tourism sites in coordination with the Ministry of Tourism ("MOT"). The key features of UDAN 3 include: inclusion of tourism routes in coordination with MOT, inclusion of seaplanes for connecting water aerodromes and bringing in a number of routes in the north-east region under the ambit of UDAN.

Open Sky Policy

Under the National Civil Aviation Policy 2016, the Government of India has introduced the "Open Sky Policy," which aims at removing all restrictions on the number of flights to and from destinations in the South Asian Association for Regional Cooperation countries ("SAARC") (comprising India, Nepal, Bangladesh, Bhutan, Sri Lanka, Afghanistan, Maldives and Pakistan) and those located beyond a radius of 5,000 kilometers from Delhi. Pursuant to this policy, the Government of India is expected to enter into open sky service agreements on a reciprocal basis with contracting countries, which will provide for airlines from the participating countries to have an unlimited number of flights as well as seats to each other's jurisdictions and, specifically, to six airports in India: Delhi, Mumbai, Hyderabad, Kolkata, Bengaluru and Chennai.

India has also signed open sky service agreements with Jamaica, Guyana, the Czech Republic, Finland, Spain, Sri Lanka and Japan. The implementation of this policy in India would enable European airlines and SAARC airlines (which fall outside a radius of 5,000 kilometers from Delhi) to have unlimited access, in terms of number of flights and seats, to airports in India.

Route Dispersal Guidelines for Scheduled Air Operations

With a view to achieving better regulation of air transport services and taking into account the need for air transport services of different regions in the country, the Government of India, pursuant to its order dated March 1, 1994, has stipulated Route Dispersal Guidelines. According to these guidelines, which were revised on August 8, 2016 by the Government of India with a view to achieve better connectively of air transport services, all scheduled airline operators are required to deploy their services in Categories-II, II-A and III as follows:

(a) The operator will deploy at least 10% in Category II (routes connecting stations in North Eastern Region, Jammu and Kashmir, Himachal Pradesh, Uttrakhand, Andaman and Nicobar and Lakshdweep;

(b) The operator will deploy at least 10% in Category IIA (Routes within the North Eastern Region, Jammu and Kashmir, Himachal Pradesh, Uttrakhand, Andaman and Nicobar and Lakshdweep and Cochin-Agatti-Cochin); and

(c) The operator will deploy at least 35% in Category III (routes other than those in Category I, II and IIA) routes of the capacity deployed on Category-I routes.

REGULATORY BODIES

Domestic aviation in India is jointly regulated by several Government departments and regulators, including the MoCA and its attached office, the Bureau of Civil Aviation Security ("BCAS") — which is the central agency for aviation security; the DGCA (an attached office of the MoCA) — which is responsible for the regulation of air transport services in India and for the enforcement of civil air regulations, air safety and airworthiness standards; AAI — which is responsible for the infrastructure in respect of airports; and AERA.

MoCA

The Ministry of Civil Aviation (MoCA) is responsible for formulation of national policies and programs for the development and regulation of the civil aviation sector in the country. It is responsible for the administration of the Aircraft Act, the Aircraft Rules, and various other legislations pertaining to the civil aviation sector in India.

The MoCA has issued a policy on Regional and Remote Area Connectivity dated March 4, 2014, which aims to regulate and promote better air transportation services in regional and remote locations in India by providing incentives such as exemptions from landing and parking charges, waivers of electricity charges, etc.

The MoCA has also issued "Policy Guidelines on Air Freight Stations" dated October 28, 2014 to develop air freight stations in order to de-congest airports by shifting cargo and custom related activities outside airport areas and promote international air cargo operations in remote regions of the country.

Directorate General of Civil Aviation

The Directorate General of Civil Aviation is the principal regulatory body in the field of civil aviation in India and functions under the supervision of the Ministry of Civil Aviation. The DGCA, among other things, promulgates, implements and monitors standards relating to the operations and airworthiness of an aircraft, the licensing of personnel such as flight crew, cabin crew, flight dispatchers and aircraft maintenance engineers, the licensing of air transport operations, the licensing of civil aerodromes, the investigation of minor accidents, etc. The detailed terms and conditions of these standards, including, without limitation, the authorities involved, the application processes and the requirements of renewal, are prescribed by the Aircraft Act, the Aircraft Rules, the Civil Aviation Requirements ("CAR") and the Air Transport Advisory Circulars ("ATAC").

The primary responsibilities of the Directorate General of Civil Aviation include:

- regulation of air transport services to, from and within India in accordance with the provisions of the Aircraft Rules, 1937, including entering into bilateral and multilateral agreements with foreign countries and the policy pronouncements of the government;
- registration of civil aircraft;
- formulation of standards of airworthiness for civil aircraft registered in India and grant of certificates of airworthiness to such aircraft;
- licensing of pilots, aircraft maintenance engineers and flight engineers;
- licensing of air traffic controllers;
- certification of aerodromes and communication navigation and surveillance / air traffic management facilities;
- granting air operator's certificates to Indian carriers and regulation of air transport services operating to/from/within/over India by Indian and foreign operators, including clearance of scheduled and non-scheduled flights of such operators;
- conducting investigation into incidents and serious incidents involving aircraft up to 2250 kg AUW;
- carrying out amendments to the Aircraft Act, the Aircraft Rules and the civil aviation requirements ("Civil Aviation Requirements") in compliance with the amendments to ICAO annexes, and initiating proposals for amendments to any other act or for the passing of new acts in order to give effect to international conventions;
- rendering advice to the Government of India on matters relating to air transport, including bilateral air services agreements, and to act as an overall regulatory and developmental body for civil aviation in the country; and
- co-ordination at the national level for the flexible use of air space by civil and military air traffic agencies and interaction with ICAO for the provision of more air routes for civil use through Indian air space.

Pursuant to the provisions of the Aircraft Act and the Aircraft Rules, the DGCA has issued various Civil Aviation Requirements in relation to the minimum operational requirements of an airport, air safety, the airworthiness of aircraft, air transport and flight crew.

The Company is required to comply with the provisions of the Civil Aviation Requirements as it is in the business of developing and maintaining the Airport.

BCAS

BCAS is the regulator for civil aviation security in India under the supervision of the MoCA. It lays down and ensures compliance with standards and measures in respect of the security of civil flights at international and domestic airports in India and the security of Indian aircraft operators at foreign airports and the pre-embarkation security and anti-sabotage measures for civil flights. BCAS is also responsible for the development, implementation and maintenance of the National Civil Aviation Security Programme.

The primary responsibilities of BCAS include:

- laying down aviation security standards in accordance with Annex 17 to the Chicago Convention for airport operators and their security agencies responsible for implementing aviation security measures.
- monitoring the implementation of security rules and regulations and carrying out surveys of security needs.
- ensuring that the persons implementing security controls are appropriately trained and that they possess all competencies required to perform their duties.
- planning and coordinating aviation security matters.
- conducting checks to test the professional efficiency and alertness of security staff including mock exercises to test efficacy of contingency plans and operational preparedness of the various agencies.

AERA

AERA determines and regulates the charges for aeronautical services and monitors the performance standards of major airports. It encourages investment in airport facilities, protects the reasonable interests of users, and promotes the operation of efficient, economic and viable airports.

The statutory functions of the AERA as prescribed in the AERA Act include:

- determining the tariff for aeronautical services, taking into consideration various factors, including the amount of capital expenditure incurred to improve airport facilities, the type and quality of service provided and other relevant factors.
- determining the amount of the development fees for major airports.
- determining the amount of the passengers' service fee levied under rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.
- monitoring the set Performance Standards relating to quality, continuity and reliability of service as may be specified by the Government of India or any authorized entity on its behalf.

AERA performs such other functions relating to tariffs as may be entrusted to it by the Government of India or as may be necessary to carry out the provisions of the AERA Act.

OTHER RELEVANT REGULATIONS

Environmental

Environmental regulations in India require compliance by the airports with the existing environmental policy(s) and standards, including maintenance of noise levels at the airports within the prescribed regulatory standards. The key national environmental agencies are the Ministry of Environment and Forests, which is responsible for policy formulation, planning and coordination of all issues related to environmental protection, and the Central Pollution Control Board, which is the enforcing body at the national level. The Central Pollution Control Board also coordinates the activities of State Pollution Control Boards, establishes environmental standards, and plans and executes nationwide programs for prevention, control and abatement of pollution.

Under the Environment (Protection) Act, 1986, the regulations on environmental impact assessment were released by the Ministry of Environment, Forest and Climate Change ("MoEF") on September 14, 2006 (the "Environmental Impact Assessment Notification 2006"), in which the Government of India directed that construction of new projects (including airports) or activities or the expansion or modernization of existing projects or activities listed in the schedule of the Environmental Impact Assessment Notification 2006 will be undertaken only after the prior environmental clearance (as the project may require) from the Government of India or from the State or Union Territory Level Environment Impact Assessment Authority, constituted by the Government of India in consultation with the State Government or Union Territory Administration under the Environment (Protection) Act, 1986.

The Water (Prevention and Control of Pollution) Act, 1974 provides for the constitution of the Central Pollution Control Board (the "CPCB") and the State Pollution Control Boards (the "SPCB"). The primary functions of the CPCB include advising the Government of India on any matter concerning the prevention and control of water pollution, coordinating activities of the SPCBs and resolving disputes among them. The Air (Prevention and Control of Pollution) Act, 1981 has brought all matters relating to air pollution within the ambit of the CPCB and SPCBs. The CPCB and SPCBs lay down the regulatory standards for controlling air and water pollution from time to time.

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 aims to control the collection, reception, treatment and storage of hazardous waste. The Hazardous Waste Rules require every person or entity who is engaged in the generation, treatment, processing, packaging, storage, transportation, use, collection, destruction, conversion, recycling, offering for sale, import, export, transfer or other similar activity of hazardous and other wastes to obtain an authorization from applicable SPCBs.

With respect to the noise pollution the MoEF has issued the Noise Pollution (Regulation and Control) Rules, 2000 in exercise of its powers under the Environment (Protection) Act, 1986. The rules provide for standards in respect of noise levels for different area/zones as specified in the rules. The noise levels in any area will not exceed the specified levels, and the CPCB and SPCBs are entrusted with the responsibility of devising effective measures for the prevention, control and abatement of noise pollution. The DGCA has, through its various environment circulars issued from time to time, has mandated adoption of several measures by the airlines, airport service providers and airports to ensure protection of the environment. Provided below are brief details of some of the key circulars:

The DGCA through Aviation Environment Circular 1 of 2009, which was subsequently revised on August 10, 2011, has provided guidelines for creation of aviation environmental cell in airlines, aerodrome operators and air navigation services provider organizations in order to address aviation environmental issues. The environmental cell plays an important role in resolving issues pertaining to aviation environment areas and is responsible for maintaining data and information pertaining to fuel consumption, carbon emissions, energy demand, etc and developing future action plans to reduce the carbon footprint of their respective organizations.

The Civil Aviation Requirements, Series A, Part I ("CAR") was issued by the office of the Director General of Civil Aviation on December 18, 2014. The CAR deals with noise management of aircraft operations at airports. The CAR mentions the general requirements, practices and procedures to be followed by the stakeholders in order to manage the noise generated from aircraft operations inside and in the vicinity of all airports and to reduce its adverse impact on human beings and the environment without hampering the sustainable growth of the industry. The CAR is applicable to airports meeting the criteria as mentioned in the Requirement and Procedure for Monitoring Ambient Noise Level due to Aircrafts issued by the Central Pollution Control Board, Ministry of Environment and Forest ("MOEF") in June 2008 and all Indian scheduled and non-scheduled passenger and cargo aircraft operators engaged in commercial operations including general aviation.

The provisions of the CAR are not applicable to flights undertaken by the Ministry of Defence in the national interest and for carrying VVIP, Heads of State and other eminent personalities and under any emergency situation where it is not possible to follow noise abatement procedure due to technical reasons from a safety point of view. In addition, flights engaged in search and rescue, patrolling, fire-fighting, humanitarian missions, emergency medical service purposes are also exempted.

Subsequently, the Civil Aviation Requirements, Series B, Part I ("CAR-2") is issued by the office of the Directorate General of Civil Aviation on August 5, 2015. The CAR 2 deals with climate change initiatives and local air quality monitoring in civil aviation. It is issued in compliance with Section 5A sub-section 1 of the Aircraft Act, 1934, in conjunction with rule 29C of the Aircraft Rules, 1937, as amended from time to time. The CAR 2 stipulates the general requirements, procedures and practices to be adhered to by all stakeholders and organizations that are engaged in activities that directly or indirectly impact climate change and local air quality around airports. The objective of CAR 2 is to manage the adverse impact of aviation activities on the atmosphere leading to sustainable growth of the industry.

Foreign Exchange Management Act, 1999

The objective of the Foreign Exchange Management Act, 1999, as amended (the "FEMA") is to facilitate external trade, payments and promotion of orderly development and maintenance of foreign exchange market in India. RBI is responsible for administration of the FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries and departments of the Government of India and the RBI. The Union Cabinet has approved phasing out the Foreign Investment Promotion Board, as provided in the press release dated May 24, 2017. Accordingly, pursuant to the office memorandum dated June 5, 2017, issued by the Department of Economic Affairs, Ministry of Finance, approval of foreign investment under the FDI policy has been entrusted to concerned ministries/departments. Subsequently, the Department of Industrial Policy and Promotion ("DIPP") issued the Standard Operating Procedure for Processing FDI Proposals on June 29, 2017 (the "SOP"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned administrative ministry/department shall act as the competent authority (the "Competent Authority") for the grant of post facto approval of foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP shall identify the Competent Authority. The DIPP has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between the policy pronouncements and FEMA, FEMA prevails.

External Commercial Borrowings

Indian companies are allowed to take on external commercial borrowings ("ECB"), including commercial- bank loans, buyers' credit, suppliers' credit, and to raise loans overseas through secured instruments under the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2018, read together with the Master Direction on External Commercial Borrowings (the "ECB Master Directions"), Trade Credits and Structured Obligations dated March 26, 2019, issued by RBI.

ECB can be accessed under two routes: (i) the automatic route; and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route requires (a) a prior RBI approval and (b) examination of the cases by the authorized dealer banks, and which refers to circumstances where prior RBI approval is mandatory before raising an ECB. The ECB Master Directions classify ECBs under the following categories:

(i) foreign currency denominated ECB ("FCY denominated ECB"); and

(ii) rupee denominated ECB ("INR denominated ECB").

Automatic route

Under the automatic route, all entities eligible to receive FDI have been classified as recognized borrowers for raising FCY denominated ECB and INR denominated ECB. Further, the following entities are also eligible to raise ECB:

(a) port trusts;

(b) units in special economic zones;

(c) Small Industries Development Bank of India ("SIDBI");

(d) Export Import Bank of India ("EXIM"); and

(e) Registered entities engaged in micro-finance activities, namely, registered not for profit companies, registered societies/trusts/cooperatives and non-government organizations (permitted only to raise INR denominated ECB).

The foreign lenders eligible to provide both categories of ECBs are as follows:

(a) the lenders should be resident of FATF Compliant Country or IOSCO Compliant Country, including on transfer of ECBs;

(b) multilateral and regional financial institutions where India is a member country; and

(c) Individuals as lenders can only be permitted if they are foreign equity holders or for subscription to bonds/debentures listed abroad.

Foreign branches and subsidiaries of Indian banks are permitted as recognized lenders only for FCY denominated ECB (except foreign currency convertible bonds and foreign currency exchangeable bonds). Foreign branches and subsidiaries of Indian banks, subject to applicable prudential norms, can participate as arrangers, underwriters and market-makers and traders for Rupee denominated bonds issued overseas. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks will not be allowed.

ECB proceeds under FCY denominated ECBs and INR denominated ECBs can be utilized for all purposes except (i) investment in real estate or purchase of land except when used for affordable housing as defined in Harmonised Master List of Infrastructure sub-sectors notified by Government of India, construction and development of Special Economic Zones and industrial parks/integrated townships; (ii) investment in capital markets; (iii) equity investments; (iv) working capital purposes except from foreign equity holder; (v) general corporate purposes except from foreign equity holders; (vi) repayment of Rupee loans except from foreign equity holders; and (vii) on lending to the entities for the above stated purposes.

Further, the maximum amount which can be raised every financial year under the automatic route is USD 750 million. Further, in case of FCY denominated ECB raised from direct foreign equity holder ECB liability-equity ratio for ECBs raised under the automatic route cannot exceed 7:1. However, this ratio will not be applicable if outstanding amount of all ECBs, including proposed one, is up to USD 5 million or equivalent. Further, the borrowing entities will also be governed by the guidelines on debt equity ratio issued, if any, by the sectoral or prudential regulator concerned.

The entities raising ECB are required to follow the guidelines for hedging issued, if any, by the concerned sectoral or prudential regulator in respect of foreign currency exposure. Infrastructure space companies shall have a board approved risk management policy. Further, such companies are required to mandatorily hedge 70% of their ECB exposure in the event the average maturity of ECB is less than five years. The ECB borrower will be required to cover principal as well as coupon through financial hedges. The financial hedge for all exposure on account of ECB should start from the time of each such exposure (i.e. the day liability is created in the books of the borrower). A minimum tenor of one year of financial hedge would be required with periodic rollover duly ensuring that the exposure on account of ECB is not unhedged at any point during the currency of ECB.

Natural hedge, in lieu of financial hedge, will be considered only to the extent of offsetting projected cash flows or revenues in matching currency, net of all other projected outflows. For this purpose, an ECB may be considered naturally hedged if the offsetting exposure has the maturity/cash flow within the same accounting year. Any other arrangements/ structures, where revenues are indexed to foreign currency will not be considered as a natural hedge.

Approval route

All ECBs falling outside the automatic route limits are considered by the RBI under the approval route; namely, ECBs which can be obtained with prior RBI approval.

Security for raising ECB

Under the revised ECB framework, authorized dealer banks are allowed to permit the creation or cancellation of a charge on immovable assets, movable assets, financial securities and issue of corporate and/or personal guarantee in favor of overseas lender or security trustee to secure the ECB to be raised by the borrower as long as the following conditions are satisfied:

(a) the ECB should be in compliance with applicable ECB Master Directions;

(b) the loan agreement should have a security clause requiring the ECB Borrower to create or cancel a charge, in favor of overseas lender or security trustee, on immovable assets/ movable assets/financial securities/issuance of corporate and/or personal guarantee; and

(c) no objection certificate from the existing lenders in India has to be obtained for the creation of a charge.

Once the aforesaid conditions are met, the authorized dealer bank can allow creation of charge on immovable assets, movable assets, financial securities and issue of corporate and/or personal guarantee during the currency of the ECB in compliance with the conditions laid down in respect of kinds of security created under the revised ECB framework.

Filing and regulatory requirements in relation to issuance of Notes

The ECB borrower is required to obtain a loan registration number ("LRN") from the RBI before an issuance of Notes is effected. To obtain this, ECB borrowers are required to submit a completed Form ECB which also contains the terms and conditions of the ECB, in duplicate to the authorized dealer bank. The authorized dealer bank is then required to forward the completed Form ECB to the RBI.

The ECB borrower is also required to submit an ECB-2 Return on a monthly basis via its authorized dealer bank to the RBI and any other monthly and annual filings as well as event-based filings as set out in the ECB Master Directions.

Procedure in relation to any change to the Terms and Conditions of the Notes

Any change in the terms and conditions of the Notes after obtaining the LRN requires the prior approval of the RBI or the designated authorized dealer bank, as the case may be. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognized lender, the purpose for which the ECB is utilized, all-in costs, cancellation of LRN, reduction in amount of the ECB or any change to the authorized dealer bank) may be approved by the authorized dealer bank under a delegated authority from the RBI subject to certain conditions being complied with. Any redemption of the Notes prior to their stated maturity, including on occurrence of an early redemption event, event of default or for taxation reasons (as further described in the Terms and Conditions of the Notes) will require the prior approval of the RBI or the authorized dealer bank, as the case may be.

Indemnity

Remittances of funds outside of India by us pursuant to indemnity clauses under the terms and conditions of the Notes, or any other agreements in relation to the Notes, requires prior RBI approval.

The Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (the "Bankruptcy Code") was passed by both houses of the Indian parliament of India on May 11, 2016 and received the assent of the President of India on May 28, 2016 and is being amended from time to time. The Bankruptcy Code primarily consolidates the existing insolvency laws, *inter alia*, relating to companies, bodies corporate and individuals with the objective of providing clarity and consistency, in treatment, to all the stakeholders in the insolvency process. The Bankruptcy Code seeks to establish an Insolvency and Bankruptcy Board of India ("Board") which will, *inter alia*, function as a regulator to oversee functioning of insolvency professionals, insolvency professional agencies and information utilities. The Board will exercise a range of legislative, administrative and quasi-judicial functions. The Bankruptcy Code classifies creditors into, *inter alia*, financial creditors and operational creditors which include creditors of financial debts for interest and debts arising from the operational nature of the debtor, respectively. The Bankruptcy Code proposes to appoint specialized insolvency professionals to assist companies and corporate bodies through the insolvency process. The Bankruptcy Code provides a 180-day timeline for insolvency resolution applications which may be extended by 90 days. As part of the insolvency resolution process, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% majority in terms of the weighted voting share of the committee of creditors and subsequently by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation.

The National Company Law Tribunal having territorial jurisdiction over the registered office of the corporate debtor will be the adjudicating authority with jurisdiction over companies and limited liability entities. However, the provisions and sections under the Bankruptcy Code are being promulgated in a staggered manner and some provisions and sections are not notified yet. To the extent promulgated, the Bankruptcy Code amended relevant provisions of the Companies Act, 2013, as amended and the other legislations as specified therein, and will further amend relevant provisions of the Companies Act, 2013, and such specified legislations upon future notification of the Bankruptcy Code.

Employment Legislation

The employment of workers in the Company is regulated by a wide variety of generally applicable labor laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Payment of Wages Act, 1936, the Payment of Gratuity Act, 1972, the Employees' Provident Funds and the Miscellaneous Provisions Act, 1952.

Skill Development Initiatives of the Government of India

The Government of India has introduced several initiatives to promote the development of skills among the Indian population in a structured manner catering to all levels of the workforce. These include, among others, the National Policy on Skill Development and Entreprenuership and the National Skill Development Mission.

The objectives of the National Policy on Skill Development and Entrepreneurship, 2015, are to provide an umbrella framework for all skills-based activities being carried out within the country in order to align them to common standards and to the relevant demand centers. In addition to providing the objectives and expected outcomes, the policy also aims at identifying the various institutional frameworks which can act as vehicles to reach the expected outcomes and to link skill development to improved employability and productivity. Similarly, the National Skill Development Mission introduced in 2014 attempts to provide skill training to the heterogeneous labor force consisting of youth, women, school drop outs, disabled, minorities and tribal groups.

Other initiatives targeted towards the skill development of the Indian population include the following:

(i) ***The Pradhan Mantri Kaushal Vikas Yojana***, with the primary objective of offering monetary incentives and a government certification to at least 2.4 million trainees on successful completion of a minimum of three months of training to assist them in securing a job for a better future. It envisages to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood.

(ii) ***The Skill Development Initiative***, with an aim of providing for skill-formation and skill up-gradation for facilitating the vertical and horizontal mobility of Indian workers, including recognition of prior learning for, for example, school dropouts and unorganized sector workers.

(iii) ***The Apprenticeship Training Scheme***, which envisages full utilization of the facilities available in industry for imparting practical training with a view to meet the requirements of skilled manpower for the industry and thereby reducing employment mismatch.

MANAGEMENT

Our Board of Directors is responsible and has general powers for the management and conduct of our business. The following sets forth certain information with respect to our directors and other senior management.

Directors

Our board of directors consists of the following directors.

Name	Age	Title
G. M. Rao	69	Executive Chairman
G. B. S. Raju	44	Managing Director
Grandhi Kiran Kumar	43	Director
Prabhakara Rao Indana	59	Executive Director
Kada Narayana Rao	64	Whole Time Director
Srinivas Bommidala	56	Director
G. Subba Rao	67	Director
Usha Padhee	49	Director
Anuj Agarwal	56	Director
Anil Kumar Pathak	55	Director
Denitza Weismantel	44	Director
Suresh Goyal	50	Director
R. S. S. L. N. Bhaskarudu	78	Independent Director
N. C. Sarabeswaran	74	Independent Director
V. Siva Kameswari	54	Independent Director
Dr. M. Ramachandran	68	Independent Director

Other than those interests and relationships disclosed in "Principal Shareholders" and "Related Party Transactions," no conflicts of interest exist between the private interests of the management team and the interests of the Company.

A description of the business experience and present employment of each of our directors is provided below.

G. M. Rao was appointed Chairman to the Board of Directors of DIAL in April 2006 and was appointed Executive Chairman of the Board of Directors of DIAL in April 2018. He is the founder and Chairman of the GMR Group. Prior to founding the GMR Group, he was a director on the board of Vysya Bank Limited for several years. It was around this time that India's rapidly growing economy and the government's liberalization policies attracted his interest in infrastructure development. He recognized the tremendous opportunities in this sector and resolved to transform the GMR Group into a powerhouse in the area of infrastructure development in India. Under his leadership, the GMR Group has adopted a culture of professional-entrepreneurship where enterprise, speed and team excellence are critical ingredients.

He obtained a Bachelor's degree in Mechanical Engineering from Andhra University. He was conferred with the honorary doctor of laws by York University, Toronto, Canada in 2011, the honorary doctor of letters by the Andhra University, India in 2010 and honorary doctor of letters by the Jawaharlal Nehru Technological University, Hyderabad, India in 2005. He received the award for the "First Generation Entrepreneur of the Year" from CNBC TV18 in 2009. In the same year, he received the Infrastructure Person of the Year award at the Infrastructure Journal Award Ceremony held in London. He was also chosen as the "Entrepreneur of the Year" at the Economic Times Awards for Corporate Excellence 2006-07, apart from numerous other awards and public recognition throughout his career.

G. B. S. Raju *w*as appointed to the Board of Directors of DIAL as a Director in April 2006 and is currently serving as Managing Director of DIAL, a post he has held since April 2018, and as Vice Chairman of GMR Airports Limited. He is also one of the Group Directors of GMR Infrastructure

Limited, and a member of the Group Holding Board. He was the managing director of GMR Energy Limited. Under his guidance, the GMR Energy implemented several power generation plants, including transmission projects with an aggregate capacity of approximately 7,500 MW. He also served as leader of corporate services including fund raising initiatives, spearheaded the GMR Group's foray into international business, and as Group CFO. Mr. G. B. S. Raju is the elder son of Mr. G. M. Rao.

He obtained a Bachelor's degree in Commerce from Vivekananda College, University of Madras, Chennai. Mr. Raju also currently holds the position of Chairman of Airport Business at the GMR Group.

Grandhi Kiran Kumar was appointed to the Board of Directors of DIAL in April 2006. He is a member of the Share Allotment, Transfer and Grievance Committee of DIAL. He has also headed GMR Group's finance function and shared services, highways, Construction, SEZs and allied businesses (excluding Airports SEZ) and Sports divisions. Prior to his current position, he spearheaded the successful development of Rajiv Gandhi International Airport in Hyderabad and was instrumental in taking forward the public-private partnership project the Airport. Under his stewardship, the GMR Group won the bid to develop Hyderabad Airport, Delhi Airport and Sabiha Gokcen International Airport at Istanbul, Turkey. Mr. Kumar is the younger son of Mr. G. M. Rao.

He obtained a Bachelor's degree in Commerce from Osmania University. Among other directorships and positions, Mr. Kiran Kumar currently holds the positions of Chairman of the GMR Group's Group Finance, Corporate Strategy and GMR Sports divisions, and Managing Director and Chief Executive Officer of GMR Infrastructure Ltd, and Joint Managing Director and Chief Executive Officer of GMR Airports Limited.

Prabhakara Rao Indana was appointed to the Board of Directors of DIAL in April 2018. Prior to his appointment, Mr. Rao served as Chief Executive Officer of DIAL from 2011 to March 2018. Prior to that he was Chief Development Officer at DIAL and was responsible for revamping the Domestic and International Terminals and building a new Integrated Terminal 3. Under his stewardship, various measures were implemented with the intention of improving passenger service efficiency, power savings, environmental protection and cost reduction, which have improved customer service levels. Under his leadership, Indira Gandhi International Airport was ranked No. 1 Airport in the world in 2014 and 2015 in the 25 million to 40 million passenger size category, according to the Airport Service Quality Award conducted by Airport Council International. Mr. Rao obtained a Master's degree in Industrial Engineering from Andhra University, graduating with first class honors.

K. Narayana Rao was appointed as Director of DIAL in April 2007. He is also a member of the Share Allotment, Transfer and Grievance Committee and Corporate Social Responsibility Committee of DIAL. Mr. Rao has more than 40 years of experience at TATA Steel, Raasi Group, Coramandal Fertilizers, Spectrum Powers and the GMR Group. He was Managing Director of GMR Industries Limited, which deals in sugar, co-generation of power, distillery, ferroalloys and jute units. He is currently a member of the Managing Committee of ASSOCHAM and PHD Chamber of Commerce and Industry.

Mr. K. Narayana Rao is qualified as a Chartered Accountant, Cost Accountant, Company Secretary and Management Accountant. He obtained a Bachelor's degree in Commerce from Andhra University.

Srinivas Bommidala was appointed to the Board of Directors of DIAL in April 2006 and served as Managing Director of DIAL from April 2006 to 2007 and from 2012 until March 2018. Mr. Bommidala is also the Chairman of the Energy business at GMR. He entered his family tobacco export business in 1982, subsequently led the diversification into new businesses such as aerated water bottling plants, etc. and was also in charge of international marketing and management of the organization. Subsequently, he led the team as the managing director of GMR Power Corporation Private Limited ("GPCL") for setting up the first independent power project, the world's largest diesel engine power plant under one roof situated at Chennai. As the Managing Director of Vemagiri Power

Generation Limited, he led the implementation of the gas based power project in Vemagiri, Andhra Pradesh. He has over 37 years of experience in the infrastructure, agriculture, fast moving consumer goods and services sectors. Mr. Bommidala served as the first managing director of DIAL and successfully handled the transition process in the initial years of the Concession. Prior to his current position, he held various senior positions in the GMR Group, including Managing Director of GMR Power Corporation Limited. Mr. Bommidala is the son-in-law of Mr. G. M. Rao.

He obtained a Bachelor's degree in Commerce from Nagarjuna University. He holds directorships in various GMR Group Companies.

G. Subba Rao was appointed to the Board of Directors of DIAL as a Director in April 2006. He is also Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, Chairman of the Share Allotment, Transfer and Grievance Committee and a member of the Corporate Social Responsibility Committee of DIAL. He previously served as CEO of the Hydro Division of GMR Group for over six years. He has more than 39 years of experience at senior levels in public and private sector banks and the GMR Group in India. He was also the Board Secretary of a nationalized bank before joining the GMR Group. He is currently CEO of Corporate Affairs and holds directorships in eleven group companies. He obtained a Bachelor's degree in Commerce from Sri Venkateswara University and is a qualified Chartered Accountant with the Institute of Chartered Accounts of India.

Usha Padhee was appointed to the Board of Directors of DIAL in January 2019. She is also a member of DIAL's Nomination and Remuneration Committee. Ms. Usha Padhee has served as Joint Secretary, Department of Civil Aviation, New Delhi since August 2015. She joined the Indian Administrative Service in 1996 and has held various positions in central and state government. She has substantial experience in administration, public policy and training and research, and management. She is also involved in the livelihood sector, being actively associated with the TRIPTI Project and National Rural Livelihoods Mission in the State of Odisha. Ms. Padhee has also received various recognitions and awards, including being recognized as Grade A District Magistrate and Collector by the government of Odisha, nominated for the Prime Minister's award for excellence in administration by the government of Orissa and nominated twice for the National Award by Honorable President of India for promoting non-conventional energy in Schools of Odisha for the years 2013 and 2014. Ms. Padhee holds a Bachelor of Engineering (Civil) degree and completed a Masters in Public Administration (MPA) from the University of Birmingham, United Kingdom in 2010.

Anuj Agarwal was appointed to the Board of Directors of DIAL in August 2018. He has over 29 years of experience in the aviation sector in a variety of roles. Mr. Agarwal was appointed Member (HR) of AAI in December 2014. Since joining AAI, he has worked in various capacities including Executive Director in Key Infrastructure Development Cell of AAI, Regional Executive Director, Northern Region, and Airport Director, Ahmedabad International Airport, Jaipur International Airport and Goa International Airport. Mr. Agarwal is Chairman on the board of Chandigarh International Airport Limited and Director on the Board of MIHAN India Limited, Nagpur, each joint venture companies of AAI. In addition, he is a member of the Executive Council of Suffix's Corporate Organisation for Professional Education and is Vice President of the All India Public Sector Sports Promotion Board. Mr. Agarwal successfully completed the professional courses on "Airport Executive Leadership Programme," jointly conducted by ACI and the John Molson School of Business, Concordia University, Canada; "Management Development Programme" on Aviation Management conducted by Indian Institute of Management, Ahmedabad; "International Executive Diploma Programme" conducted by School of Business, George Washington University, Washington DC and "Certified Corporate Directorship" conducted by the Institute of Directors, New Delhi. He is an Engineering Graduate from BITS Pilani and also holds Advance Diploma in Management.

Anil Kumar Pathak was appointed to the Board of Directors of DIAL in January, 2019. He is also a member of the Audit Committee and the Share Allotment, Transfer and Grievance Committee of DIAL. Mr. Pathak was appointed Member (Planning) in the AAI on August 21, 2018. Prior to this assignment, he was Executive Director (Planning) and Executive Director (Engineering) at DIAL's corporate headquarters, associated with corporate planning, traffic forecasting, and airport infrastructure planning and execution of projects across India. He has over 30 years of experience in the planning and design of modern, state-of-art, environment-friendly airport terminals and airside infrastructure, including runways and apron infrastructure and in financial evaluation, regulatory clearances, tendering and award processes. Mr. Pathak is also associated with the execution of various greenfield and brownfield airport projects across India. Shri Pathak holds a Master's Degree in Environment Science and Engineering from Jamia Milia Islamic Central University. He is also a certified International Airport Professional ("IAP") by ACI-ICAO.

Denitza Weismantel was appointed to the Board of Directors of DIAL as Director in April 2016. She is also a member of the Audit Committee, Nomination and Remuneration Committee and Share Allotment, Transfer and Grievance Committee. She joined Fraport as Project Director in the Global Investments and Management team in January 2015. Prior to joining Fraport, Ms. Weismantel worked in a boutique consultancy. Between 2000 and 2010, she worked in the Transactions Practice of PricewaterhouseCoopers, leading corporate valuation, transactions management and strategy projects in different countries and industries. Ms. Weismantel holds degrees in business administration from the University in Frankfurt and in banking and finance from the University of Wales, Bangor.

Suresh Goyal was appointed to the Board of Directors of DIAL as a Director in May 2012. He is currently the Managing Director and Chief Executive Officer of SBI Macquarie Infrastructure Fund, which is one of the largest infrastructure funds in India. Prior to joining SBI Macquarie, he was with Leighton International, Lazard and HSBC. He obtained a Bachelor's degree in Engineering from Indore University and a Master's degree in Management from the Indian Institute of Management, Lucknow.

R.S.S.L.N. Bhaskarudu was appointed to the Board of Directors of DIAL as an independent Director on March 2009. He is also a member of the Audit Committee, Nomination and Remuneration Committee and the Chairman of the Corporate Social Responsibility Committee of DIAL. He is currently on the board of directors of Rajiv Gandhi International Airport in Hyderabad, GMR Airports Limited and other GMR Group companies. He served more than 21 years at Bharat Heavy Electricals Limited ("BHEL"). During his tenure at BHEL, Mr. Bhaskarudu was involved in the development and production of turbine generator sets, including auxiliaries, all over the country. He worked for over 16 years with Maruti Udyog Limited from its inception, and served as the Managing Director. He has also served as a Member and Chairman of the Public Enterprises Selection Board of the Government of India. He obtained a Bachelor's degree (first class with honors) in Electrical Engineering from the College of Engineering, Andhra University.

N.C. Sarabeswaran was appointed to the Board of Directors of DIAL as an independent Director in July 2014. He is a member of the Audit Committee and Nomination and Remuneration Committee of DIAL. He is a Chartered Accountant and the founding partner of M/s Jagannathan & Sarabeswaran, Chartered Accountants, an audit firm with more than 45 years of experience. He has been an Advisory Board member of a U.S. and Australian private equity fund, and Director and Member of the Audit committee of the largest micro finance company in Tamil Nadu. He was previously Nominee Director of Reserve Bank of India, Professional and Independent Director on the Board of Vysya Bank Limited for 13 years, and the former President of the Indo-Australian Chamber of Commerce headquartered in Chennai. He has also held the position of chairman of the audit committee and Corporate Governance committees of GMR Infrastructure Limited. He obtained a Bachelor's degree in Science from Madras University. He is a Fellow Member of the Institute of Chartered Accountants of India.

Vissa Siva Kameswari was appointed to the Board of Directors of DIAL as an Independent Director in March 2015. She is also a member of the Audit Committee and Nomination and Remuneration Committee of DIAL. Ms. Kameswari was previously the head of acquisitions and integration in the information technology sector of Mastek Limited. She also worked as a partner with Amrop International and was responsible for cross border searches for leadership positions from 2006 to 2007. Ms. Kameswari was the head of the business improvement, strategy and information technology group for the RPG Group from June 2004 to March 2006. She has also worked as Executive Director at KPMG Consulting from 1996 to 2003 and A.F. Ferguson & Co from 1993 to 1996. Ms. Kameswari worked in the Corporate Budgets and Consolidation department at Ashok Leyland from

1989 to 1993. Ms. Kameswari obtained a Bachelor's degree in commerce from Andhra University and is a qualified Chartered Accountant with the Institute of Chartered Accounts of India.

Dr. M. Ramachandran was appointed to the Board of Directors of DIAL as an independent director on October 2016. He is also a member of the Audit Committee and the Nomination and Remuneration Committee. He is a retired officer of Indian Administrative Service and has held various positions in the State Government and Government of India such as Private Secretary to Union Minister of State in the Ministries of Industries, Finance, Commerce, Internal Security, and Power, Principal Secretary to Chief Minister of Uttaranchal, Joint Secretary, Ministry of Shipping, Secretary, Ministry of Urban Development in Government of India as well as the position as Chairman of the Metro Rail Corporation of Delhi, Bangalore, Kolkata and Chennai. Dr. M. Ramachandran holds a post-graduate degree in Economics from University of Kerala and a Master of Philosophy in Economic Planning from University of Glasgow. He has a Ph.D. in Project Planning from University of Lucknow.

Audit Committee

The Company established its audit committee (the "Audit Committee") in June 2006 with written terms of reference as per the requirements of the Companies Act and other regulations as applicable from time to time. The primary duties of the Audit Committee are to review our financial results and recommend them to the Board for approval and oversee, review and supervise our financial reporting process and internal control systems, approve the related party transactions and other terms of reference as prescribed under the Companies Act, 2013. The Audit Committee has seven members comprising Mr. G. Subba Rao as Chairman along with Mr. R.S.S.L.N. Bhaskarudu, Ms. Denitza Weismantel, Mr. N.C. Sarabeswaran, Dr. M. Ramachandran, Mr. A.K. Pathak and Ms. V. Siva Kameswari as members.

Nomination and Remuneration Committee

The Company has established a remuneration committee in April 2007 and later renamed it as a nomination and remuneration committee (the "Nomination and Remuneration Committee") in May 2014 with written terms of reference as per the requirements of the Companies Act, 2013 and other regulations as applicable from time to time. The primary duties of the Committee are to assist the board of directors in selecting individuals qualified to become our directors and executive officer, in determining the composition of the board and its committees and reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. The Nomination and Remuneration Committee has seven members comprising Mr. G. Subba Rao, Ms. Denitza Weismantel, Mr. N.C. Sarabeswaran, Mr. R.S.S.L.N. Bhaskarudu, Dr. M. Ramachandran, Ms. Usha Padhee and Ms. V. Siva Kameswari.

Share Allotment, Transfer and Grievance Committee

The Company established its share allotment committee in April 2006 and later renamed it the "Share Allotment, Transfer and Grievance Committee" in May 2009 with written terms of reference as per the requirements of the Companies Act, 2013 and other regulations as applicable from time to time. The primary duties of the Share Allotment, Transfer and Grievance Committee are to allot, transfer and return shares and adjust any share application amounts. The Share Allotment, Transfer and Grievance Committee has six members comprising of Mr. G. Subba Rao, Mr. Grandhi Kiran Kumar, Mr. G.B.S Raju, Mr. K. Narayana Rao, Mr. A.K. Pathak and Ms. Weismantel.

Corporate Social Responsibility Committee

The Company has established a corporate social responsibility committee ("CSR Committee") in May 2014 with written terms of reference as per the requirements of the Companies Act, 2013. The primary duty of the CSR Committee is to recommend and monitor the corporate social responsibility policy and expenditures of the Company on corporate social responsibility issues. The CSR Committee has three members comprising Mr. R.S.S.L.N. Bhaskarudu as Chairman, Mr. G. Subba Rao and Mr. K. Narayana Rao as Members. The Chief Operating Officer, Chief Human Resource Officer and CSR Head are the Permanent Invitees to the CSR Committee.

Senior Management

The table below sets forth certain information regarding the other members of our senior management.

Name	Age	Title
Videh Kumar Jaipuriar	54	CEO
Shyam Sunder	47	Deputy CEO
G.R.K. Babu	59	CFO — Airport Sector
Hari Nagrani	53	CFO
Douglas Webster	57	COO
Roy Sebastian	49	CPEO
Sanjiv Edward	47	CCO (Aero)
Tarun Arora	49	CCO (Non-Aero)
Subir Hazra	50	Vice President and Head, SPG
Ranjit Narayan	62	Executive Director, Security
Aman Kapoor	51	CEO, Airport Land Development
T.J. Reddy	59	CDO
Ajay Kharbanda	50	CLO — North & West, Airport Sector
Pankaj Kalra	53	Head-Procurement
Srilata Ramkumar	50	Head-Finishes
Suchitra Kumar	49	Head, HR
Dinesh Bhrusundi	59	CTOO and CQO
Raman Srinivasan	49	CIO

Videh Kumar Jaipuriar has been Chief Executive Officer of DIAL since December 2017. He has over 30 years of experience. Prior to joining DIAL, he served as a Managing Director of Jubilant Industries Ltd. He has also worked with other companies including Bunge India and Britannia Industries Ltd. Mr. Jaipuriar has wide-ranging experience in different products and services including business-to business, business-to-consumer and retail. He obtained a Bachelor's degree in Engineering from Indian Institute of Technology, Delhi and a Master's degree in Marketing from Jamnalal Bajaj Institute of Management Studies, Mumbai.

Shyam Sunder joined DIAL as Chief Commercial Officer of the non-aeronautical business in July 2014 and was elevated to the role of Deputy Chief Executive Officer of DIAL in November 2018. As Deputy Chief Executive Officer, he oversees Operations, Projects & Engineering, Commercial Aeronautical and Non-Aeronautical, Procurement and Finishes functions of DIAL. He has over 25 years of leadership experience across a variety of industries such as medical equipment, telecom infrastructure, office automation, consumer electronics and retail. His core strengths are in the areas of building sustainable business ecosystems, marketing, brand building and business development. Prior to joining DIAL, Mr. Sunder worked with Microsoft India where he served as Director of Retail Business. He has also worked with other companies including Nokia India, Canon India and Larsen & Toubro Ltd. Mr. Sunder obtained a Bachelor's degree in Electronics and Communication from the University of Mysore.

G.R.K. Babu has been the Chief Financial Officer — Airport Sector of GMR Airports Limited since 2018. He has over 32 years of experience in the field of finance, accounts, treasury and fund management. Prior to joining the GMR Group, he served as Vice President (Finance and Company Secretary) of ICOMM Tele Ltd. He joined the GMR Group in October 2007 and began working at DIAL in August 2011. He obtained a Bachelor's degree in Commerce from Sri Venkateshwara University and a Master's degree in Finance from the Institute of Public Enterprises, Osmania University. He also holds a Bachelor's degree in Law and is a qualified Chartered Accountant and Company Secretary.

Hari Nagrani has been Chief Financial Officer of DIAL since February 1, 2019. He is a qualified Chartered Accountant with 28 years of experience in various industries including oil and gas, manufacturing, retail, dairy and aviation including Indian and multinational companies. Mr. Nagrani is a qualified company secretary and cost accountant. Prior to joining DIAL in 2010, he worked in Hindustan Petroleum Corporation Limited, Land Mark Group UAE, GMR Sports, Subhiksha Trading Services Limited and Mother Dairy. He has substantial experience in the fields of finance, accounts, costing and fund management with expertise in ERP implementation, Ind-As convergence, product costing and stakeholder engagement. Mr. Nagrani is a Bachelor of Commerce Gold Medalist from Agra University for securing 1st Rank and LLB Bronze Medalist for securing 3rd Rank. He is also national scholarship holder.

Douglas Webster has been the Chief Operating Officer of DIAL since March 2016. He has over 33 years of experience between the airlines sector and the airport sector. Prior to joining DIAL, he was Deputy Director of Broward County Aviation Department, USA, and was responsible for managing the day-to-day operations of Fort Lauderdale-Hollywood International Airport (FLL). He also served as Director of Administration and Strategic Planning, as Director of Terminal Transition Planning-DTW Medfield Project and as Director of Staffing and Analysis—Ground Operations. He holds a Bachelor's degree in business administration/airport administration from the University of North Dakota.

Roy Sebastian has been Chief Project and Engineering Officer of DIAL since 2006. Mr. Sebastian is an engineering and management professional with 28 years' experience across sectors such as airport infrastructure, metro rail, sea ports and intelligent highways. Mr. Sebastian is a project and operations specialist when it comes to implementing airport systems, electro mechanical, civil and structural and airport special systems engineering across both greenfield and brownfield airport projects. His expertise includes project management, design management, airport special system design and procurement and implementation, operation and maintenance and asset management. Mr. Sebastian obtained his Bachelor of Engineering (Mechanical) from University of South Australia and holds a Certificate in Project Management and is a Certified Internal Auditor for ISO9001, ISO14001 and OHSAS18001.

Sanjiv Edward has been Chief Commercial Officer, Aero of DIAL since January 2018. Mr. Edward leads the aeronautical and aero-related business verticals of DIAL. Mr. Edward also leads the airlines marketing and route development activities to enhance DIAL's air connectivity network. In addition, he is also guiding the revenue management function for aeronautical activities. Before assuming his current role, Mr. Edward headed the Cargo business of DIAL, where he was responsible for driving the cargo strategy and development of the cargo master plan. He has been actively engaged with Government, regulators and industry for policy formulation at various levels. Mr. Edward was the Chairman of The International Air Cargo Association, Miami from May 2015 to October 2017. He currently serves on the Board of TIACA and leads its quality initiation of cargo service quality. Prior to joining DIAL, Mr. Edward worked with British Airways for over a decade and has more than 20 years of experience in the aviation industry, winning several personal and corporate awards. Mr. Edward is an alumnus of the Oxford Brookes University, United Kingdom.

Tarun Arora has been with DIAL for over 5 years in Non-Aeronautical business, managing duty free, retail, hospitality, services and advertising. Mr. Arora has amassed over 26 years' experience across sales, marketing and business development across varied organizations including Shopper's Stop, Marks and Spencer's and Duty Free.

Subir Hazra is Vice President & Head of Strategic Planning of DIAL. Previously, Mr. Hazra was been the Associate Vice President of SPG of DIAL. He is adept at international business operations, thought leadership, strategic analyses, budgeting, knowledge management, quality assurance, process improvement, financial viability analysis, evaluation of new business, acquisition opportunities, marketing & sales, international trading and business integration and innovation. Mr. Hazra has worked in the steel industry in plant maintenance and supply chain management functions, mining, end-to-end business with focus on execution level leadership. He obtained his PGDBM from XLRI, Xavier School of Management, Jamshedpur, 2000. Mr. Hazra has been a conferee of the British

Council Chevening Gurukul Scholarship (2009) program for Leadership and Excellence by the London School of Economics and Political Science.

Ranjit Narayan has been the Executive Director of Security for DIAL since 2013. Prior to that he had joined DIAL as the Head of Security & Vigilance. Prior to joining DIAL, Mr. Narayan was the Special Commissioner of Police (Crime) Delhi. He also served in the Intelligence Bureau and the Special Protection Group in different ranks. He obtained a Master's degree in Arts from St. Stephens College, Delhi University.

Aman Kapoor serves as the Chief Executive Officer — Airport Land Development, at GMR Airports Ltd. He joined the GMR Group in 2016 and currently oversees the Group's Real Estate initiatives across all GMR Airports and spearheads its initiatives across real estate strategy, land monetization, property development, and joint ventures and partnerships. Mr. Kapoor also has responsibility for business development with respect to real estate and provides assistance during the bidding for new airports, as a subject matter expert. Mr. Kapoor has over 25 years of international experience in real estate development, asset management acquisitions, dispositions, finance and marketing, in India, the U.S. and Canada. Prior to joining the GMR Group, Mr. Kapoor served McKinsey & Co, as a Senior Advisor and was CEO — Commercial Assets for Dubai-based developer, Emaar MGF, in India. Previously, he has also worked for various international companies including Jones Lang LaSalle, Cushman and Wakefield, IPC REIT (US), Pepsi Co. Canada and General Mills Canada Inc.

T J Reddy has served as Chief Development Officer for DIAL since August 2016. After achieving his B. Tech qualification, Mr. Reddy spent 28 years with Bharat Heavy Electricals Ltd. where he worked on the construction of various power projects and held various leadership positions. Upon leaving Bharat Heavy Electricals Ltd., Mr. Reddy spent almost 8 years working in the private sector. Mr. Reddy has handled large complex greenfield and brown field projects across India, most of which have been supercritical power plants. Before joining DIAL, he was Executive Director at Jindal Power Limited where he led the construction of a 3,400 MW supercritical thermal power plant. He has also worked with Lanco Infratech Limited as Executive Director and led the 2x600 MW power plant construction.

Ajay Kharbanda is the Chief Legal Officer — North & West Airports Sector for GMR Airports Limited, responsible for the North and West regions of India. Prior to that, Mr. Kharbanda was associated with DIAL from August 2012 and served as its Chief Legal Officer. Over a career spanning 25 years, he has worked with Shriram Industrial Enterprise Ltd., Bharti Enterprises Ltd., and other major companies in India in the telecoms, financial services, manufacturing and educational sectors. He obtained his fellow membership to the Institute of Company Secretaries of India (ICSI) in 1993, following which he obtained his LLB from Delhi University in 1995 and also obtained a one year post graduate diploma in Intellectual Properties and International Trade Laws from Amity Law School, Delhi.

Pankaj Kalra served as the Head of Procurement for DIAL since 2014 and joined the GMR Group in February 2009 as General Manager — Procurement. He has been a procurement & contracting professional for more than 30 years and during that time has gained significant overseas and domestic experience in major infrastructure, aviation, oil and gas, pipelines and petrochemical projects and large fertilizer units. He is well versed with best indigenous and global procurement practices, taxes and duties (domestic as well as imports), logistics, sea and air transportations, customs clearance modalities for all kinds of projects and operational requirements, legal aspects of purchasing/contracting and hands-on experience in negotiations, formation and management of contracts. Mr. Kalra holds a bachelor's degree in Engineering from Manoharbhai Patel Institute of Engineering & Technology, Nagpur, with post graduate qualifications in Management, Certificate Course in Intellectual Property & Copyrights.

Srilata Ramkumar has served as Head, Finishes for DIAL since 2012. She joined the GMR Group in 2008 as Assistant General Manager-Finishes. Ms. Ramkumar was involved in planning, design and maintenance of finishes for Terminals 1, 2 and 3. Prior to joining GMR Group, she worked as regional director of HDPL, Goa. She also worked in various cities of India, including Hyderabad, Mumbai, Goa, Kochi and Visakhapatnam in various capacities and has amassed vast experience in design and execution of various architectural and interior projects, including commercial and residential complexes, railway stations, university campus, banks, educational and religious buildings. Ms. Ramkumar is Gold medalist in Architecture degree from JNTU Hyderabad and obtained a Master's degree in Construction Management from NICMAR, Pune.

Suchitra Kumar has been Head, Human Resources for DIAL since January 2018. He joined DIAL in 2012 as GM-ER. Mr. Kumar has over 29 years of experience in the human resources field. Prior to joining DIAL, he worked with DCM Shriram. He has been a member of various core groups / committees within the Government and state governments. He obtained his Bachelor's degree from Birla Institute of Technology and Science, Pilani, has a post-graduate Diploma in Management (HR) and a Diploma in Labour Laws.

Dinesh Bhrusundi has been the Chief Quality Officer of QSD of DIAL since 2008 and, since 2018, has also been designated as Chief Terminal Operations Officer heading all the terminal operations and facility and contract management. He has worked in the quality management field for nearly 30 years, including as the Vice President and Director of Quality at General Motors in India. He obtained a Bachelor's degree in Engineering from Nagpur University and a Master's degree in Public Administration from Nagpur University.

Raman Srinivasan has been Chief Information Officer at DIAL since December 2017. He has over 25 years of experience spanning multiple industries and domains, including travel and transportation, retail, manufacturing, supply chain, infrastructure and consumer electronics. Mr. Srinivasan provides executive leadership for our IT functions and has played key roles in developing multi-year IT and digital blueprints and driving digital transformation initiatives such as IoT, smart stores, digital marketing, e-commerce setups and enabling customer journey automations. Mr. Srinivasan has previously worked with Aditya Birla Group, JSW, Wipro Technologies and SAIL. His most recent assignment before joining DIAL was as CIO at Aditya Birla Group for the global textiles business. Prior to that, he headed IT functions for Aditya Birla Retail. Mr. Srinivasan obtained his Bachelor's degree of Science from Delhi University and Post-Graduation Program of Management for Senior Executives (Executive MBA) from the Indian School of Business, Hyderabad, with terms at Wharton and Kellogg.

PRINCIPAL SHAREHOLDERS

The following table sets forth our shareholding as of the date of this offering memorandum.

Name of Shareholder	Number of Equity Shares	Percentage Shareholding(1)
GMR Airports Limited	1,567,999,798	64%
GMR Infrastructure Limited	100	—
GMR Energy Limited	100	—
Airports Authority of India (AAI)	637,000,000	26%
Fraport AG Frankfurt Airport Services Worldwide	245,000,000	10%
Total	**2,449,999,798**	**100%**

(1) Percentages less than 1% are not shown.

GMR Group

GMR Airports Limited and GMR Energy Limited are direct subsidiaries of GMR Infrastructure Limited, which is controlled by GMR Enterprises Private Limited and constitutes part of the GMR Group. GMR Infrastructure Limited is publicly listed on the Bombay Stock Exchange and the National Stock Exchange of India. Our Chairman, Mr. G. M. Rao, founded the GMR Group in 1978 and has developed it into a leading, diversified infrastructure group in India, with substantial experience in the development and operation of airports, power plants, roads and urban infrastructure. The Airport Sector of the GMR Group is responsible for managing the GMR Group's airport investments. In addition to its investment in DIAL, the GMR Group is also the leading partner in the joint venture that is developing, operating and maintaining the Rajiv Gandhi International Airport in Hyderabad, India and a member of the consortium that was awarded in April 2014 the project for the rehabilitation, expansion and operation of the Mactan-Cebu International Airport in the Philippines for a 25-year concession period. The GMR Group also operates a new greenfield airport at Crete (Greece) through a special purpose company in Greece with its shareholding partner GEK Terna. Further, the GMR Group has recently been declared as the preferred bidder for a brownfield airport at Nagpur, India and has emerged as the highest bidder for a new greenfield international airport at Bhogapuram, India.

GMR Airports Limited is contemplating economic opportunities by which it may increase its holdings of our shares, including the acquisition of the shares of existing shareholders (other than AAI). See "Risk Factors—Risks Related to Our Business—The interests of the GMR Group, our majority shareholder, may differ from the interests of DIAL or the holders of the Notes."

Airports Authority of India (AAI)

See "Indian Regulatory Environment—Applicable Legislation, International Conventions and Sectoral Policy—The Airports Authority of India Act, 1994" for a description of the legal background of AAI. For information about certain corporate governance rights granted to AAI under the SHA, see "Business—Our Concession—Shareholders Agreement."

Fraport AG Frankfurt Airport Services Worldwide

Founded in 1924, Fraport is the owner and operator of Frankfurt Airport, Germany's biggest airport. Fraport has operations at 12 airports outside of Germany and was contracted to operate the Airport for a minimum term of eight years under the Airport Operator Agreement. See "Business—Our Concession — Operation, Management and Development Agreement" for a description of the Airport Operator Agreement. Fraport is publicly listed on the Frankfurt Stock Exchange.

Shareholders Agreement

Pursuant to the OMDA, we entered into a SHA in April 2006 with AAI and our other initial shareholders, namely, GMR Infrastructure Ltd., GMR Energy Ltd., GMR Airports Limited (formerly GMR Airports Holdings Limited), Fraport, Malaysia Airports (Mauritius) Private Limited (which has subsequently sold its shareholdings in us to GMR Airports Limited) and India Development Fund (which has subsequently sold its shareholdings in us to GMR Airports Limited), providing for the terms and conditions that govern their respective rights as our shareholders and their respective responsibilities regarding our management. See "Business—Shareholders Agreement" for a description of the SHA.

CERTAIN RELATED PARTY TRANSACTIONS

The following discussion describes certain material transactions we have with related parties. Our related parties include our joint ventures, our directors, other senior management, our shareholders and their affiliates.

We have undertaken in the past, and will undertake in the future, transactions with our joint ventures and other entities in the GMR Group, as well as with AAI and Fraport, both of which are our shareholders. We routinely enter into transactions with these related parties in the ordinary course of our business. All such transactions are entered into in accordance with the relevant terms of the OMDA and other Concession Agreements.

Joint Ventures and Associates

We engage in transactions with our joint ventures and associates in which we hold between 26% and 50% interests. In addition to the concession fees and any applicable interest from delayed payments the joint ventures pay us under our revenue sharing arrangements, we also receive fees from the joint ventures and associates for space rental, as well as fees for associated electric and water utility costs. Our agreements with the joint ventures additionally include provisions for them to pay us security deposits. Under our arrangement with WAISL Limited, we have agreed to compensate them for certain shortfalls in revenues they receive from airlines and other customers they serve at the Airport. Information technology and related expenses amounted to nil in fiscal year 2019 as there have been no shortfalls in revenue earned by WAISL Limited since fiscal year 2018.

We also receive fees from our joint ventures and associates for services we provide or arrange on their behalf, including information technology, maintenance, security screening and marketing services. We have purchased and sold information technology-related assets from and to our joint ventures and associates, all on an arms-length basis. Certain joint ventures and associates reimburse us for employee expenses in connection with our employees assigned to work in such joint ventures and associates. Furthermore, in our capacity as a shareholder in our joint ventures, at times we have contributed additional capital to some joint ventures and associates, and may receive dividend payouts from our joint ventures and associates.

We have invested in a 180 MW hydropower project as a source of captive energy for the Airport through our joint venture in GMR Bajoli Holi Hydropower Private Limited. In connection with this project, as per the Electricity Act, 2003 and rules made thereunder, being a captive consumer we have to consume at least 51% of the energy output or energy generated from two of the three turbines comprising the project, which is sufficient to meet our energy requirements.

GMR Group

We engage in transactions with other entities in the GMR Group, including our direct and indirect holding companies, primarily for services they provide or arrange on our behalf, including information technology, administrative, security and transportation and chartering services, and for the leasing of rental space. We also pay employee-related expenses to other entities in the GMR Group in relation to employees temporarily assigned to us or transferred from us. From time to time, we reimburse other GMR Group entities for common services rendered to all GMR Group entities, such as consulting services, on a cost allocation basis. On May 3, 2018, we made an inter corporate loan of Rs. 4,000 million to our intermediate holding company, GMR Infrastructure Limited, which carried interest at a rate of 10.15% and a term of 1 year, with all applicable approvals. On May 2, 2019, we received partial repayment of such loan in the amount of Rs. 1,000 million. GMR Infrastructure Limited has made a request to extend the balance of such loan for a three month period, which has been approved by our board of directors, subject to AAI approval.

Airports Authority of India

In addition to the annual fee that we pay to AAI in monthly installments pursuant to the OMDA and any interest owed when our actual revenues exceed our projected revenues by 110%, we enter into transactions with AAI primarily for the renting of office space at the Airport, for which we receive fees from AAI for space rental, as well as fees for associated electric and water utility costs.

Fraport

In addition to the airport operator fee that we pay annually to Fraport pursuant to the Airport Operator Agreement, we have paid Fraport certain milestone achievement payments as provided in the Airport Operator Agreement. We paid the last such payment required under the Airport Operator Agreement in fiscal year 2015.

The following table summarizes related party transactions identified in accordance with Ind-AS 24 "Related Party Disclosures" and balances with our joint ventures and associates, other entities in the GMR Group, AAI and Fraport, as well as our directors, included in our audited standalone financial statements as of and for the fiscal year ended March 31, 2019. For further information regarding our related party transactions, please refer to footnote 34 of our audited financial statements as of and for the fiscal year ended March 31, 2019, footnote 35 of our audited financial statements as of and for the fiscal year ended March 31, 2018 and footnote 35 of our audited standalone financial statements as of and for the fiscal year ended March 31, 2017, in each case, included elsewhere in this offering memorandum.

	Joint ventures(1)	Associates(2)	GMR Group(3)	AAI	Fraport	Key Management Personnel(4)
			(Rs. millions)			
Balances as on March 31, 2019						
Investments in Equity Share — Non Current	1,647.7	1,245.0	1.0	—	—	—
Inter-Corporate deposits given	—	—	4,000.0	—	—	—
Trade Receivables	82.2	12.7	94.0	0.1	—	—
Deferred Income on Financial Liabilities — Current	92.7	217.7	0.3	—	—	—
Deferred Income on Financial Liabilities — Non Current	1,281.7	1,887.5	—	—	—	—
Advances given — Non Current	28.2	—	—	—	—	—
Non-Trade Receivables	2.6	0.3	11.9	21.2	—	—
Other Financial Assets — Current	226.0	632.4	0.5	11.8	—	—
Other Financials Liabilities — Current	0.9	21.6	3.3	13.5	—	—
Other Financials Liabilities — Non Current	470.2	1,560.0	—	—	—	—
Other Current Liabilities	—	0.3	—	—	—	—
Other Recoverables	115.2	5.6	4.8	68.0	—	—
Provision for Doubtful Advances	28.2	—	—	—	—	—
Trade payable	—	1.7	234.2	591.6	4.0	—
Unearned Revenue — Current	—	14.4	0.1	—	—	—
Unearned Revenue — Non Current	—	0.9	—	—	—	—
Transactions for the Fiscal year ended March 31, 2019						
Security Deposits from trade concessionaires — Received	400.0	237.2	—	—	—	—
Security Deposits from trade concessionaires — Refunded	—	15.1	—	—	—	—
Employee Benefits for Key Management Personnel	—	—	—	—	—	144.6
Revenue share paid	—	—	—	15,912.5	—	—
CSR expenditure	—	—	41.7	—	—	—
Manpower hire charges	—	—	491.4	—	—	—
Airport Operator fees	—	—	—	—	1,149.0	—
Expenses incurred by Company on behalf of related parties	216.1	29.9	65.0	—	—	—
Expenses incurred by related parties on behalf of Company	—	1.7	36.8	—	—	—

	Joint ventures(1)	Associates(2)	GMR Group(3)	AAI	Fraport	Key Management Personnel(4)
			(Rs. millions)			
Corporate Cost Allocation	—	—-	914.7	—	—	—
Traveling & Conveyance — Chartering Cost	—	—	113.3	—	—	—
Security related expenses	—	—	261.6	—	—	—
Directors' sitting fees	—	—	—	—	—	2.3
Electricity charges recovered	157.7	248.2	8.3	157.9	—	—
Water charges recovered	2.3	43.2	0.2	—	—	—
Non Aeronautical Income	1,344.8	8,732.6	121.3	0.4	—	—
Aeronautical Income	—	—	2.2	0.3	—	—
Income from Non-current Investments — Dividend Income	58.8	577.1	—	—	—	—
Marketing Fund Billed	—	137.0	—	—	—	—
Marketing Fund Utilized	—	82.7	—	—	—	—
Utilization of advances from commercial property developers	—	—	14.3	—	—	—
Finance Cost — Interest expense on financial liability carried at amortized cost	49.8	171.0	0.2	10.1	—	—
Interest on Revenue Share	—	—	—	22.8	—	—
Foreign Travel — Others	—	—	0.3	—	—	—
Capital works in progress	—	0.1	33.6	—	—	—
Non Aeronautical — Income on security deposits	93.5	220.2	0.3	—	—	—
Interest on inter corporate deposit	—	—	364.9	—	—	—
Electricity Charges	—	—	304.0	—	—	—
Recovery of collection charges	—	—	—	65.1	—	—
Interest income on financial assets carried at amortized cost	—	0.1	—	—	—	—

(1) Includes the following jointly controlled entities (where transactions have taken place): Delhi Aviation Services Private Limited, Delhi Aviation Fuel Facility Private Limited, WAISL Limited (formerly known as Wipro Airport IT Services Limited) and GMR Bajoli Holi Hydropower Private Limited.

(2) Includes the following associate entities (where transactions have taken place): Delhi Airport Parking Services Private Limited, Delhi Duty Free Services Private Limited, Celebi Delhi Cargo Terminal Management India Private Limited, Travel Food Services (Delhi Terminal 3) Private Limited, TIM Delhi Airport advertising Private Limited and DIGI Yatra Foundation.

(3) Includes the ultimate holding company (GMR Enterprises Private Limited), intermediate holding company (GMR Infrastructure Limited), holding company (GMR Airports Limited), subsidiary company (Delhi Aerotropolis Private Limited), fellow joint venture (including joint venture company of the ultimate/ Intermediate holding company) (JSW GMR Cricket Private Limited (Formerly GMR Sports Private Limited), associate of member of a Group of which DIAL is a member (GMR Megawide Cebu Airport Corporation), enterprises where significant influence of key management personnel or their relatives exists (GMR Varalaksmi Foundation) and the following fellow subsidiaries (including subsidiary companies of the ultimate/ intermediate holding company) (where transactions have taken place): GMR Hyderabad International Airport Limited, GMR Male International Airport Private Limited, GMR Airport Developers Limited, GMR Aviation Private Limited, Raxa Security Services Limited, GMR Krishnagiri SEZ Limited, GMR Chhattisgarh Energy Limited, GMR Kamalanga Energy Limited, Kakinada SEZ Limited (formerly known as Kakinada SEZ Private Limited), GMR Warora Energy Limited, GMR Pochanpalli Expressways Limited, GMR Tambaram Tindivanam Expressways Limited, GMR Consulting Services Private Limited, GMR Energy Trading Limited, GMR Vemagiri Power Generation Limited, GMR Goa International Airport Limited, GMR Sports Private Limited, GMR Aero Technic Limited, GMR Hospitality and Retail Limited (Formerly GMR Hotels and Resorts Limited) , GMR Tuni Anakapalli Expressways Limited.

(4) Includes Mr. G.M. Rao (Executive Chairman), Mr. G.B.S Raju (Managing Director), Mr. Srinivas Bommidala (Non Executive Director), Mr. Grandhi Kiran Kumar (Non Executive Director), Mr. K. Narayana Rao (Whole Time Director) Mr. Indana Prabhakara Rao (Executive Director), Mr. G. Subba Rao (Director), Mr. R.S.S.L.N. Bhaskarudu (Independent Director), Mr. M. Ramachandran (Independent Director), Ms. Siva Kameswari Vissa (Independent Director), Mr. N.C. Sarabeswaran (Independent Director), Mr. Anuj Aggarwal (Director — AAI Nominee), Ms. S. Suresh (Director — AAI nominee) and Mr. A.K. Dutta (Director — AAI Nominee).

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following is a summary of certain provisions of the instruments evidencing our material indebtedness as of the date of this offering memorandum and after giving effect to the use of proceeds from the offering of the Notes as described under "Use of Proceeds."

SENIOR SECURED NOTES

6.125% Senior Secured Notes due 2026

On October 31, 2016, the Company issued US$522.6 million 6.125% Senior Secured Notes due 2026 (the "2026 Notes"), in an offering that was not subject to the registration requirements of the Securities Act. The 2026 Notes are governed by an indenture entered into by the Company, as issuer and Citicorp International Limited, as trustee (the "2026 Indenture").

The 2026 Notes are general secured, senior obligations of the Company and rank at least pari passu with all other unsecured, unsubordinated obligations of the Company, secured on an equal and ratable basis with all obligations of the Company under all future Permitted Pari Passu Secured Indebtedness and Permitted Refinancing Indebtedness by first ranking Liens on the Collateral, effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral pledged by the Company securing the 2026 Notes and effectively subordinated to all existing and future obligations of the Company to the extent of the Excluded Collateral.

If an event treated as a change of control of the Company occurs, then subject to certain conditions, the Company will make an offer to each holder of the 2026 Notes to repurchase such holder's 2026 Notes, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The 2026 Indenture contains customary events of default, including, without limitation, payment defaults, covenant defaults, certain cross-defaults and cross-acceleration provisions with respect to other debt, certain events of bankruptcy and insolvency, and judgment defaults.

The 2026 Indenture contains covenants for the benefit of the holders of the 2026 Notes that, among other things, limit the ability of the Company and its Restricted Subsidiaries to:

- incur additional indebtedness;
- impair the security interests in the collateral;
- enter into sale and leaseback transactions;
- enter into guarantees issued by the restricted subsidiaries; and
- create certain liens securing indebtedness.

These limitations are, however, subject to a number of important qualifications and exceptions.

6.125% Senior Secured Notes due 2022

On February 3, 2015, the Company issued US$288.8 million 6.125% Senior Secured Notes due 2022 (the "2022 Notes"), in an offering that was not subject to the registration requirements of the Securities Act. The 2022 Notes are governed by an indenture entered into by the Company, as issuer and Citicorp International Limited, as trustee (the "2022 Indenture").

The 2022 Notes are general secured, senior obligations of the Company and rank at least pari passu with all other unsecured, unsubordinated obligations of the Company, secured on an equal and ratable basis with all obligations of the Company under all future Permitted Pari Passu Secured Indebtedness and Permitted Refinancing Indebtedness by first ranking Liens on the Collateral, effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral pledged by the Company securing the 2022 Notes and effectively subordinated to all existing and future obligations of the Company to the extent of the Excluded Collateral.

If an event treated as a change of control of the Company occurs, then subject to certain conditions, the Company will make an offer to each holder of the 2022 Notes to repurchase such holder's 2022 Notes, at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

The 2022 Indenture contains customary events of default, including, without limitation, payment defaults, covenant defaults, certain cross-defaults and cross-acceleration provisions with respect to other debt, certain events of bankruptcy and insolvency, and judgment defaults.

The 2022 Indenture contains covenants for the benefit of the holders of the 2022 Notes that, among other things, limit the ability of the Company and its Restricted Subsidiaries to:

- incur additional indebtedness;
- impair the security interests in the collateral;
- enter into sale and leaseback transactions;
- enter into guarantees issued by the restricted subsidiaries; and
- create certain liens securing indebtedness;

These limitations are, however, subject to a number of important qualifications and exceptions.

WORKING CAPITAL FACILITY

Working Capital Facility Agreement

On July 14, 2006, we entered into an approximately Rs. 890 million Master Working Capital Facility Agreement (the "Working Capital Facility") with ICICI Bank Limited, which has been amended pursuant to various agreements. Under an amendment to the master facility agreement dated January 25, 2017, the available amount was amended to Rs. 3.84 billion, comprising an Rs. 3.35 billion fund-based cash credit facility and an Rs. 490 million nonfund-based limit for a custom duty bank guarantee (cash credit limit of Rs. 1.5 billion can be used interchangeably with Rs. 1.5 billion in bank guarantees and Rs. 1 billion in letters of credit, or a combination of both). Under the terms of our agreement dated March 7, 2019, the terms of the facilities were extended to February 26, 2020. The proceeds from the Working Capital Facility are used to fund working capital requirements of the Airport. As of March 31, 2019, there was no short-term borrowing under the facility. We continue to utilize the working capital facility pursuant to its previous terms as set forth below.

Interest

The Working Capital Facility bears interest at the benchmark ICICI bank base rate plus a corresponding margin per annum.

Collateral

The amounts outstanding under the Working Capital Facility are secured by:

- assignment of all our insurance policies, guarantees issued by contractors and liquidated damages permissible under the Concession Agreements;
- assignment of all our rights, titles, permits, approvals and interests in, to and in respect of the Concession Agreements;

- first ranking charge on all our revenues and receivables, other than dues payable to AAI, subject to the provisions of the Concession Agreements; and
- first ranking pari passu charge and assignment on all our accounts (to the extent permitted under the OMDA) and each of the other accounts required to be created by the Borrower under any transaction document, including with limitation, the Trust and Retention Account Agreement and, including in each case, all monies lying, credited or deposited into such accounts.

Covenants

Pursuant to the facility agreement, we are subject to compliance with restrictive covenants, including, among other things, restrictions on our ability to pay dividends, effect a reorganization, amalgamation or merger, and raise capital by disposing of assets.

Hedging Facility

In accordance with RBI requirements, all revenue that we receive in U.S. dollars is automatically converted into Indian Rupees following our deposit of such funds into the escrow account we maintain pursuant to the OMDA, which enhances our exposure to fluctuations in the exchange rate between the U.S. dollar and the Indian Rupee. Pursuant to ISDA master agreements that we entered into with ICICI Bank on October 1, 2008, Axis Bank Limited on March 31, 2010, Deutsche Bank AG, Mumbai on April 7, 2017, HSBC Bank on May 4, 2017, JP Morgan Chase Bank, National Association on June 20, 2017 and Barclays Bank PLC, Mumbai Branch on January 29, 2018, each as modified from time to time, we enter into forward contracts to purchase U.S. dollars that we will use to service our U.S. dollar-denominated obligations.

Share Pledges

We have pledged the shares we hold in our joint venture entities, Delhi Airport Parking Services Private Limited and Travel Food Services (Delhi Terminal 3) Private Limited for the purpose of securing the borrowings of these respective entities. As of March 31, 2019, the book value of shares pledged of Delhi Airport Parking Services Private Limited and Travel Food Services (Delhi Terminal 3) Private Limited was Rs. 188.5 million and Rs. 9.6 million, respectively.

SECURITY AGREEMENTS

Trust and Retention Account Agreement

On October 31, 2016, we entered into the trust and retention accounts agreement ("Existing Trust and Retention Account Agreement") with ICICI Bank Limited as account bank and Axis Trustee Services Limited as security trustee. Pursuant to the Existing Trust and Retention Account Agreement, we declared a trust for the benefit of the holders of the Existing Notes, certain of our lenders, including the lenders under the working capital facility and certain hedging banks, over a trust and retention account (the "Trust and Retention Account") at the account bank with the following sub-accounts: Revenue; Construction; Operation and Maintenance; Rupee Debt Payment; Dollar Debt Payment; Rupee Debt Service Reserve; Dollar Debt Service Reserve; Liquidated Damages; and Distribution.

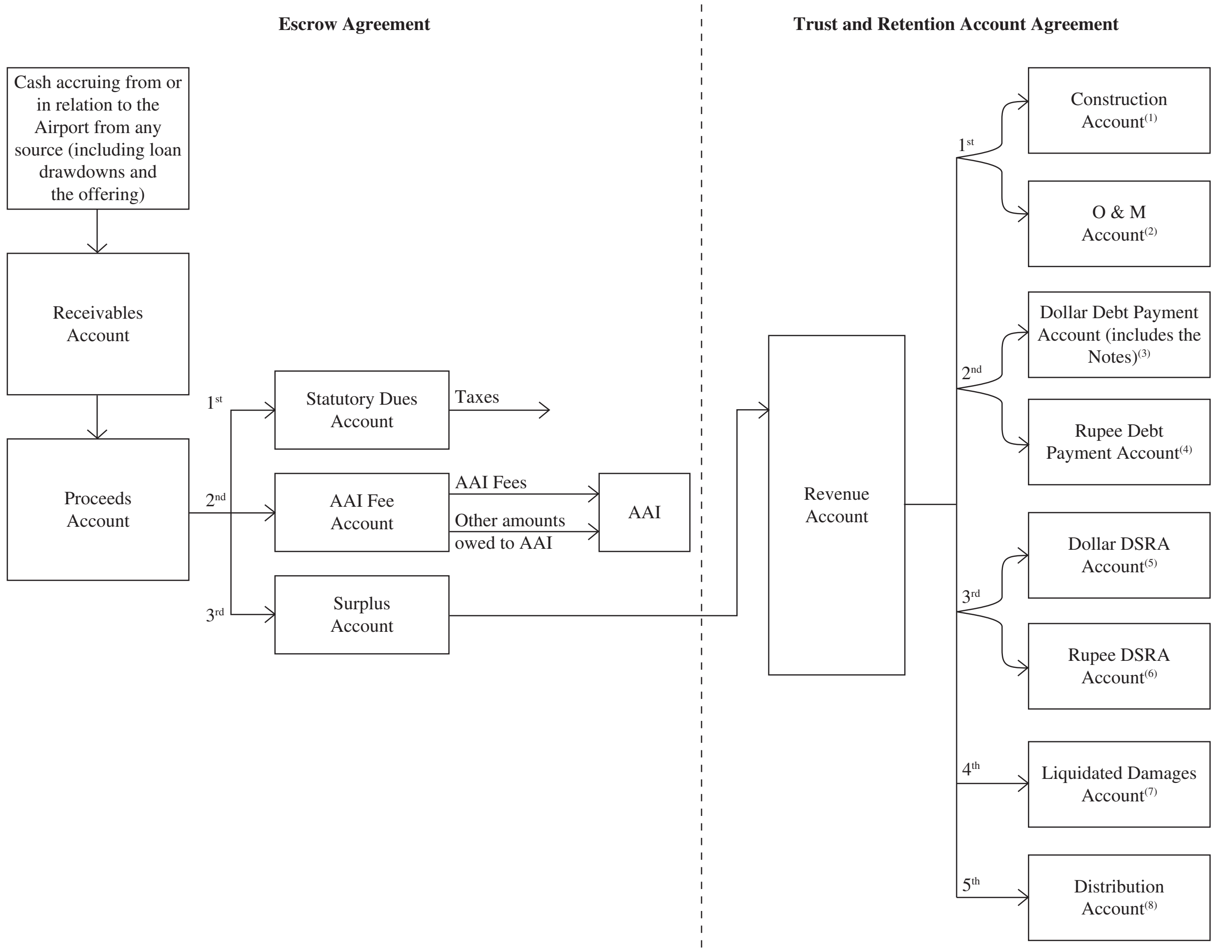
Cash Flow Priority

The Existing Trust and Retention Account Agreement provides the terms and conditions under which all deposits and withdrawals from the sub-accounts in the Trust and Retention Account may be made. All amounts in the Surplus sub-account in the Escrow Account maintained pursuant to the Escrow Account Agreement are deposited into the Revenue sub-account in the Trust and Retention Account and applied to the other sub-accounts in accordance with the applicable cash flow priority. See "Business—Our Concession—Operation, Management and Development Agreement" for further details on the Escrow Account.

As of the date of this offering memorandum, we are not, and in the past we have not been, in compliance with certain covenants under the Existing Trust and Retention Account Agreement. See "Risk Factors—Risks Related to Our Business—We have in the past not been compliant with certain covenants in the Existing Indentures and are currently not in full compliance with the Trust and Retention Account Agreement. Our failure to comply with any covenants under our financing agreements could result in an event of default under the relevant financing agreements and the OMDA."

On or about the Original Issue Date, we will enter into the Trust and Retention Account Agreement with ICICI Bank Limited as the account bank and Axis Trustee Services Limited as the security trustee. It is expected that the existing non-compliance under the Existing Trust and Retention Account Agreement will remain outstanding under the Trust and Retention Account Agreement.

The diagram below illustrates the cash-flow sequencing under the terms of the Escrow Account Agreement and the Trust and Retention Account Agreement on or about the Original Issue Date.



(1) Construction Account: Used to pay construction related costs, liabilities and expenses incurred, or to be incurred, in connection with the expansion and upgradation of the Airport as specified in the Master Plan.

(2) Operation and Maintenance Account: Used to pay operation and maintenance costs. This includes payments to the Airport operator, staff and employee payments and costs, amounts payable for utilities, statutory dues, amounts payable under the Working Capital Facility Agreement, insurance costs and operating supplies, consumables and replacements, administrative and consulting services and all other amounts payable during the operating phase of the Concession, excluding debt service amounts.

(3) Dollar Debt Payment Account: Used to pay U.S. Dollar-denominated debt and hedging termination costs. If there are insufficient funds to meet payment on any given date, funds are transferred from the Dollar Debt Service Reserve Account (as described below), with respect to the existing loans only.

(4) Rupee Debt Payment Account: Used to pay Rupee-denominated debt. If there are insufficient funds to meet payment on any given date, funds are transferred from the Rupee Debt Service Reserve Account (as described below).

(5) Dollar Debt Service Reserve Account: Covers deficiencies in the Dollar Debt Payment Account. Noteholders will have no rights with respect to this account.

(6) Rupee Debt Service Reserve Account: Covers deficiencies in the Rupee Debt Payment Account. Noteholders will have no rights with respect to this account.

(7) Liquidated Damages Account: Used to hold and pay proceeds from liquidated damages payable under the project documents, and also towards completion of the work in relation to which they such payments were received.

(8) Distribution Account: Subject to certain conditions, can be used to make restricted payments such as dividends, share redemptions, investments or retirements and prepayments of subordinated indebtedness. Payments of such will be required to meet the Restricted Payments covenant in the Indenture, as well as related covenants in our outstanding loans, including, but not limited to, minimum debt service coverage ratios and maximum debt to equity ratios. See "Description of the Notes—Certain Covenants—Limitations on Restricted Payments."

Memoranda of Hypothecation

On May 30, 2008, we executed an Unattested Memorandum of Hypothecation in favor of Axis Bank Limited as security trustee for certain working capital lenders (subsequently substituted by Axis Trustee Services Limited on February 20, 2017), and on March 21, 2014 we executed an Unattested Memorandum of Hypothecation in favor of ICICI Bank in connection with the increase in the amounts available under the Working Capital Facility (duly discharged and no longer in effect pursuant to the memorandum of hypothecation dated February 20, 2017) (collectively, the "Working Capital MoH"). The Working Capital MoH creates a charge by way of hypothecation to secure the working capital facilities then outstanding over all of our rights, titles, interests, benefits, claims and demands in, to, under or in respect of each of the following to the maximum extent permitted under the OMDA and the Escrow Account Agreement:

Concession Agreements and related governmental authorizations;

- contractor guarantees;
- insurance contracts;
- liquidated damages;
- Trust and Retention Account and the monies, securities, investments and other properties credited to, or required to be credited into, such account; and
- Surplus sub-account in the Escrow Account and the monies, securities, investments and other properties credited to, or required to be credited into, such sub-account

(collectively, the "MoH Security").

The collateral listed above is charged in favor of the security trustee for the benefit of the applicable lenders on a *pari passu* basis. Pursuant to the Working Capital MoH, we are also subject to compliance with restrictive covenants, including, among other things, restrictions on our ability to create security interests in, or dispose of, the collateral.

The MoH Security charged in favor of the security trustee under the Credit Facilities MoH is for the benefit of the applicable lenders on a *pari passu* basis. Pursuant to the Credit Facilities MoH, we are also subject to compliance with restrictive covenants, including, among other things, restrictions on our ability to create security interests in, or dispose of, the collateral.

On February 3, 2015, we executed an Unattested Memorandum of Hypothecation (the "2022 Notes MoH") in favor of Axis Trustee Services Limited as security trustee. The 2022 Notes MoH creates a charge by way of hypothecation to secure the 2022 Notes over all of our rights, titles, interests, benefits, claims and demands in, to, under or in respect of the MoH Security (subject to certain exceptions as specified in the 2022 Notes MoH) to the maximum extent permitted under the OMDA and the Escrow Account Agreement.

The MoH Security (subject to certain exceptions as specified in the 2022 Notes MoH) charged in favor of the security trustee under the 2022 Notes MoH is for the benefit of the applicable lenders on a *pari passu* basis. Pursuant to the 2022 Notes MoH, we are also subject to compliance with restrictive covenants, including, among other things, restrictions on our ability to create security interests in, or dispose of, the collateral.

On October 31, 2016, we executed an Unattested Memorandum of Hypothecation (the "2026 Notes MoH") in favor of Axis Trustee Services Limited as security trustee. The 2026 Notes MoH creates a charge by way of hypothecation to secure the 2026 Notes over all of our rights, titles, interests, benefits, claims and demands in, to, under or in respect of the MoH Security (subject to certain exceptions as specified in the 2026 Notes MoH) to the maximum extent permitted under the OMDA and the Escrow Account Agreement.

The MoH Security (subject to certain exceptions as specified in the 2026 Notes MoH) charged in favor of the security trustee under the 2026 Notes MoH is for the benefit of the applicable lenders on a *pari passu* basis. Pursuant to the 2026 Notes MoH, we are also subject to compliance with restrictive covenants, including, among other things, restrictions on our ability to create security interests in, or dispose of, the collateral.

We executed unattested memoranda of hypothecation dated April 21, 2017, July 28, 2017, December 1, 2017 and October 4, 2018 in favor of Axis Trustee Services Limited as security trustee, respectively in furtherance of the Hedging Facilities availed by us from Axis Bank Limited, Deutsche Bank AG, Mumbai, ICICI Bank Limited, HSBC Bank, JP Morgan Chase Bank and Barclays Bank PLC, Mumbai Branch (collectively referred to as "Hedging Facilities MoH").

The Hedging Facilities MoH creates a charge by way of hypothecation over all of our rights, titles, interests, benefits, claims and demands in, to, under or in respect of the MoH Security (subject to certain exceptions as specified in the Hedging Facilities MoH) to the maximum extent permitted under the OMDA and the Escrow Account Agreement.

The MoH Security (subject to certain exceptions as specified in the Hedging Facilities MoH) charged in favor of the security trustee under the Hedging Facilities MoH, respectively is for the benefit of the hedging banks on a *pari passu* basis. Pursuant to the Hedging Facilities MoH, we are also subject to compliance with restrictive covenants, including, among other things, restrictions on our ability to create security interests in, or dispose of, the collateral.

On or about the Original Issue Date, we will execute an unattested memorandum of hypothecation in favor of Axis Trustee Services Limited as security trustee for the benefit of the holders of the Notes.

Security Trustee Agreement

On December 21, 2013, we entered into an amended and restated security trustee agreement (the "First Amended and Restated STA") with Axis Trustee Services Limited and the lenders under certain of our U.S. Dollar and Rupee-denominated credit facilities then outstanding, including the Working Capital Facility. In addition to appointing the security trustee to act on the behalf of all the applicable lenders under the Trust and Retention Account Agreement, Existing MoH and other security agreements and to hold the security created under such agreements for the benefit of the lenders, the First Amended and Restated STA provides, among other things, that upon written instructions from the facility agents under each credit facility, the security trustee may enforce the security and take whatever actions are required to exercise its rights and enforce its duties and obligations under the security agreements.

On February 3, 2015, we entered into a second amended and restated security trustee agreement with Axis Trustee Services Limited as security trustee and the lenders under certain of our U.S. Dollar and Rupee-denominated credit facilities then outstanding, including the lenders under the Working Capital Facility, and the trustee of the holders of the Existing Notes.

On October 31, 2016, we entered into a third amended and restated security trustee agreement with Axis Trustee Services Limited as security trustee and the lenders under certain of our U.S. Dollar and Rupee-denominated credit facilities then outstanding, including the lenders under the Working Capital Facility, and the trustee of the holders of the Existing Notes.

On or about the Original Issue Date, we will enter into a fourth amended and restated security trustee agreement with Axis Trustee Services Limited as security trustee under the amended and restated security trustee agreement, the trustee on behalf of the holders of the Existing Notes and the lenders under the Working Capital Facility, lenders under the Hedging Facility and the Trustee. See "Description of the Notes—Security—Security Trustee Agreement" for further details. The trust in favor of the holders of the Existing Notes and existing lenders under the third amended and restated security trustee agreement will be extended for the benefit of the Trustee on behalf of the holders of the Notes.

Intercreditor Agreement

On the Original Issue Date, the Trustee (on behalf of the Holders), the creditors (or their representatives, agents or trustees) under the Existing Senior Debt and the Security Trustee will enter into the Intercreditor Agreement pursuant to which the Security Trustee will agree to act as the collateral agent for the Holders and the creditors under the Existing Senior Debt with respect to the Collateral securing the obligations under the Indenture and the Notes. Future lenders of the Company may accede to the Intercreditor Agreement from time to time, and the Intercreditor Agreement may be modified at such time inter alia to extend the terms and conditions of the Intercreditor Agreement to such future lenders (or their representatives, agents or trustees) of the Company. The holders or their representative, agent or trustee of Permitted Pari Passu Secured Indebtedness, together with the Trustee and the trustee/agents of the existing lenders are referred to herein as the "Creditor Representatives" and the obligations under the Indenture, the Notes and the Permitted Pari Passu Secured Indebtedness (if any) are herein referred to as the "Secured Liabilities."

The Intercreditor Agreement provides, among other things, that (1) the Secured Liabilities will share equal priority and *pro rata* entitlement in and to the Collateral; (2) the Collateral will only be substituted or released and Liens only be granted on the Collateral to the extent permitted under the Debt Documents; and (3) the creditors of Secured Liabilities shall enforce their rights with respect to the Collateral and the Indebtedness secured thereby as described in "—Enforcement of Security" below.

Immediately prior to or simultaneously with the Incurrence of any Permitted Refinancing Indebtedness, Permitted Pari Passu Secured Indebtedness or Hedging Obligations permitted under paragraph 2(e) under "—Certain Covenants—Limitation on Indebtedness", the Company will procure that the creditors or holders of such Permitted Refinancing Indebtedness, Permitted Pari Passu Secured Indebtedness or Hedging Obligations (or their Creditor Representative) will execute and deliver a supplement or amendment to the Intercreditor Agreement or an accession agreement to become parties to the Intercreditor Agreement. The Trustee and/or the Security Trustee, as the case may be, will be permitted and authorized, without the consent of any Holder, to enter into any such supplement, amendment or accession agreement and take any other action necessary to permit the creation and registration of Liens on the Collateral or the Excluded Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this paragraph and the terms of the Indenture.

By accepting the Notes, each Holder shall be deemed to have consented to the execution of the Intercreditor Agreement and any amendments or modifications thereto permitted under the Indenture.

Enforcement of Security

The Security Trustee, subject to the Intercreditor Agreement and the Security Trustee Agreement, will hold such Liens over the Collateral granted pursuant to the Security Documents with sole authority as directed by the Creditor Representatives to exercise remedies under the Security Documents. The Security Trustee will be required to act as secured party on behalf of the creditors under the Debt Documents and the applicable Security Documents, to follow the instructions provided to it by one or more of the Creditor Representatives under the Debt Documents (including the Indenture), the Security Documents and/or the Intercreditor Agreement and to carry out certain other duties. The Trustee will give instructions to the Security Trustee only in accordance with instructions it receives from the Holders under the Indenture.

The Intercreditor Agreement will provide that the Security Trustee will enforce against the Collateral (upon the passage of prescribed consultation periods) in accordance with a written instruction by any Creditor Representative (pursuant to an enforcement trigger event under the respective Debt Documents (excluding documents relating to Hedging Obligations) and the applicable Security Documents).

Furthermore, the Intercreditor Agreement will provide that, subject to the rights of any creditor with prior security or any preferential claim under applicable laws, the proceeds of enforcement against any Collateral under the Security Documents will be applied as follows:

First, in payment of all taxes due and payable and of all statutory dues owed to AAI pursuant to the provisions of the OMDA and the Escrow Account Agreement; and

Second, in or towards payment of all outgoings, costs, charges, expenses, indemnity payments and liabilities (and all interest thereon as provided in the Debt Documents) incurred by or on behalf of the Security Trustee and/or the Creditor Representatives and any receiver, attorney or agent in connection with carrying out its duties and exercising its powers and discretion under the Debt Documents and any remuneration owing to it or to any of the Security Trustee or the Creditor Representatives; and

Third, in or towards payment to the balance of the costs and expenses of any holder of Secured Liabilities in connection with the enforcement action; and

Fourth, in or towards payment to:

(A) each Creditor Representative (or to the, working capital lender, in respect of a working capital facility agreement) for application towards the balance of the outstanding amounts to the holders of Secured Liabilities under the relevant Debt Documents without any preference or priority and in proportion to their respective outstanding amounts; and

(B) the hedging banks, for application towards the balance of Senior Indebtedness outstanding to Hedging Obligations; and

Fifth, in payment of the surplus (if any) from the proceeds of an enforcement action to the Company.

The Security Trustee's ability to foreclose on the Collateral may be subject to lack of perfection, the consent of third parties, prior Liens and practical problems associated with the realization of the Security Trustee's Liens on the Collateral. Neither the Trustee, the Security Trustee nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Secured Liabilities, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so.

This section, "—Enforcement of Security," shall be subject to any amendments to the Security Documents or the Indenture to permit the creation of Liens on the Collateral to secure Permitted Refinancing Indebtedness and Permitted Pari Passu Secured Indebtedness.

Substitution Agreement

The Intercreditor Agreement will provide that the appointment of a Selectee pursuant to the Substitution Agreement will be subject to the approval of the creditors holding more than 66.67% of the commitments and indebtedness (the "Majority Relevant Creditors"). If an enforcing creditor proposes to exercise the substitution rights under the Substitution Agreement, then a creditor may request consultation with the enforcing creditor by delivering a consultation notice within 10 days of the transmission of the enforcement proposal. If the Majority Relevant Creditors do not approve the nomination of a Selectee by the enforcing creditor during the initial 30-day consultation period, then the enforcing creditor would not be able to exercise the substitution rights under the Substitution Agreement. Until such time the Trustee is recognized under the Substitution Agreement, the trustee for the Existing Notes will fully cooperate with the Majority Relevant Creditors to commence and complete the substitution process under the Substitution Agreement or to preserve or protect the rights and interest of the holders of the Notes and the trustee for the Existing Notes agree and undertake to give any necessary instructions to the Security Trustee and take all other steps as necessary to effect such substitution rights as agreed upon by the Majority Relevant Creditors. The provisions of the Intercreditor Agreement will be binding on the trustee for the Existing Notes as regards the exercise of the power under the Substitution Agreement to nominate a Selectee until such time the Trustee is recognized under the Substitution Agreement.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes," the term "**Company**" refers only to Delhi International Airport Limited, and any successor obligor in respect of the Notes, and not to any of its subsidiaries.

The Notes are to be issued under an indenture (the "**Indenture**"), to be dated as of the Original Issue Date, among the Company, Citicorp International Limited, as trustee (the "**Trustee**") and Citibank N.A., London Branch as principal paying agent (the "**Principal Paying Agent**") and registrar (the "**Registrar**").

The following is a summary of certain provisions of the Indenture, the Notes, the Subsidiary Guarantees, the Security Documents (as defined below), the Trust and Retention Account Agreement and the Intercreditor Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees, the Security Documents, the Trust and Retention Account Agreement and the Intercreditor Agreement. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture, the Security Documents, the Trust and Retention Account Agreement and the Intercreditor Agreement will be available on or after the Original Issue Date at the corporate trust office of the Trustee at 39th Floor, Champion Tower, 3 Garden Road, Central, Hong Kong.

Brief Description of the Notes

The Notes will be:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated obligations of the Company (subject to any priority rights of such Indebtedness pursuant to applicable law);
- guaranteed by the Future Subsidiary Guarantors on a senior basis, subject to the limitations described below under "— The Subsidiary Guarantees" and in "Risk Factors — Risks Related to the Notes and the Collateral — Noteholder claims against non-guarantor subsidiaries will be structurally subordinated to the liabilities of such subsidiaries."
- secured on an equal and ratable basis with all obligations of the Company under the Existing Senior Debt and all future Permitted Pari Passu Secured Indebtedness and Permitted Refinancing Indebtedness by first ranking Liens on the Collateral (as defined below under the Caption "— Security") provided by the Company (subject to Permitted Liens and the Intercreditor Agreement);
- effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral over which the Company has created security for the Notes (subject to any priority rights of such obligations pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of the Company to the extent that is it secured by assets other than the Collateral (including the Excluded Collateral (as defined below under the Caption "— Security"), to the extent of the value of such assets), and effectively subordinated to the Company's obligations to AAI under the OMDA and certain other future Permitted Indebtedness (as defined below under the Caption "Certain Covenants — Limitation on Indebtedness").

The Notes will mature on June 4, 2029, unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time (the "**Additional Notes**"), subject to certain limitations described under "— Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 6.45% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on June 4 and December 4 of each year (each an "**Interest Payment Date**"), commencing December 4, 2019.

Interest on the Notes will be paid to Holders of record at the close of business on May 20 or November 19 immediately preceding an Interest Payment Date (each, a "**Record Date**"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment, then payment of principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

All payments on the Notes will be made by the Company at the office or agency of the Company maintained for that purpose in London, the United Kingdom or where the Paying Agent is located (which initially will be the corporate trust administration office of the Trustee, currently located at 39th Floor, Champion Tower, 3 Garden Road, Central, Hong Kong), and the Notes may be presented for registration of transfer or exchange at such office or agency; provided that, at the option of the Company, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note register maintained by the Note Registrar or by wire transfer. Interest payable on the Notes held through DTC will be available to DTC participants on the Business Day following payment thereof.

The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of the Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

The Subsidiary Guarantees

As of the Original Issue Date the Company's only Subsidiary will not Guarantee the Notes and will be designated as an "**Unrestricted Subsidiary**." Under applicable Indian law currently in effect and certain of our contractual arrangements, our Subsidiaries may not be able to provide guarantees under the Indenture. As such, the Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments of our current and future non-guarantor Subsidiaries. In the event of a bankruptcy, liquidation or reorganization of a non-guarantor Subsidiary, the applicable non-guarantor Subsidiary will pay the holders of its debt and its trade and other creditors (including specified statutory dues) before it will be able to distribute any of its remaining assets to us. See "Risk Factors — Risks Related to the Notes and the Collateral — Noteholder claims against non-guarantor subsidiaries will be structurally subordinated to the liabilities of such subsidiaries."

The Company has agreed that it will not permit any of its Restricted Subsidiaries to guarantee any Indebtedness of the Company unless it guarantees the Notes.

Any future Restricted Subsidiary that Guarantees the Notes after the Original Issue Date is referred to as a "**Future Subsidiary Guarantor**" and, upon execution of the applicable supplemental indenture to the Indenture, will be a "**Subsidiary Guarantor**." Each such guarantee is referred to as a "**Subsidiary Guarantee**."

The Subsidiary Guarantee of each Subsidiary Guarantor will be:

- a general obligation of such Subsidiary Guarantor;

- effectively subordinated to all existing and future secured obligations of such Subsidiary Guarantor, to the extent of the collateral securing such obligations; and

- senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and at least *pari passu* in right of payment with all other unsecured, unsubordinated obligations of such Subsidiary Guarantor (subject to any priority rights of such obligations pursuant to applicable law).

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture. The Subsidiary Guarantors will (1) agree that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including Guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

The obligations of each Subsidiary Guarantor under its respective Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors — Risks Related to the Notes and the Collateral — Noteholder claims against non-guarantor subsidiaries will be structurally subordinated to the liabilities of such subsidiaries" and "Risk Factors — Risks Related to the Notes and the Collateral — Any Subsidiary Guarantees, if issued, may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees."

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;

- upon satisfaction and discharge or legal or covenant defeasance as described under "— Satisfaction and Discharge" and — Defeasance — Defeasance and Discharge";

- upon the designation by the Company of a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or

- upon the sale or merger of a Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants under "— Certain Covenants — Limitation on Sales and

Issuances of Capital Stock in Restricted Subsidiaries," "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture.

Under the circumstances described below under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its future Subsidiaries as "Unrestricted Subsidiaries." The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the Notes.

Security

Collateral

The obligations of the Company under the Notes will be secured by first-priority Liens (subject to Permitted Liens) on certain collateral (the "**Collateral**"), which shall initially consist of, to the extent permitted under the OMDA:

(i) a first ranking *pari passu* charge of all insurance contracts, contractors' guarantees and liquidated damages payable by the contractors, in each case, to the maximum extent permissible under the OMDA;

(ii) a first ranking *pari passu* charge of all the rights, titles, permits, approvals and interests of the Company in, to and in respect of the Project Agreements to the maximum extent permitted under the Project Agreements and the OMDA;

(iii) a first ranking *pari passu* charge on all the operating revenues/receivables of the Company (excluding dues owed to AAI, airport development fees, the passenger service fees, the marketing fund and any other statutory dues) subject to the provisions of the OMDA and the Escrow Account Agreement; and

(iv) a first ranking *pari passu* charge on all the Company's accounts (to the extent permitted under the OMDA) and each of the other accounts required to be created by the Company pursuant to the Security Documents and, including in each case, all monies lying credited/deposited into such accounts (excluding accounts being maintained in relation to the airport development fees, the passenger service fees, the marketing fund, any other statutory dues and Escrow Account Agreement under the OMDA and all monies required to be credited/deposited into the debt service reserve accounts and major maintenance reserve account under the Trust and Retention Account Agreement held for the benefit of other secured creditors).

The security interest on the initial Collateral will be created under an unattested Memorandum of Hypothecation, which will be entered into by the Company in favor of Axis Trustee Services Limited, who will act as collateral agent and security trustee on behalf of, among others, the Noteholders and the Trustee (the "**Security Trustee**"). The security created by the Security Documents over the Collateral is subject to the Intercreditor Agreement. The Memorandum of Hypothecation, the Security Trustee Agreement, the other documents necessary to perfect the security interest in the Collateral and the Intercreditor Agreement are referred to herein as the "**Security Documents**." The Company has agreed to cause its creditors or its representatives to execute the Security Documents and the Trust and Retention Account Agreement in the form as described in this offering memorandum and such execution will be a condition precedent to the issuance of the Notes. The Company has agreed that all necessary filings to perfect the security interest over the initial Collateral will be filed within 30 days of the Original Issue Date.

Pursuant to the Intercreditor Agreement, the Collateral will be shared on a *pari passu* basis by the Holders and the holders of certain other secured indebtedness including the creditors under the Existing Senior Debt and creditors under any future Permitted Pari Passu Secured Indebtedness and Permitted Refinancing Indebtedness. Accordingly, in the event of a default on the Notes or the other secured indebtedness and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of such secured indebtedness in proportion to the outstanding amounts of each class of such secured indebtedness (subject to any priority rights of any obligations pursuant to applicable law). The proceeds realizable from the Collateral securing the Notes (as shared with other secured creditors under the Security Trustee Agreement and the Intercreditor Agreement) is unlikely to be sufficient to satisfy the Company's obligations under the Notes, and the Collateral securing the Notes may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and other Permitted Pari Passu Secured Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral could be sold in a timely manner or at all. See "— Release of Security" and "Risk Factors — Risks Related to the Notes and the Collateral — The realizable value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes."

Excluded Collateral

Under the terms of the OMDA, the Company is required to create and maintain a first mortgage on all the Transfer Assets (defined below) in favor of AAI as security for payment of amounts due from the Company to AAI under the OMDA. The Company is also prohibited from encumbering or providing a security interest over land held under the Lease Deed.

In addition, the Company is permitted to grant additional security interests over certain additional assets of the Company for the benefit of other creditors, including:

- the Capital Stock of the Company;
- right of substitution in accordance with the Substitution Agreement;
- a receipt/receivable of dues owed to AAI, airport development fees, passenger service fees (security component), the marketing fund and any other statutory dues;
- accounts relating to airport development fees, passenger service fees (security component), the marketing fund and any other statutory dues and Escrow Account agreement under the OMDA; and
- all monies required to be credited/deposited into debt service reserve accounts and major maintenance reserve account under the Trust and Retention Account Agreement held or to be held for the benefit of other secured creditors. See "Description of Material Indebtedness — Security Agreements — Trust and Retention Account Agreement";

The Holders will not receive any security interest in the Excluded Collateral, which may also be used as security for the benefit of other creditors of the Company in the future.

In addition, as of the date of this offering memorandum, the Company is not permitted to encumber its rights or benefits under the Project Agreements, including the OMDA and the Substitution Agreement. As a result, such documents will not initially be encumbered in favor of the Trustee and the Holders; *provided* that the Company will enter into all necessary documentation to create security in favor of the Holders in the event that this restriction changes or in the event that the Project Agreements are encumbered in favor of any other person in accordance with the covenant described under "Certain Covenants — Limitation on Liens."

Permitted Pari Passu Secured Indebtedness

The Company may create Liens on the Collateral *pari passu* with the Lien for the benefit of the Holders and the creditors under the Existing Senior Debt (if Indebtedness remains outstanding thereunder) to secure certain future Senior Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor, *provided* that the Company or such Subsidiary Guarantor was permitted to Incur such Indebtedness, and such Indebtedness was Incurred, either under clause (1), (2)(a), 2(e) or (2)(f) and any Permitted Refinancing Indebtedness of such indebtedness Incurred under clause 2(d) under the covenant described under "— Limitation on Indebtedness" (such Indebtedness of the Company including Additional Notes (if applicable), "**Permitted Pari Passu Secured Indebtedness**"). As a condition to creating Liens on the Collateral under such Permitted Pari Passu Secured Indebtedness, (1) the holders of such Indebtedness (or their representative or agent), other than with respect to Additional Notes, become party to the Intercreditor Agreement and the other Security Documents; (2) such Indebtedness is permitted by the terms of the Indenture, the Security Documents and the Trust and Retention Account Agreement; (3) the Company delivers to the Trustee and the Security Trustee an Opinion of Counsel and Officer's Certificate with respect to corporate and collateral matters in connection with the Security Documents, in form and substance as set forth in the Security Documents; and (4) such Indebtedness is only issued (i) for consideration solely comprising cash (other than with respect to Indebtedness of the Company or a Subsidiary Guarantor incurred under (2)(f) under the covenant described under "— Limitation on Indebtedness"), (ii) in exchange for other Senior Indebtedness which is, secured by a first priority lien (subject to Permitted Liens and the Intercreditor Agreement) on the Collateral and with the same priority of payment on enforcement as such Senior Indebtedness, or (iii) in exchange for Sponsor Bridge Financing. The Trustee and/or the Security Trustee, as the case may be, will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Security Documents or the Indenture, the Security Trustee Agreement and the Intercreditor Agreement and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this paragraph and the terms of the Indenture.

Except for certain Permitted Liens (including the Liens on the Collateral securing the Existing Senior Debt, Permitted Refinancing Indebtedness and Permitted Pari Passu Secured Indebtedness), the Company and its Restricted Subsidiaries will not be permitted to Incur any other Indebtedness secured by all or any portion of the Collateral without the consent of each Holder of the Notes then outstanding.

Trust and Retention Account Agreement

On or about the Original Issue Date, the Company has agreed to enter into an amended and restated trust and retention account agreement between, amongst others, the Company, the Security Trustee (acting on behalf of the creditors (or their representatives, agents or trustees)) under the Existing Senior Debt (excluding the Existing Notes) and the account bank named thereunder. The Trust Retention and Account Agreement sets forth the cash flow priority for all deposits and withdrawals from the Company's bank accounts. See "Description of Material Indebtedness — Security Agreements — Trust and Retention Account Agreement."

The Trustee is not a party to the Trust and Retention Account Agreement and the Trustee and the Holders have limited rights under such agreement. The Trust and Retention Account Agreement is not a Security Document under the Indenture. As such, the Trust and Retention Account Agreement may be terminated and the terms of the Trust and Retention Account Agreement may be amended, modified or waived and the Account Bank may be replaced without the consent of the Trustee or the Holders, other than such changes that would impact the priority of payments with respect to the Notes.

Security Trustee Agreement

On or about the Original Issue Date, the Company has agreed to enter into an amended and restated security trustee agreement between, amongst others, the Company, the Trustee (on behalf of the Holders), the various other creditors (or their representatives, agents or trustees) under the Existing Senior Debt and the Security Trustee, pursuant to which the Company, the creditors (or their representatives, agents or trustees) and the Trustee will appoint the Security Trustee to act as collateral agent and security trustee with respect to the Collateral and certain of the Excluded Collateral and the Security Trustee will agree to act in such capacity. See "Description of Material Indebtedness — Security Agreements — Security Trustee Agreement." The trust in favor of the existing creditors (or their representatives, agents or trustees) under the security trustee agreement will be extended for the benefit of the Trustee (on behalf of the Holders) under the terms of the amended and restated security trustee agreement. Future lenders of the Company may accede to the Security Trustee Agreement from time to time, and the Security Trustee Agreement may be modified at such time inter alia to extend the benefit of the trust to such future lenders (or their representatives, agents or trustees) of the Company and define their rights, provided however that such changes would not impact the priority of the Collateral for the Notes other than as permitted under the Indenture.

Intercreditor Agreement

On the Original Issue Date, the Trustee (on behalf of the Holders), the creditors (or their representatives, agents or trustees) under the Existing Senior Debt and the Security Trustee will enter into an amended and restated intercreditor agreement pursuant to which the Security Trustee will agree to act as the collateral agent for the Holders and the creditors under the Existing Senior Debt with respect to the Collateral securing the obligations under the Indenture, the Notes and the Existing Senior Debt. See "Description of Material Indebtedness — Security Agreements — Intercreditor Agreement." Future lenders of the Company may accede to the Intercreditor Agreement from time to time, and the Intercreditor Agreement may be modified at such time inter alia to extend the terms and conditions of the Intercreditor Agreement to such future lenders (or their representatives, agents or trustees) of the Company.

Release of Security

The security created in respect of the Collateral granted under the Security Documents may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon satisfaction and discharge or legal defeasance as described under "— Satisfaction and Discharge" and "—Defeasance — Defeasance and Discharge," and
- upon certain dispositions of the Collateral in compliance with the covenants described under "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries" or "— Limitation on Asset Sales" or in accordance with the provision described under "— Consolidation, Merger and Sale of Assets."

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of any Subsidiary Guarantees and the Collateral) in all respects (or in all respects except for the issue date, issue price and the date and/or amount of the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "**Further Issue**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes and the provision of the Collateral to secure the Additional Notes will then be permitted under the "Limitation on Indebtedness" covenant described below and the other provisions of the Indenture; *provided further* that unless such Additional Notes are issued under a separate CUSIP number, such Additional Notes must be fungible with the original Notes for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Company will also be subject to the following conditions:

(i) all obligations with respect to the Additional Notes shall be secured and guaranteed under the Indenture, the Subsidiary Guarantees and the Security Documents to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued;

(ii) the Company shall have delivered to the Trustee an Officer's Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture; and

(iii) the Company shall have delivered to the Trustee one or more Opinions of Counsel, in form reasonably satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes complies with the Indenture, that the issuance of the Additional Notes does not conflict with applicable law and that, to the extent applicable, after giving effect to the issuance of the Additional Notes and any transactions related thereto, the Liens created under the Security Documents, as amended, extended, renewed, restated, supplemented or otherwise modified or replaced pursuant to such transaction, are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening or preference period, in equity or law, that such Liens were not otherwise subject to immediately prior to the issuance of such Additional Notes and such amendment, extension, renewal, restatement, supplement, modification or replacement.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event the Company will make an Offer to Purchase all outstanding Notes (a "**Change of Control Offer**") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest (including Additional Amounts), if any, to the Offer to Purchase Payment Date (as defined in clause (2) of the definition of "**Offer to Purchase**").

The Company will agree in the Indenture that, following a Change of Control, it will timely repay all Indebtedness or obtain consents as necessary under or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's and the Subsidiary Guarantors' then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Related to the Notes and the Collateral — We may not be able to repurchase the Notes upon a Change of Control Triggering Event."

The Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third-party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control Triggering Event at the time of making of the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the sale of "all or substantially all" the assets of the Company. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder's Notes as a result of a sale of less than all the assets of the Company to another person or group may be uncertain and will depend upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Any repurchase or redemption of the Notes prior to their stated maturity may require the prior approval of the RBI or the designated authorized dealer bank, as the case may be, under applicable ECB Master Directions or other RBI guidelines, and such approval may not be forthcoming.

Redemption of Notes Upon Certain Changes in Capital or Currency Exchange Controls

The Company will be required to redeem all outstanding Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts (as defined below)), if any, to the Mandatory Redemption Date (defined below), if, at any time, it will become unlawful for the Company to perform any payment obligations under the Indenture or the Notes as a result of any change in, or amendment to, the laws (or any regulations, directions or rulings notified or issued thereunder) of a Government of the Republic of India and such payment restrictions cannot be avoided by the taking of reasonable measures by the Company (the "**Mandatory Redemption**").

Within 10 days of such change or amendment giving rise to the Mandatory Redemption being announced by the relevant authority, the Company will be required to provide notice to the Trustee, an Opinion of Counsel stating that such change or amendment referred to in the prior paragraph will make payments by the Company under the Indenture or the Notes unlawful, and an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such payment restrictions cannot be avoided by the Company taking reasonable measures and setting forth the proposed date, which shall not be more than 30 days after the date of such notice, on which the redemption shall occur (the "**Mandatory Redemption Date**").

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Any redemption of the Notes prior to their stated maturity may require the prior approval of the RBI or the designated authorized dealer bank, as the case may be, under applicable ECB Master Directions or other RBI guidelines, and such approval may not be forthcoming.

No Mandatory Redemption or Sinking Fund; Open Market Purchases

Other than as described under "— Redemption of Notes Upon Certain Changes in Capital or Currency Exchange Controls," there will be no mandatory redemption or sinking fund payments for the

Notes. The Company and its Affiliates may, at their discretion, at any time from time to time purchase the Notes in the open market or otherwise; *provided* that the Company may not resell Notes that it has repurchased in the open market or otherwise to any person that is not an affiliate of the Company under Rule 144 of the Securities Act.

Additional Amounts

All payments by or on behalf of the Company, a Surviving Person (as defined under "— Consolidation, Merger and Sale of Assets") or a Subsidiary Guarantor of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person or an applicable Subsidiary Guarantor is organized or resident for tax purposes or any political subdivision or taxing authority thereof or therein (each, as applicable, a "**Relevant Taxing Jurisdiction**") or any jurisdiction through which payment is made or any political subdivision or taxing authority thereof or therein (together with the Relevant Taxing Jurisdictions, the "**Relevant Jurisdictions**"), unless such withholding or deduction is required by applicable law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, will pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holder of each Note or the Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note or Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or enforcement of rights thereunder, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having had a permanent establishment therein;

(ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period; or

(iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person or any Subsidiary Guarantor addressed to the Holder to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(c) any withholding or deduction pursuant to Section 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended (or any amended or successor versions of such Sections) ("FATCA"), any regulations or other official guidance thereunder, any intergovernmental agreement entered into in connection with FATCA, or any law, regulations or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement;

(d) any tax, duty, assessment or other governmental charge to the extent such tax, duty, assessment or other governmental charge results from the presentation of the Note (where presentation is required) for payment and the payment can be made without such withholding or deduction by the presentation of the Note for payment elsewhere; or

(e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c), (d) and (e); or

(2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

The Company will (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. The Company will upon request, make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. Upon request, the Company will furnish to Holders, within 60 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments. At least 30 days prior to the first date on which any payment under or with respect to the Notes is due and payable, if the Company will be obligated to pay Additional Amounts with respect to such payment, the Company will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date. The Company will deliver to the Trustee an Officer's Certificate 30 days prior to any subsequent payment date if there has been a change in the matters set forth in the previously furnished certification (unless the change occurred after the 30th day prior to such date).

In addition, the Company will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligation will survive the repayment of the Notes, termination, defeasance or discharge of the Indenture and any transfer by a Holder or beneficial owner of its Notes.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction, affecting taxation; or

(2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or, in the case of an official position, is announced (i) except as described in (ii) on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor or Surviving Person whose Relevant Taxing Jurisdiction has not been a Relevant Taxing Jurisdiction immediately before the date such Future Subsidiary Guarantor or Surviving Person became a Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be; *provided* that changing the jurisdiction of the Company, a Surviving Person or a Subsidiary Guarantor is not a reasonable measure for the purpose of this section (provided that changing the jurisdiction of the paying agent is a reasonable measure); provided further no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due, *provided further* that where any such requirement to pay Additional Amounts is due to taxes imposed by India or any political subdivision or taxing authority thereof or therein, the Company, Surviving Person or the Subsidiary Guarantor shall be permitted to redeem the Notes in accordance with the provisions hereof only if the rate of withholding or deduction in respect of which Additional Amounts are required is in excess of 5% (plus applicable surcharge and cess).

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person or a Subsidiary Guarantor, as the case may be, taking reasonable measures; and

(2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Any redemption of the Notes prior to their stated maturity may require prior approval of the RBI or the designated authorized dealer bank, as the case may be, under applicable ECB Master Directions or other RBI guidelines, and such approval may not be forthcoming.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

(1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), provided that the Company and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) if, after giving pro forma effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing, and (y) the Fixed Charge Coverage Ratio would not be less than 2.25 to 1.0.

(2) Notwithstanding the foregoing, the Company and any Restricted Subsidiary may Incur, to the extent provided below, each and all of the following ("**Permitted Indebtedness**"):

(a) Indebtedness under Credit Facilities Incurred by the Company or a Subsidiary Guarantor to fund capital expenditure for modifications, additions and improvements to the Airport that are (x) necessary to perform its obligations under the Master Plan or (y) required under the Project Agreements (any capital expenditure for such modifications, additions and improvements, "**Required Capital Expenditure**"), *provided* that immediately after giving effect to the Incurrence of such Indebtedness no Default under clause (2) under the covenant described under "Events of Default" or Event of Default has occurred and is continuing or will result from such incurrence, that the Indebtedness to be Incurred is limited to such amount that is required to fund the Required Capital Expenditure and that, prior to such Incurrence, the Company delivers the following to the Trustee:

(i) in the case of any Required Capital Expenditure in excess of US$5 million, a certificate from the Independent Engineer confirming that (x) the proposed project, including the necessary modifications, additions and improvements to the Airport, is required by the Master Plan or the Project Agreements, and (y) setting out, in reasonable detail, the Required Capital Expenditure relating to such modifications, additions and improvements;

(ii) the Company certifies in an Officer's Certificate that the Company or the Subsidiary Guarantor, as applicable, does not have the funds available to it to make such Required Capital Expenditure and continue to operate its business with a sufficient level of liquidity; and

(iii) the Company certifies in an Officer's Certificate that the Indebtedness Incurred under this clause (2)(a) is permitted under the Company's Senior Indebtedness outstanding at such time or that the creditors under such Senior Indebtedness have provided the requisite approvals for the Incurrence of such Indebtedness.

(b) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee;

(c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date, excluding Indebtedness outstanding under the Existing Working Capital Facility (which shall be deemed to be incurred under paragraph 2(f));

(d) Indebtedness ("**Permitted Refinancing Indebtedness**") of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness repaid substantially concurrently with, but in any case before, the Incurrence of such Permitted Refinancing Indebtedness) Incurred under paragraph (1), (2)(a), 2(b), (2)(c), (2)(f) or (2)(g) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that the Indebtedness to be refinanced is fully and irrevocably repaid no later than 30 days after the Incurrence of the Permitted Refinancing Indebtedness; and *provided further* that (i) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or any Subsidiary Guarantee shall only be permitted under this paragraph (2)(d) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or any Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee, as the case may be, (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or any Subsidiary Guarantee, other than Sponsor Bridge Financing, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, as the case may be or (C) in the case that Sponsor Bridge Financing is refinanced, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued is expressly made *pari passu* with, or subordinate in right of payment to, the Notes; and (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the earlier of the final maturity date of the Notes and the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to either the remaining Average Life of the Indebtedness to be refinanced or 180 days after the final maturity date of the Notes; and (iii) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this paragraph by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor; and (iv) in no event may unsecured Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause with secured Indebtedness (other than (x) for the purposes of repaying the Notes in full or (y) for the purposes of refinancing Sponsor Bridge Financing, which may be secured to the extent of Indebtedness Incurred under paragraphs (1) and (2)(a) above);

(e) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation (or to reverse or amend or terminate any such agreements previously made for such purposes);

(f) Indebtedness Incurred by the Company or any Subsidiary Guarantor with a maturity of one year or less for working capital in an aggregate principal amount at any one time outstanding (together with refinancings thereof) of all Indebtedness Incurred under this paragraph (2)(f) not to exceed US$125.0 million (or the Dollar Equivalent thereof);

(g) (i) Indebtedness Incurred by a Restricted Subsidiary or (ii) Indebtedness of any Person acquired by or merged into the Company or any of its Restricted Subsidiaries and it becomes a Restricted Subsidiary of such Person or such Restricted Subsidiary; *provided* that such Indebtedness is not incurred in contemplation of such acquisition or merger; *provided further* that the aggregate principal amount at any one time outstanding when aggregated with the principal amount of all Indebtedness Incurred under this paragraph (2)(g) by a Restricted Subsidiary (which shall include

Indebtedness of any Person acquired by or merged into any Restricted Subsidiary) (together with refinancings thereof) shall not exceed US$75 million (or the Dollar Equivalent thereof);

(h) the Guarantee by the Company or any of its Subsidiary Guarantors of Indebtedness of the Company or any Subsidiary Guarantor permitted to be incurred by this covenant;

(i) Indebtedness of the Company or any Subsidiary Guarantor owed to the Company or any Subsidiary Guarantor; *provided* that (i) any event which results in (x) any Subsidiary Guarantor to which such Indebtedness is owed ceasing to be a Subsidiary Guarantor or (y) any subsequent transfer of such Indebtedness (other than to the Company or any Subsidiary Guarantor) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (i) and (ii) if the Company is the obligor under such Indebtedness, such Indebtedness must expressly be subordinated in right of payment to the Notes;

(j) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently, except in the case of daylight overdrafts, drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that this Indebtedness is extinguished within five Business Days;

(k) Indebtedness of the Company or any Restricted Subsidiary in respect of workers' compensation claims and claims arising under similar legislation, or in connection with self-insurance or similar requirements, in each case in the ordinary course of business;

(l) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price, or other similar obligations, in each case Incurred or assumed in connection with the disposition of any business, assets of the Company or of a Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of any of the Company's or a Restricted Subsidiary's business or assets for the purpose of financing an acquisition; *provided*, *however*, that the maximum assumable liability in respect of all this Indebtedness shall at no time exceed the gross proceeds actually received by the Company and/or the relevant Restricted Subsidiary in connection with the disposition; and

(m) obligations with respect to trade letters of credit, performance and surety bonds and completion guarantees provided by the Company or any of its Restricted Subsidiaries securing obligations, entered into in the ordinary course of business, to the extent the letters of credit, bonds or guarantees are not drawn upon or, if and to the extent drawn upon is honored in accordance with its terms and, if to be reimbursed, is reimbursed no later than 30 days following receipt of a demand for reimbursement following payment on the letter of credit, bond or guarantee.

For purposes of determining compliance with this "Limitation on Indebtedness" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Permitted Indebtedness or is permitted to be Incurred pursuant to paragraph (1) of this covenant, the Company may, in its sole discretion, classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types, *provided*, *however* that the Company shall not be permitted to reclassify any portion of Indebtedness incurred under paragraph (2)(a) as Indebtedness Incurred under any other provision and shall not be permitted to reclassify any Indebtedness Incurred under any provision other than paragraph (2)(a) as Indebtedness Incurred under paragraph (2)(a).

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "**Restricted Payments**"):

(1) declare or pay any dividend or make any distribution on or with respect to the Company's or any of the Restricted Subsidiaries' Capital Stock (other than dividends or distributions payable solely in shares of Capital Stock of the Company (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary or any direct or indirect parent of the Company (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Company or any Restricted Subsidiary;

(3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other voluntary or optional acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between the Company and any Restricted Subsidiary or among the Restricted Subsidiaries and Sponsor Bridge Financing repaid using Permitted Refinancing Indebtedness); or

(4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(b) the Company could not Incur at least US$1.00 of Indebtedness under the Fixed Charge Coverage Ratio described in the first paragraph under "— Limitation on Indebtedness"; or

(c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and the Restricted Subsidiaries after February 3, 2015, shall exceed the sum of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2015 and ending on the last day of the

Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner and which may be internal financial statements) are available and have been provided to the Trustee at the time of such Restricted Payment; plus

(ii) 100% of the aggregate Net Cash Proceeds received by the Company after February 3, 2015 as a capital contribution to its common equity by, or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary, including any such Net Cash Proceeds received upon (A) the conversion by a Person who is not a Subsidiary of the Company of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company or any Restricted Subsidiary; plus

(iii) the amount by which Indebtedness of the Company is reduced on the Company's balance sheet upon the conversion or exchange subsequent to February 3, 2015 of any Indebtedness of the Company convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company from the Incurrence of such Indebtedness; plus

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after February 3, 2015 in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after February 3, 2015, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after February 3, 2015 of an obligation of another Person, (C) to the extent that an Investment made after February 3, 2015 is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after February 3, 2015 in any such Person and treated as a Restricted Payment.

The foregoing provision shall not be violated by reason of:

(1) the payment of any dividend or irrevocable redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary, to the holders of such Restricted Subsidiary's Capital Stock, majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company, on a pro rata basis or on a basis more favorable to the Company and its Restricted Subsidiaries;

(3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Restricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or such Restricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(4) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of a Restricted Subsidiary issued on or after the date of the Indenture that was permitted to be issued pursuant to the first paragraph of the covenant described under "— Limitation on Indebtedness";

(5) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(6) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Disqualified Stock of the Company or preferred stock of a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of the Company or preferred stock of a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be incurred pursuant to the covenant described under "Limitation on Indebtedness" and that in each case constitutes Permitted Refinancing Indebtedness;

(7) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;

(8) a Permitted Investment under clause (1) of the definition thereof in the Capital Stock of a Restricted Subsidiary held by a minority shareholder which Investment increases the proportion of the Capital Stock of such Restricted Subsidiary held, directly or indirectly, by the Company;

(9) following an Initial Public Offering by the Company, the payment of dividends by the Company not to exceed US$5.0 million (or the Dollar Equivalent thereof) in any fiscal year;

(10) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiaries (or options, warrants or other rights to acquire such Capital Stock) held by any future, current or former officer, director or employee of the Company or any direct or indirect parent entities or Restricted Subsidiaries (or any such Person's assigns, estates or heirs) pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar plans or other contractual arrangements or agreements; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed US$1.0 million (or the Dollar Equivalent thereof) in any fiscal year;

(11) the repurchase of Capital Stock deemed to occur upon the exercise of options, warrants or other rights in respect thereof if such Capital Stock represents all or a portion of the exercise price thereof and (ii) repurchases of Capital Stock deemed to occur upon the

withholding of a portion of the Capital Stock granted or awarded to a director, employee or consultant to pay for the taxes payable by such director, employee or consultant upon such grant or award; and

(12) Restricted Payments by the Company or any Restricted Subsidiary to allow the payment of cash in lieu of the issuance of fractional shares upon the exercise of options or warrants or upon the conversion or exchange of Capital Stock of any such Person;

provided that, in the case of clauses (2), (3) and (4) of this paragraph, no Event of Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein. Each Restricted Payment made pursuant to clauses (1) and (9) of this paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this "— Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities (other than cash) that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of any assets (including securities) other than cash in a Restricted Payment or a series of related Restricted Payments must be based upon an opinion or an appraisal issued by an appraisal or investment banking firm of recognized standing if the Fair Market Value exceeds US$10.0 million (or the Dollar Equivalent thereof) and such determination must be contained in a Board Resolution set forth in an Officer's Certificate that is provided to the Trustee.

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof) (other than Restricted Payments set forth in clause (7) of the second paragraph of this covenant), the Company will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "— Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(1) Except as provided in paragraph (2) below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;

(b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(c) make loans or advances to the Company or any other Restricted Subsidiary; or

(d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that it being understood that (i) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any of its Restricted Subsidiaries to other Indebtedness incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and/or any of its Restricted Subsidiaries to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:

(a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the Indenture or the Security Documents or any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced, as determined in good faith by the Company;

(b) existing under or by reason of applicable law, rule, regulation or order;

(c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced, as determined in good faith by the Company;

(d) that otherwise would be prohibited by the provision described in clause (1) of this covenant if they arise, or are agreed to, in the ordinary course of business and (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "— Limitation on Indebtedness" and "— Limitation on Asset Sales" covenants;

(f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under the "— Limitation on Indebtedness" covenant if, as determined by the Board of Directors, the encumbrances or restrictions (i) are customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company or the Subsidiary Guarantors to make required payments on the Notes or any Subsidiary Guarantee;

(g) existing under or by reason of purchase money obligations for property acquired in connection with the Permitted Business and Capitalized Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (1)(d) above and are incurred in accordance with the "— Limitation on Indebtedness" covenant;

(h) existing under or by reason of customary non-assignment provisions in contracts and licenses entered into in connection with the Permitted Business;

(i) existing under or by reason of provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale and leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Company's Board of Directors, if the encumbrances or restrictions would not, at the time agreed to, be expected to materially adversely affect the ability of the Company and any Subsidiary Guarantors to make required payments on the Notes;

(j) existing under or by reason of restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(k) existing under or by reason of customary restrictions imposed on the transfer of, or in licenses related to, copyrights, patents or other intellectual property and contained in agreements entered into in the ordinary course of business; or

(l) existing under or by reason of Permitted Refinancing Indebtedness; *provided* that the encumbrances and restrictions contained in the agreements governing that Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the debt being refinanced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

(1) to the Company or a Wholly Owned Restricted Subsidiary;

(2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

(3) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); provided that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale, to the extent required, in accordance with the "— Limitation on Asset Sales" covenant;

(4) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and provided that the Company complies with the "— Limitation on Asset Sales" covenant; and

(5) the issuance of Capital Stock of a Restricted Subsidiary upon conversion of any Indebtedness of any Restricted Subsidiary following a default on such Indebtedness by such Restricted Subsidiary.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness ("**Guaranteed Indebtedness**") of the Company or any other Restricted Subsidiary unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or (B) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (or service of related transactions or arrangements) (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 5.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an "**Affiliate Transaction**"), involving aggregate payments or consideration in excess of US$500,000 or the Dollar Equivalent thereof, unless:

(1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

   (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; *provided* that, if no disinterested member of the Board of Directors exists with respect to any Affiliate Transaction, the transaction may be approved by a majority of the members of the Board of Directors if the requirements of clause (b) below are met with respect to such Affiliate Transaction as if it involved aggregate consideration in excess of $10.0 million; and

   (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing or an Independent Engineer.

The foregoing limitation does not limit, and shall not apply to:

(1) any employment or compensation agreement (whether based in cash or securities), officer or director indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries and payments pursuant thereto and any transactions pursuant to stock option plans, stock ownership plans and employee benefit plans or similar arrangements approved by the Board of Directors in each case in the ordinary course of business;

(2) the payment of reasonable and customary fees and reimbursement of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(3) transactions between or among the Company and any Wholly Owned Restricted Subsidiary or between or among Wholly Owned Restricted Subsidiaries which are entered into in the ordinary course of business and approved by the majority of the Board of Directors;

(4) any Restricted Payment of the type described in clause (1) or (2) of the first paragraph of the covenant described above under "— Limitation on Restricted Payments" if permitted by that covenant;

(5) any sale of Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock) or any contribution of capital to the Company;

(6) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by or merged into the Company or any of its Restricted Subsidiaries; *provided* that such agreement was not entered into in contemplation of such acquisition or merger;

(7) any purchases by the Company's Affiliates of Indebtedness or Disqualified Stock of the Company or any of its Restricted Subsidiaries where at least 90% of such Indebtedness or Disqualified Stock is purchased by Persons who are not Affiliates of the Company;

(8) transactions contemplated pursuant to agreements or arrangements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof that is not materially more disadvantageous to the Company than the agreement or arrangement in effect on the Original Issue Date; and

(9) transactions permitted by, and complying with, the covenant described under "— Consolidation, Merger and Sale of Assets."

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to any transaction between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary; *provided* that none of the minority shareholders or minority partners of or in such non-Wholly Owned Restricted Subsidiary or between or among any of them is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary) and the requirement of clause (2)(b) of the first paragraph of this covenant shall not apply to transactions with concessionaires, licensees, customers, clients, suppliers, vendors or purchasers or sellers of goods or services, derivatives, insurance or Hedging Obligations or lessors or lessees or providers of employees or other labor or property, including, in each case, the Permitted Holders, in the ordinary course of business.

Limitation on Liens

The Company will not, and the Company will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien on the Collateral (other than Permitted Liens).

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien (other than Permitted Liens) of any nature whatsoever on any of its assets or properties of any kind (other than the Collateral and the Excluded Collateral), whether owned at the Original Issue Date or thereafter acquired, unless the Notes are (or, in respect of any Lien on any Subsidiary Guarantor's property or assets, any Subsidiary Guarantee of such Restricted Subsidiary is) equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company or a Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Company or such Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under "— Limitation on Indebtedness" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under "— Limitation on Liens," in which case, the corresponding Indebtedness will be deemed Incurred and the corresponding Lien will be deemed incurred pursuant to those provisions;

(2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in that Sale and Leaseback Transaction is not prohibited by the covenant described below under "— Limitation on Asset Sales."

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

(1) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and

(2) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets (as defined below); *provided* that in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$25.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion of fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing or Independent Engineer. For purposes of this provision, each of the following will be deemed to be cash:

    (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary, as the case may be, from or indemnifies them against further liability; and

    (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 90 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion.

(3) Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company or the applicable Restricted Subsidiary, as the case may be, may apply an amount equal to such Net Cash Proceeds:

    (a) if and to the extent the Asset Sale relates to Collateral:

        (i) to permanently repay any Senior Indebtedness secured by the Collateral (including the Notes) (and if any such Senior Indebtedness is revolving credit

Indebtedness, to correspondingly permanently reduce commitments with respect thereto), in each case owing to a Person other than the Company or a Restricted Subsidiary, *provided* that to the extent no Senior Indebtedness (other than the Notes) remains outstanding, the Company or the applicable Restricted Subsidiary, as the case may be, may apply such Net Cash Proceeds to make an Offer to Purchase to all Holders in accordance with the procedures set forth in clause (4) below (subject to applicable ECB Master Directions or other RBI guidelines and to the extent permitted under the OMDA), at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, and purchase any Notes tendered (and not validly withdrawn) in connection therewith; or

(ii) make capital expenditures or acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or properties or assets (other than current assets) that are used or will be used in the Permitted Business, acquire all or substantially all of the assets of or the Capital Stock of, a Person, or a line of business, the primary business of which is a Permitted Business, or any combination of the foregoing, in each case ("Replacement Assets"); and

(b) if and to the extent the Asset Sale does not relate to Collateral:

(i) permanently repay any Senior Indebtedness (and if any such Indebtedness is revolving credit Indebtedness, to correspondingly permanently reduce commitments with respect thereto), in each case owing to a Person other than the Company or a Restricted Subsidiary;

(ii) acquire Replacement Assets; or

(iii) fund the operating requirements of the Company;

provided that, pending the application of Net Cash Proceeds in accordance with clauses (a) or (b) of this paragraph, such Net Cash Proceeds may be temporarily invested only in cash or Temporary Cash Investments or be used to temporarily reduce revolving credit Indebtedness.

(1) Any amount of Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clause (3) will constitute "**Excess Proceeds**." Excess Proceeds of less than US$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US$10.0 million (or the Dollar Equivalent thereof), subject to applicable ECB Master Directions or other RBI guidelines and to the extent permitted under the OMDA, within ten (10) Business Days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

(a) accumulated Excess Proceeds, multiplied by

(b) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and (i) to the extent the Asset Sale relates to Collateral, all Indebtedness under the Existing Senior Debt and any Permitted Pari Passu Secured Indebtedness; and (ii) to the extent the Asset Sales does not relate to Collateral, all Senior Indebtedness, in any such case similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes to be purchased on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses.

Use of Proceeds

The Company will not use the net proceeds from the sale of the Notes issued and sold on the Original Issue Date, in any amount, for any purpose other than (1) as specified under "Use of Proceeds" in this offering memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments, subject to applicable ECB Master Directions or any other RBI guidelines.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock or Preferred Stock of a Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under the covenant described under "— Limitation on Indebtedness" or such Lien would violate the covenant described under "— Limitation on Liens"; (3) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary (other than Restricted Subsidiaries concurrently designated to be Unrestricted Subsidiaries in accordance with this covenant), and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; (4) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary; and (5) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "— Limitation on Restricted Payments."

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under "— Limitation on Indebtedness"; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation, which Liens will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation, would be permitted to be incurred by the covenant described under "— Limitation on Liens"; and (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary).

All designations must be evidenced by a Board Resolution delivered to the Trustee certifying compliance with the preceding provisions.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect substantially all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, including the Project Agreements; (2) comply with the terms of the Project Agreements and not take any action or omit to take any action that could give rise to the right of any party to terminate the relevant Project Agreement or, in the case of the OMDA, to permit substitution of the Company by another person under the OMDA, the Substitution Agreement or other agreement; (3) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than as permitted by the covenant described under "—Limitation on Liens"; and (4) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, comply or preserve and maintain would not be reasonably be expected to have a material adverse effect on the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Subsidiary Guarantees on substantially identical terms. No Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness by virtue of being unsecured, or by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness or as a result of Indebtedness having a junior priority with respect to the same collateral or being secured by different collateral.

Substitution Agreement

The Company will use its commercially reasonable efforts to ensure that AAI, the Company and the Security Trustee enter into a new or an amended Substitution Agreement that includes the Trustee, on behalf of Holders of the Notes, as a Lender (as defined in the Substitution Agreement) enjoying the benefits thereunder, as soon as reasonably practicable following the Original Issue Date.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from both of the Rating Agencies and no Default has occurred and is continuing, then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from both of the Rating Agencies (such period, the "**Suspension Period**"), the provisions of the Indenture summarized under the following captions will be suspended:

(1) "— Certain Covenants — Limitation on Indebtedness";

(2) "— Certain Covenants — Limitation on Restricted Payments";

(3) "— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(4) "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";

(5) "— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries";

(6) "— Certain Covenants — Limitation on Sale and Leaseback Transactions";

(7) "— Certain Covenants — Limitation on Asset Sales;" and

(8) clauses (3) of the first and second paragraph of the covenant summarized under "— Consolidation, Merger of Sale or Assets."

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary."

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Period ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Period, and following reinstatement (1) the calculations under the covenant summarized under "— Certain Covenants — Limitation on Restricted Payments" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2)(c) of the covenant summarized under "— Certain Covenants — Limitation on Indebtedness." Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at to the amount in effect at the beginning of the Suspension Period.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

So long as any of the Notes remain outstanding, the Company will provide to the Trustee and, upon request, furnish to the Holders the following reports, in the English language:

(1) within 90 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Original Issue Date, the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements; and (b) an operating and financial review of the audited financial statements, including a discussion of the consolidated results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material recent developments, material commitments and contingencies and critical accounting policies;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending after the Original Issue Date, quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed consolidated balance sheet date, and in each case the comparable prior year period(s), together with condensed footnote disclosure, reviewed by a member firm of an internationally recognized firm of independent accountants together with the review report; and (b) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material recent developments, material commitments and contingencies and critical accounting policies since the most recent report; and

(3) promptly after the occurrence of (i) any Material Acquisition or Disposition or restructuring or (ii) any other material event not in the ordinary course of business, that the Company or Restricted Subsidiary announces publicly, a report containing a description of such event.

The financial statements required to be delivered by paragraphs (1) and (2) above may be prepared on an unconsolidated basis for any periods where, on the last day of such period, the Company had no Restricted Subsidiary; *provided* that the financial statements for the comparable prior period(s) shall be presented on the same basis as the most recently ended period. In addition, so long as any Note remains outstanding, the Company will provide to the Trustee (a) within 90 days after the close of each fiscal year, an Officer's Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, together with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculations and arithmetic computations made, *provided* that the Company will not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of any policy of such external auditors prohibiting such certification if in such case the Company delivers such certification from an alternative member firm of an internationally recognized firm of independent accountants with such Officer's Certificate; and as soon as possible and in any event within 10 days after the Company or any Subsidiary Guarantor becomes aware or should reasonably become aware of the occurrence of a Default, an Officer's Certificate setting forth the details of the Default, and the action which the Company and the Subsidiary Guarantors propose to take with respect thereto.

All historical financial statements shall be prepared in accordance with GAAP and on a consistent basis for the periods presented; *provided* that the reports set forth in clauses (1) and (2) above may, in the event of a change in applicable GAAP, present earlier periods on the basis of GAAP that applied to such periods.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, would constitute a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of this covenant shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

Events of Default

The following events will be defined as "**Events of Default**" in the Indenture:

(1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(2) default in the payment of interest (including Additional Amounts) on any Note when the same becomes due and payable, and such default continues for a period of 30 days;

(3) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets," "— Certain Covenants — Limitation on Liens," "— Redemption of Notes Upon Certain Changes in Capital or Currency Exchange Controls," or the failure by the Company to make or consummate an Offer to Purchase in the manner described under "— Repurchase of Notes upon a Change of Control Triggering Event" or "— Certain Covenants — Limitation on Asset Sales";

(4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;

(5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US$25.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that results in such Indebtedness being due and payable prior to its Stated Maturity through the actions of the holders thereof or otherwise and/or (b) a default in payment of principal of, or interest or premium on, or any other amounts in respect of, such Indebtedness when the same becomes due and payable;

(6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 90 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons (other than judgments or orders covered by indemnities provided by, or insurance policies issued by, reputable companies) to exceed US$25.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(7) an involuntary case or other proceeding is commenced against the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, or for any substantial part of the property and assets of the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary, under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(8) the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together as of the latest audited consolidated financial statements for the Company, would constitute a Significant Subsidiary or for all or substantially all of the property and assets of such entity or entities or (c) effects any general assignment for the benefit of creditors;

(9) any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect;

(10) any default by the Company or any Subsidiary Guarantor in the performance of any of its obligations under the Security Documents that adversely affects the enforceability, validity,

perfection or priority of the applicable Lien on the Collateral or that adversely affects the condition or value of the Collateral;

(11) the Company or any Subsidiary Guarantor denies or disaffirms its obligations under any Security Document or, other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect;

(12) a moratorium is agreed or declared in respect of any Indebtedness of the Company or any Subsidiary Guarantor or any governmental authority shall take any action to condemn, seize, nationalize or appropriate all or a substantial part of the assets of the Company or any Subsidiary Guarantor or all or a substantial part of the Capital Stock of the Company or any Subsidiary Guarantor, the Notes or any Subsidiary Guarantee, or the Company or any Subsidiary Guarantor shall be prevented from exercising normal control over all or a substantial part of its property, other than pursuant to a temporary requisition of the airport in an emergency, under the terms of the OMDA;

(13) any default in the operation under the Trust and Retention Account Agreement, other than the defaults described in the offering memorandum; or

(14) the Company's rights under the OMDA are terminated.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may, or shall upon the written instruction of Holders of at least 25% in aggregate principal amount of the outstanding Notes, instruct the Security Trustee to foreclose on the Collateral in accordance with the terms of the Security Documents and the Intercreditor Agreement and take such further action on behalf of the Holders with respect to the Collateral in accordance with such written instruction, the Security Documents and the Intercreditor Agreement.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within (x) 60 days after receipt of the written request pursuant to clause (2) above or (y) 60 days after the receipt of the offer of indemnity pursuant to clause (3) above, whichever occurs later; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under any Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 90 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and the Restricted Subsidiaries and the Company's and the Restricted Subsidiaries' performance under the Indenture and that the Company and each Subsidiary Guarantor have fulfilled all of their respective obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "— Provision of Financial Statements and Reports."

Any repatriation of enforcement proceeds pursuant to an Event of Default may require the prior approval of the RBI or the designated authorized dealer bank, as the case may be, under applicable ECB Master Directions or other RBI guidelines.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Company and the Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) unless each of the following conditions is satisfied:

(1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company consolidated or merged, or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation organized and validly existing under the laws of India and shall expressly assume, by a

supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture, the Notes and the Security Documents, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes shall remain in full force and effect;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the proviso of paragraph (1) of the covenant described under "— Certain Covenants — Limitation on Indebtedness"; *provided* that this clause (3) shall not apply to any such consolidation, merger, sale, conveyance, transfer, lease or other disposition with, into or to a Restricted Subsidiary;

(5) the Company shall deliver to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clause (3)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(6) each Subsidiary Guarantor shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person, as the case may be, in accordance with the Notes and the Indenture; and

(7) no Rating Decline shall have occurred.

No Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of the properties and assets of the Subsidiary Guarantor and its Restricted Subsidiaries (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor), unless each of the following conditions is met:

(1) such Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Subsidiary Guarantor consolidated or merged, or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction in accordance with the Indenture;

(2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

(4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US$1.00 of Indebtedness under the proviso of paragraph (1) of the covenant described under "— Certain Covenants — Limitation on Indebtedness"; *provided* that this clause (4) shall not apply to any such consolidation, merger, sale, conveyance, transfer, lease or other disposition with, into or to a Restricted Subsidiary;

(5) the Company shall deliver to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clause (3)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(6) no Rating Decline shall have occurred;

provided that this paragraph shall not apply to any sale or other disposition that complies with the "Limitation on Asset Sales" covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions described under "— The Subsidiary Guarantees — Release of the Subsidiary Guarantees."

The foregoing provisions would not necessarily afford Holders protection in the event of highly leveraged or other transactions involving the Company or the Subsidiary Guarantors that may adversely affect Holders.

No Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or any Subsidiary Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment. Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not "qualified institutional buyers" as defined under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(1) the Company (a) has deposited with the Trustee, in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if

any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive Lien over such trust;

(2) the Company has delivered to the Trustee an Opinion of Counsel from a law firm of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(3) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others;

(4) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of the Restricted Subsidiaries is a party or by which the Company or any of the Restricted Subsidiaries is bound; and

(5) the Company shall have delivered to the Trustee an Opinion of Counsel from a law firm of recognized international standing with respect to U.S. tax matters to the effect that the Holders of the notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred, and, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or a change in applicable U.S. federal income tax law.

In the case of either discharge or defeasance of the Notes, each of the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4) and (7) under the first paragraph and (3), (4) and (6) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under "— Certain Covenants," other than as described under "— Certain Covenants — Government Approvals and Licenses; Compliance with Law" and "— Certain Covenants — Anti-Layering," and clause (3) under "Events of Default" with respect to such clauses (3), (4) and (7) under the first paragraph and (3), (4) and (6) under the second paragraph under "— Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (4) under "— Events of Default" with respect to such other covenants and clauses (5), (6), (7) and (8) under "— Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) and (5) of the preceding paragraph; provided that the Opinion of Counsel with respect to U.S. tax matters need not be based on a ruling of the U.S. Internal Revenue Service or a change in applicable U.S. federal income tax law.

Defeasance and Certain Other Events of Default

In the event the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of cash in U.S. dollars and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company and the Subsidiary Guarantors will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for those payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) as trust funds in trust solely for the benefit of the holders, cash in U.S. dollars, non-callable Government Securities, or a combination of thereof, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal of, premium on, if any, and interest, if any, on, the Notes to the date of maturity or redemption;

(2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) the Company or any Subsidiary Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating all conditions precedent to satisfaction and discharge have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and any other Security Document may be amended, without the consent of any Holder:

(1) to cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes, Subsidiary Guarantees, the Intercreditor Agreement or any Security Document;

(2) to comply with the provisions described under "— Consolidation, Merger and Sale of Assets";

(3) to evidence and provide for the acceptance of appointment by a successor Trustee or a successor Security Trustee;

(4) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(5) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(6) to effect any changes to the Indenture in a manner necessary to comply with the procedures of the relevant clearing system;

(7) to add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture;

(8) to release any Liens on the Collateral as provided or permitted by the terms of the Indenture;

(9) to conform the text of the Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement or any other Security Document to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and any other Security Document;

(10) to add additional collateral to secure the Notes and any Subsidiary Guarantee and any other Indebtedness permitted to be secured by such additional collateral;

(11) to enter into any amendments or modifications to the Security Documents (including the Intercreditor Agreement), and take any other action, in any such case necessary to permit or for the purposes of permitting the creation, registration, perfection and maintenance of Liens on any Collateral, the Excluded Collateral or any other assets of the Company or its subsidiaries in accordance with the Indenture; or

(12) to make any other change that would provide additional rights or benefits to the Trustee or that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and any Security Document may be made by the Company, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company and the Subsidiary Guarantors with any provision of the

Indenture, the Notes, the Subsidiary Guarantees, the Intercreditor Agreement and any Security Document; *provided*, *however*, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(2) reduce the principal amount of, or premium, if any, or interest on, any Note;

(3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

(4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Subsidiary Guarantee;

(5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;

(8) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;

(9) release any Collateral, except as provided in the Indenture or the Security Documents;

(10) amend, change or modify any Subsidiary Guarantee in a manner that adversely affects the Holders;

(11) amend, change or modify any provision of any Security Document or the Indenture relating to any Collateral, in a manner that adversely affects the Holders, except in accordance with the provisions of the Indenture;

(12) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from an Asset Sale;

(13) change the redemption date or the redemption price of the Notes from that stated under "— Redemption for Taxation Reasons";

(14) amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts;

(15) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee in a manner which adversely affects the Holders; or

(16) amend, change or modify any obligation of the Company described under "— Redemption of Notes Upon Certain Changes in Capital or Currency Exchange Controls."

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any Subsidiary Guarantor in the Indenture, or in any of the Notes or the Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company or any Subsidiary Guarantor or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under relevant laws.

Concerning the Trustee and the Paying Agent

Citicorp International Limited is to be appointed as Trustee under the Indenture, and Citibank, N.A., London Branch is to be appointed as registrar and paying agent under the Indenture (the "**Paying Agent**") with regard to the Notes. Except during the continuance of a Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture and the Notes (as the case may be), and no implied covenant or obligation shall be read into the Indenture or the Notes (as the case may be) against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will be required to use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture or the Notes or the Subsidiary Guarantees (as the case may be) as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

Pursuant to the terms of the Indenture, the Notes or the Subsidiary Guarantees (as the case may be), the Company and the Subsidiary Guarantors will reimburse the Trustee for all properly incurred expenses.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with Citibank, N.A., London Branch, as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Restricted Global Note;" and together with the Regulation S Global Notes, the "Global Notes") and will be deposited with Citibank, N.A., London Branch, as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions."

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Qualified institutional buyers may hold their interests in a Restricted Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Investors may hold their interests in a Regulation S Global Note directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such system. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer, any of the Guarantors, the Trustee, the Registrar nor the Principal Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected through DTC, in accordance with DTC rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the depositaries for Clearstream or Euroclear. Because of time zone differences, the securities account of a Euroclear participant or Clearstream participant purchasing a beneficial interest in a global note from a participant will be credited during the securities settlement processing day immediately following the DTC settlement date and such credit of any transactions in beneficial interests in such global note settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such Business Day. Cash received in Euroclear or Clearstream as a result of sales of beneficial interests in a global note by or through a Euroclear participant or Clearstream participant to a participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the Business Day following settlement in DTC.

The Issuer expects that DTC will take any action permitted to be taken by a Holder (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

Information Concerning DTC

We understand as follows with respect to DTC:

DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "**Participants**") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "**Indirect Participants**"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

Although the foregoing sets out the procedures of DTC in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of DTC, it is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Trustee or any of their respective agents will have responsibility for the performance of DTC or its participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid (if intended for the Company, any Subsidiary Guarantor or the Trustee) addressed to the Company, such Subsidiary Guarantor or the Trustee, as the case may be, at the corporate trust office of the Trustee and, if intended for any Holder, addressed to such Holder at such Holder's last address as it appears in the Note register (or otherwise delivered to such Holders in accordance with applicable DTC, Euroclear or Clearstream procedures).

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of the relevant clearing system. Any such notice shall be deemed to have been delivered on the day such notice is delivered to the relevant clearing system or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each Subsidiary Guarantor will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York explicitly and exclusively in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint National Corporate Research, Ltd. for receipt of service of process in any such suit, action or proceeding. By executing the Indenture and the Notes, the Company and each Subsidiary Guarantor will not be submitting to the jurisdiction of any court with respect to any legal proceeding of any kind whatsoever, regardless of nature, substance or form, other than suits, actions or proceedings arising out of or relating to the Notes, any Subsidiary Guarantee or the Indenture. The Indenture will include a provision whereby each party thereto waives right to trial by jury.

Governing Law

Each of the Notes, each of the Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby. The Security Documents relating to the Collateral will be governed by the laws of the Republic of India.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"**AAI**" means The Airports Authority of India, an Indian government authority established under the Airports Authority of India Act 1994, as amended, and its successors and assigns under the OMDA.

"**Acquired Indebtedness**" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"**AERA**" means The Airports Economic Regulatory Authority of India.

"**Aeronautical Assets**" means those assets, which are necessary or required for the performance of aeronautical services at the Airport and such other assets as the Company procures or in accordance with the Project Agreements (or otherwise on the written directions of the Government of India or

AAI) for or in relation to the provision of services such as customs, immigration, security at the Airport (in respect of Aeronautical Assets and related services only, and specifically excluding areas removed from the vicinity of Aeronautical Assets), health, meteorology, plant and animal quarantine, communications, navigation, surveillance, air traffic management, and other statutory or sovereign functions under any applicable laws, and shall specifically include all land, property and structures thereon acquired or leased during the term of the OMDA in relation to such Aeronautical Assets.

"**Affiliate**" means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew or niece of a Person described in clause (1) or (2). For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. When used in the covenant described under "Limitation on Transactions with Shareholders and Affiliates," an Affiliate of the Company shall not include the Government of India or Persons controlled by or under common control with the Government of India.

"**Airport**" means the Indira Gandhi International Airport located on the land leased by the Company from AAI pursuant to the Lease Deed.

"**Airport Operator Agreement**" means the airport operator agreement with respect to the Airport between the Company and Fraport AG Frankfurt Airport Services Worldwide, dated May 1, 2006, as amended from time to time.

"**Asset Acquisition**" means (1) an investment by the Company or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any Restricted Subsidiary; or (2) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"**Asset Disposition**" means the sale or other disposition by the Company or any Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any Restricted Subsidiary.

"**Asset Sale**" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person; *provided* that "Asset Sale" shall not include:

(1) sales or other dispositions of inventory, receivables and other assets in the ordinary course of business;

(2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made by the covenant described under "— Certain Covenants — Limitation on Restricted Payments";

(3) sales, transfers or other dispositions of assets or issuances or sales of Capital Stock of the Company or any Restricted Subsidiary with a Fair Market Value not in excess of US$3.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(4) any sale, conveyance, transfer or other disposition of property or assets, or the issuance of securities, by a Restricted Subsidiary to the Company or by the Company or a Restricted

Subsidiary to a Wholly Owned Restricted Subsidiary which is otherwise permitted under the Indenture;

(5) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or the Restricted Subsidiaries;

(6) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Lien permitted by the Indenture;

(7) a transaction governed by the covenant described under "— Consolidation, Merger and Sale of Assets" or "— Repurchase of Notes Upon a Change of Control Triggering Event";

(8) the sale or other disposition of cash or Temporary Cash Investments;

(9) the lease, license, assignment or sublease of any real or personal property in connection with the Permitted Business;

(10) any transfer, termination, unwinding or other disposition of Hedging Obligations in accordance with the terms thereof;

(11) Sale and Leaseback Transactions with respect to any property or assets within 180 days of the acquisition of such property or assets;

(12) any surrender, expiration or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(13) licenses, sub-licences, grants, leases and sub-leases (as lessee, sublessee, lessor, sublessor, licensee, sublicensee, licensor, sublicensor or grantee) of software, patents, trademarks, know-how or any other intellectual property, general intangibles or other property (including real or tangible property) in the ordinary course of business;

(14) transfers resulting from any casualty or condemnation of property;

(15) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements; or

(16) the issuance of Capital Stock of a Restricted Subsidiary upon conversion of any Indebtedness of any such Restricted Subsidiary following a default on such Indebtedness by such Restricted Subsidiary.

"**Attributable Indebtedness**" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

"**Average Life**" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"**Board of Directors**" means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company and, to the extent permitted under the OMDA, any committee of such board duly authorized to take the action purported to be taken by such committee.

"**Board Resolution**" means any resolution of the Board of Directors or of the sub-committee of the board of Directors ("Board of Sub-Committee") taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors or the Board of Sub-Committee.

"**Business Day**" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London, Hong Kong or New Delhi (or in any other place in which payments on the Notes are to be made) are authorized or required by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"**Change of Control**" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any "person" within the meaning Section 13(d) of the Exchange Act, other than to one or more Permitted Holders;

(2) the Company consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person consolidates with, or merges with or into, the Company, other than any such transaction where holders of a majority of the Voting Stock of the Company, immediately prior to such transaction, hold securities of the surviving or transferee Person, immediately after such transaction, that represent at least a majority of the Voting Stock of such surviving or transferee Person and in substantially the same proportion as before such transaction;

(3) (a)(i) the Permitted Holders are the beneficial owners (as such term is used in Rule 13d-3 of the Exchange Act) of less than 26% of the total voting power of the Voting Stock of the Company or (ii) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), is or becomes the "beneficial owner," directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders; and (b) the Permitted Holders cease to possess, directly or indirectly, the power to direct or cause the direction of the management and policies of the Company, whether through the ownership of Voting Stock, by contract or otherwise; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Company.

"**Change of Control Triggering Event**" means the occurrence of a Change of Control and, in the case of paragraph (3) of the definition of Change of Control, a Rating Decline.

"**Clearstream**" means Clearstream Banking S.A..

"**CNS-ATM Agreement**" means the agreement for the provision of communications, navigation, surveillance and air traffic movement facilities and services between AAI and the Company, dated April 25, 2006, as amended from time to time.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to manage the costs of commodities or to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and includes, without limitation, all series and classes of such common stock or ordinary shares.

"**Consolidated EBITDA**" means, with respect to any Person for any period, Consolidated Net Income of such Person for such period, plus (or, with respect to a gain, minus), to the extent such amount was deducted (or, in the case of a gain, included) in calculating such Consolidated Net Income:

(1) Consolidated Fixed Charges;

(2) provision for taxes based on income, profits or capital, including, without limitation, state, franchise, property and similar taxes and withholding taxes (including penalties and interest related to such taxes or arising from tax examinations);

(3) depreciation expense, amortization expense and all other non-cash items (including the amortization of intangible assets, deferred financing fees and amortization of unrecognized prior service costs) reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period);

(4) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) included in non-operating income and any foreign exchange losses resulting from the impact of foreign currency changes on the valuation of assets or liabilities on the balance sheet of the Company and its Restricted Subsidiaries;

(5) any losses attributable to termination of employee pension plans and other post-employment benefits;

(6) any gains or losses arising from the acquisition of any securities or extinguishment, repurchase, cancellation or assignment of Indebtedness;

(7) any unrealized gains or loss in respect of Hedging Obligations or other derivative instruments or forward contracts or any ineffectiveness recognized in earnings related to a qualifying hedge transaction or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(8) all proceeds actually received of business interruption insurance policies to the extent the related loss is not otherwise added back pursuant to this definition and to the extent that such reimbursement is not otherwise reflected in Consolidated Net Income; and

(9) expenses incurred by the Company or any Subsidiary to the extent reimbursed by a third-party and to the extent that such reimbursement is not otherwise reflected in Consolidated Net Income,

all as determined on a consolidated basis for such Person and its Restricted Subsidiaries in conformity with GAAP; *provided* that (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of the Restricted Subsidiaries; and (ii) notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary, that is not a Subsidiary Guarantor, of a Person will be added to the Consolidated Net Income to compute Consolidated EBITDA of such person.

"**Consolidated Fixed Charges**" means, with respect to any Person for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of such Person or any of its Restricted Subsidiaries, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock).

"**Consolidated Interest Expense**" means, with respect to any Person for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of such Person and its Restricted Subsidiaries, plus, to the extent not included therein, and to the extent incurred, accrued or payable during such period by such Person and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, such Person or any of its Restricted Subsidiaries and (7) any capitalized interest; *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a *pro forma* basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"**Consolidated Net Income**" means, with respect to any Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that, subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below);

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of the Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of the Restricted Subsidiaries;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other constitutive document or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (a) any property or asset of the Company or any Restricted Subsidiary that is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company or a Restricted Subsidiary realized on sales of Capital Stock of the Company or of any Restricted Subsidiary);

(6) any translation gains and losses due solely to fluctuations in currency values and related tax effects;

(7) any extraordinary or exceptional gains or losses, charges or expenses;

(8) non-cash expenses attributable to movements in the mark-to-market valuation of Hedging Obligations; and

(9) amortization of or charges or expenses relating to deferred financing fees, debt issuance costs, commissions, fees and expenses, expensing of any bridge, commitment or other financing fees.

"**Consolidated Net Worth**" means, at any date of determination, stockholders' equity as set forth on the most recently available quarterly or annual consolidated balance sheet of the Company and the Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"**Credit Facilities**" means, one or more debt facilities or other financing arrangements (excluding working capital facilities but including, without limitation, commercial paper facilities or indentures) providing for revolving credit loans, term loans, letters of credit or other long-term indebtedness, including any notes, mortgages, guarantees, collateral documents, instruments and agreements executed in connection therewith.

"**Currency Hedging Agreement**" means any currency swap agreement, currency cap agreement, currency floor agreement, currency futures agreement, commodity option agreement or any other similar agreement or arrangement which may consist of one or more of the foregoing agreements, designed to manage, or protect against, fluctuations in currency prices currencies and currency risk.

"**Default**" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"**Disqualified Stock**" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "— Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control Triggering Event" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the covenants described under "— Certain Covenants — Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control Triggering Event."

"**DTC**" means the Depository Trust Company and its successors.

"**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

"**Equity Offering**" means any underwritten public offering of Common Stock of the Company after the Original Issue Date to any Person other than to an Affiliate of Company or any Permitted

Holder; *provided* that the aggregate gross cash proceeds received by the Company from such transaction will be no less than US$20.0 million (or the Dollar Equivalent thereof).

"**Escrow Account Agreement**" means the escrow account agreement between ICICI Bank Limited, the Company and AAI, dated April 28, 2006, as amended from time to time.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

"**Excluded Collateral**" means (1) Capital Stock of the Company, (2) right of substitution in accordance with the Substitution Agreement; and (3) (a) a receipt/receivable of dues owed to AAI, airport development fees, passenger service fees (security component), the marketing fund and any other statutory dues and (b) accounts relating to airport development fees, passenger service fees (security component), the marketing fund and any other statutory dues and Escrow Account agreement under the OMDA, and all monies required to be credited/deposited into debt service reserve accounts and major maintenance reserve account under the Trust and Retention Account Agreement; held or to be held for the benefit of other secured creditors.

"**Existing Hedging Facility**" means hedging arrangements with ICICI Bank Limited, Axis Bank Limited, Deutsche Bank AG, HSBC Bank, JP Morgan Chase Bank National Association, Barclays Bank PLC, in each case, in effect on the Original Issue Date, as amended from time to time.

"**Existing Notes**" means the 6.125% Senior Secured Notes due 2022 issued by the Company pursuant to an indenture dated February 3, 2015, as amended from time to time, and the 6.125% Senior Secured Notes due 2026 issued by the Company pursuant to an indenture dated October 31, 2016, as amended from time to time.

"**Existing Senior Debt**" means the Existing Notes, the Existing Working Capital Facility and the Existing Hedging Facility.

"**Existing Working Capital Facility**" means the master facility agreement, dated July 14, 2006, between the Company and ICICI Bank Limited, as amended through amendment agreements dated April 26, 2007, November 19, 2007, July 29, 2008, July 13, 2009, August 31, 2010, January 23, 2012, February 25, 2013, January 30, 2014, March 21, 2014, May 7, 2015 and January 25, 2017, as amended and/or restated from time to time.

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

"**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the "**Four Quarter Period**") to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(1) *pro forma* effect shall be given to any Indebtedness Incurred, repaid or redeemed during the period (the "**Reference Period**") commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;

(2) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Hedging Agreement applicable to such Indebtedness if such Interest Rate Hedging Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(3) *pro forma* effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(4) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(5) *pro forma* effect will be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (4) or (5) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"**GAAP**" means generally accepted accounting principles in India as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis. At any time after the date of the Indenture, the Company may elect to apply IFRS for all purposes of the Indenture and, upon any such election, references herein to GAAP will be thereafter construed to mean IFRS, as in effect from time to time.

"**Global Certificates**" means the Restricted Global Certificates and the Unrestricted Global Certificates.

"**Government Securities**" means direct obligations of, or obligations Guaranteed by, the United States of America, and the taxpayer for which the United States of America pledges its full faith and credit.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement.

"**Holder**" means the Person in whose name a Note is registered in the Note register. "**IFRS**" means the International Financial Reporting Standards.

"**Incur**" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock (to the extent provided for when the Indebtedness or Preferred Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms "Incurrence," "Incurred" and "Incurring" have meanings correlative with the foregoing.

"**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person (other than Indebtedness of a JV Company that is secured by the Company or a Restricted Subsidiary solely with the Capital Stock in such JV Company held by the Company or Restricted Subsidiary); *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;

(7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations;

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and

(10) any Preferred Stock issued by (a) such Person, if such Person is a Restricted Subsidiary or (b) any Restricted Subsidiary of such Person, valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

For the avoidance of doubt, Capital Stock with respect to which there is a mandatory put option granted to a Person that obligates the Company or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person shall be deemed to be Indebtedness.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*

(1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest; and

(3) that the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if the Commodity Hedging Agreement, Currency Hedging Agreement or Interest Rate Hedging Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

For the avoidance of doubt, none of the following will constitute Indebtedness (i) obligations in respect of taxes, workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage taxes, (ii) obligations arising from the endorsement of negotiable instruments in the ordinary course of business and (iii) deposits and advance payments received in connection with the Permitted Business.

Notwithstanding the foregoing, in connection with the purchase by the Company or any Restricted Subsidiary of any asset or property to be used in the ordinary course of business by the Company or any Restricted Subsidiary in the Permitted Business (including any such purchase through the acquisition of Capital Stock of any Person that owns such asset or property, which will, upon such acquisition, become a Restricted Subsidiary), the term "Indebtedness" will not include post-closing payment obligations of the Company or such Restricted Subsidiary to which the seller may become entitled to the extent the amount of such payment is determined by a final closing balance sheet, final reserve assessment or a similar report or document or such payment depends on the performance of such asset or property after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment obligation is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 180 days thereafter.

"**Independent Engineer**" means an independent engineer of recognized standing and qualification with respect to the development of the Airport, as selected by the Company.

"**Initial Public Offering**" means an Equity Offering following which there is a Public Market and, as a result of which, the Common Stock of the Company in such offering is listed on an internationally recognized stock exchange or traded on an internationally recognized stock market.

"**Intercreditor Agreement**" means the third amended and restated intercreditor agreement entered into between, among others, Axis Trustee Services Limited, ICICI Bank Limited and Citicorp International Limited, dated the Original Issue Date, as may be further amended from time to time.

"**Interest Rate Hedging Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to manage the interest component of financing cost or to protect against fluctuations in interest rates.

"**Investment**" means:

(1) any direct or indirect advance, loan or other extension of credit to another Person;

(2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(3) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or

(4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the covenants described under "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and "— Certain Covenants — Limitation on Restricted Payments": (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's direct or indirect proportionate interest in the assets (net of the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary calculated as of the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"**Investment Grade**" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of "Aaa," or "Aa," "A" or "Baa," as modified by a "1," "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for S&P and/or Moody's, as the case may be.

"**JV Company**" means any Person in which the Company or a Restricted Subsidiary owns more than 10% and less than 50% of the Voting Stock, directly or indirectly, and has the right to participate in the management of such Person.

"**Lease Deed**" means the lease deed relating to the land on which the Airport is located dated April 25, 2006 between AAI as the lessor and the Company as the lessee, and includes any subsequent amendments thereto.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"**Master Plan**" means the master plan for the development of the Airport which sets out the plans for the staged developments of the Airport, covering aeronautical and non-aeronautical services for a 20 year time period, as described in this offering memorandum and as such master plan may be amended and supplemented from time to time in accordance with the OMDA and the State Support Agreement.

"**Material Acquisitions or Dispositions**" means any transaction that would require the preparation of *pro forma* financial information pursuant to Rule 11-01(a) or (b) of Regulation S-X promulgated under the Securities Act, assuming that such Rule were applicable to the Company.

"**Memorandum of Hypothecation**" means the memorandum of hypothecation entered into between the Company and Axis Trustee Services Limited in favor of the Holders and the Trustee, dated the Original Issue Date.

"**Moody's**" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"**Net Cash Proceeds**" means:

(1) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:

    (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;

    (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and the Restricted Subsidiaries, taken as a whole;

    (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;

    (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP;

    (e) all distributions and other payments required to be made to minority interest holders in Subsidiaries or JV Companies as a result of such Asset Sale or the distribution of proceeds from such Asset Sale made by a Subsidiary or a JV Company; and

    (f) payments made to AAI relating to such Asset Sale, if any, solely to the extent required and actually paid under the revenue sharing arrangements with AAI set forth in the OMDA; and

(2) with respect to any Asset Sale consisting of the issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Non-Aeronautical Assets**" means all assets required or necessary for the performance of non-aeronautical services at the Airport as listed in the OMDA.

"**Offer to Purchase**" means an offer to purchase Notes by the Company from the Holders commenced by mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment of an amount equal to the purchase price, and upon receipt of written order of the Company signed by an Officer the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US$200,000 or any amount in excess thereof which is an integral multiple of US$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"**Officer**" means an officer or director of the Company or, in the case of a Restricted Subsidiary, one of the directors or officers of such Restricted Subsidiary.

"**Officer's Certificate**" means a certificate signed by an Officer.

"**OMDA**" means the Operation, Management and Development Agreement dated April 4, 2006 between the Company and AAI, as amended from time to time.

"**Opinion of Counsel**" means a written opinion from legal counsel (including local counsel for jurisdictions other than the State of New York with respect to agreements or documents governed by any law other than the State of New York) which opinion is reasonably acceptable to the Trustee and where applicable that meets any specific requirements set out in the Indenture; *provided* that legal counsel shall be entitled to rely on certificates of the Company and any Subsidiary of the Company as to matters of fact.

"**Original Issue Date**" means the date on which the Notes are initially issued under the Indenture.

"**Permitted Business**" means any business contemplated by the OMDA and any other business reasonably related, ancillary or complementary thereto.

"**Permitted Holders**" means GMR Airports Limited and any of its Affiliates (other than an Affiliate as defined in clause (2) of the definition of Affiliate).

"**Permitted Investment**" means:

(1) any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into, or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Subsidiary Guarantor against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

(5) Investments consisting of consideration received in connection with an Asset Sale and made in compliance with, the covenant described under "— Certain Covenants — Limitation on Asset Sales";

(6) loans or advances to vendors, contractors, suppliers, distributors or service providers, including advance payments for equipment and machinery made to the manufacturer or supplier thereof, of the Company or any Restricted Subsidiary in the ordinary course of business and dischargeable in accordance with customary trade terms;

(7) Investments in existence on the Original Issue Date and any Investment consisting of an extension of the term or renewal of any Investment existing on, or made pursuant to a binding commitment existing on the Original Issue Date, in each case where such investments are described in this offering memorandum;

(8) any Investments received in compromise, resolution or satisfaction of (a) obligations of trade creditors or customers that were incurred in connection with the Permitted Business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (b) litigation, arbitration or other disputes with Persons who are not Affiliates;

(9) loans or advances to employees made in the ordinary course of business in an aggregate principal amount not to exceed US$5.0 million (or the Dollar Equivalent thereof) at any one time outstanding;

(10) repurchases of the Notes;

(11) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons;

(12) Investments consisting of endorsement of negotiable instruments and documents in the ordinary course of business;

(13) notes payable, receivables, trade credits or other current assets owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(14) pledges or deposits made in the ordinary course of business to secure payment of utility contracts or (ii) Investments consisting of earnest money deposits or escrowed money required in connection with any acquisition, joint venture or acquisition of assets not otherwise prohibited by the Indenture or the Security Documents;

(15) an acquisition of assets used in a Permitted Business or Capital Stock in a Person engaged in a Permitted Business by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;

(16) any Guarantee Incurred under clause (2)(h) of the covenant described under "Certain Covenants — Limitation on Indebtedness";

(17) Investments in Unrestricted Subsidiaries or JV Companies having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (17) that are at that time outstanding, not to exceed the lesser of US$150.0 million and the amount of Qualified Concessionaire Deposits held by the Company or its Restricted Subsidiaries at the time of such Investment; and

(18) Investments in an Unrestricted Subsidiary or JV Company made in exchange for an Investment in an Unrestricted Subsidiary or JV Company, including any conversion or exchange of any such Investment or any Investment received in connection with a merger or consolidation of an Unrestricted Subsidiary or JV Company an Unrestricted Subsidiary or JV Company.

"**Permitted Liens**" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;

(3) Liens incurred or deposits made to secure (i) the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, completion guarantees, surety and appeal bonds, government contracts, performance and return-of-money bonds; (ii) reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees and other obligations of a similar nature; (iii) liability for premiums to insurance carriers; (iv) posted cash as collateral for guarantees (in each case, incurred in the ordinary course of business and exclusive of obligations for the payment of borrowed money); and (v) performance under the bank guarantee facility availed for maintaining debt service reserve accounts under the Trust and Retention Account Agreement;

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;

(5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person (i) becomes a Restricted Subsidiary or (ii) is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets of such Person (if such Person becomes a Restricted Subsidiary) or the property or assets acquired by the Company or such Restricted Subsidiary (if such Person is merged with or into or consolidated with the Company or such Restricted Subsidiary); *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary; *provided further* that such Liens shall not include Liens incurred under paragraph (25) of this definition;

(6) Liens in favor of the Company or any Subsidiary Guarantor;

(7) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that do not give rise to an Event of Default;

(8) Liens securing reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(9) Liens existing on the Original Issue Date;

(10) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under paragraph (2)(d) of the covenant described under "— Certain Covenants — Limitation on Indebtedness," *provided* that in the case of Indebtedness described under paragraphs (2)(d)(i)(A) and (2)(d)(i)(B), such Liens do not (i) extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced and the Excluded Collateral; and (ii) rank higher in priority than the Liens on such property or assets securing the secured Indebtedness being refinanced, whether by priority of such Lien or the priority of payment on enforcement of such Lien;

(11) Liens securing Hedging Obligations permitted to be Incurred under paragraph (2)(e) of the covenant described under "— Certain Covenants — Limitation on Indebtedness," *provided* that (i) Indebtedness relating to any such Hedging Obligation is, and is permitted under the covenant described under "— Certain Covenants — Limitation on Liens" to be, secured by a Lien on the same property securing such Hedging Obligation or (ii) such Liens are encumbering customary initial deposits or margin deposits or are otherwise within the general parameters customary in the industry and incurred in the ordinary course of business;

(12) Liens on the Collateral securing the Notes (including any Additional Notes issued in accordance with the Indenture);

(13) Liens securing Attributable Indebtedness that is permitted to be Incurred under the Indenture;

(14) leases and licenses of intellectual property that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries, taken as a whole;

(15) Liens securing Permitted Pari Passu Secured Indebtedness;

(16) Liens on deposits securing trade letters of credit (and reimbursement obligations relating thereto) incurred in the ordinary course;

(17) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, leases, sewers, electric lines, gas lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(18) security provided, or caused to be provided in the ordinary course of business (and not in connection with the borrowing of money or the obtaining of credit) to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of the Company and its Restricted Subsidiaries;

(19) Liens incurred or pledges or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security and employee health and disability benefits;

(20) Liens arising out of conditional sale, title retention consignment or similar arrangements for the sale of goods entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business in accordance with past practice;

(21) bankers' Liens, rights of setoff and other similar Liens existing solely with respect to cash and cash equivalents on deposit in one or more accounts maintained by the Company granted in the ordinary course of business in favor of the bank or banks with which such accounts are maintained, securing amounts owing to such bank with respect to cash management and operating account arrangements, including those involving pooled accounts, netting arrangements or sweep accounts; *provided* that, unless such Liens are non-consensual and arise by operation of law, in no case shall any such Liens secure (directly or indirectly) the repayment of any Indebtedness;

(22) Liens (unless such Liens are non-consensual) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(23) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(24) Liens (unless such Liens are non-consensual) on equipment of the Company or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure obligations of such Unrestricted Subsidiary;

(26) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture and the OMDA;

(27) Liens in connection with any disposition of Capital Stock of a Restricted Subsidiary pursuant to Indian regulatory or shareholding requirements, including, without limitation, the ability to enter into put or call arrangements with third parties;

(28) Liens securing Indebtedness of a Restricted Subsidiary which is permitted to be incurred under paragraph (2)(g) of the covenant described under "— Certain Covenants — Limitation on Indebtedness:", provided that such Liens are limited to (i) the property or assets of the Restricted Subsidiary incurring such Indebtedness and (ii) the Capital Stock of the Restricted Subsidiary incurring such Indebtedness that is owned by the Company or another Restricted Subsidiary; and

(29) Liens incurred in the ordinary course of business of the Company or any other Restricted Subsidiary with respect to obligations that do not exceed US$10.0 million at any one time outstanding.

"**Permitted Pari Passu Secured Indebtedness**" means Senior Indebtedness of the Company or a Subsidiary Guarantor Incurred pursuant to paragraphs (1), (2)(a), 2(d), 2(e) and (2)(f) of "— Certain Covenants — Limitation on Indebtedness" and Permitted Refinancing Indebtedness thereof.

"**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"**Project Agreements**" means the following agreements: the OMDA; the State Support Agreement; the Shareholders Agreement; the CNS-ATM Agreement; the Airport Operator Agreement; the State Government Support Agreement; the Lease Deed; the Substitution Agreement; and the Escrow Account Agreement.

"**Public Market**" means, upon the consummation of an Equity Offering, either (i) 20% or more of the total issued and outstanding Common Stock of the Company or (ii) Common Stock of the Company with a market value in excess of US$100.0 million (or the Dollar Equivalent thereof), has been distributed to investors other than Affiliates of the Company or any Permitted Holders.

"**Qualified Concessionaire Deposits**" means deposits held by the Company received from Persons to which the Company has granted a concession pursuant to the rights granted to the Company under the OMDA where the terms of such deposit require repayment no earlier than the date that is six months after the final maturity date of the Notes.

"**Rating Agencies**" means S&P and Moody's; *provided* that if either or both of S&P and Moody's shall not make a rating of the Notes publicly available, one or more nationally recognized statistical rating organizations (as defined in Section 3(a)(62) under the Exchange Act), as the case may be, selected by the Company, which shall be substituted for S&P and/or Moody's, as the case may be.

"**Rating Category**" means (1) with respect to S&P, any of the following categories: "BB," "B," "CCC," "CC," "C" and "D" (or equivalent successor categories); (2) with respect to Moody's, any of the following categories: "Ba," "B," "Caa," "Ca," "C" and "D" (or equivalent successor categories); and (3) the equivalent of any such category of S&P or Moody's used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P and "1," "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB," as well as from "BB-" to "B+," will constitute a decrease of one gradation).

"**Rating Date**" means in connection with actions contemplated under "— Consolidation, Merger and Sale of Assets" and "— Repurchase of Notes Upon a Change of Control Triggering Event," that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"**Rating Decline**" means in connection with actions contemplated under "— Consolidation, Merger and Sale of Assets" and "— Repurchase of Notes Upon a Change of Control Triggering Event," the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(1) in the event the Notes are rated by two of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of such two Rating Agencies shall be below Investment Grade;

(2) in the event the Notes are rated by one, and only one, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or

(3) in the event the Notes are rated below Investment Grade by all of the Rating Agencies (or the sole Rating Agency) on the Rating Date, the rating of the Notes by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"**Restricted Subsidiary**" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

"**Sale and Leaseback Transaction**" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Security Document**" means all security agreements, pledge agreements, assignments, mortgages, deeds of trust, security trustee or collateral agency agreements, control agreements or other grants or transfers of security executed and delivered by the Company and any Subsidiary Guarantor creating (or purporting to create) a Lien upon the Collateral in favor of the Security Trustee for the benefit of the Holders and the Trustee, including, without limitation, the Memorandum of Hypothecation, the Security Trustee Agreement and the Intercreditor Agreement.

"**Security Trustee Agreement**" means the fourth amended and restated security trustee agreement between, among others, the Company, Axis Trustee Services Limited, Citicorp International Limited and ICICI Bank Limited, dated the Original Issue Date.

"**Senior Indebtedness**" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes or (b) in respect of any Subsidiary Guarantor, its Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) Trade Payables or (3) Indebtedness Incurred in violation of the Indenture.

"**Shareholders Agreement**" means the shareholders agreement between AAI, the Company, GMR Infrastructure Ltd., GMR Energy Ltd., GVL Investments Pvt. Ltd., Fraport AG Frankfurt Services Worldwide, Malaysia Airports (Mauritius) Private Limited and India Development Fund, dated April 4, 2006, as amended from time to time.

"**Significant Subsidiary**" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date.

"**Sponsor Bridge Financing**" means any Indebtedness of the Company that is (i) Incurred pursuant to clause (1) or (2)(a) under the covenant described under "— Limitation on Indebtedness"; (ii) provided by GMR Infrastructure Limited or one of its Subsidiaries as Subordinated Indebtedness; (iii) not prohibited by the terms of the Company's existing Indebtedness at the time such Sponsor Bridge Financing is Incurred; and (iv) used to fund Required Capital Expenditure.

"**State Government Support Agreement**" means the state government support agreement in relation to the modernizing and upgrading of Indira Gandhi International Airport, Delhi, between the

Government of National Capital Territory of Delhi and the Company, dated April 26, 2006, as amended from time to time.

"**State Support Agreement**" means a support agreement dated April 26, 2006 and entered into between the Company and the Government of India, acting through the Secretary of the Ministry of Aviation pursuant to the OMDA, as amended from time to time.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Subordinated Indebtedness**" means any Indebtedness of the Company or any Subsidiary Guarantor that is contractually subordinated or junior in right of payment to the Notes or to any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"**Subsidiary**" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person.

"**Subsidiary Guarantee**" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"**Subsidiary Guarantor**" means any Restricted Subsidiary that Guarantees the obligations of the Company under the Indenture and the Notes; *provided* that "Subsidiary Guarantor" does not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

"**Substitution Agreement**" means the substitution agreement dated December 1, 2017 between the Company, AAI and Axis Trustee Services Limited, as the lenders agent, as amended from time to time.

"**Temporary Cash Investment**" means any of the following:

(1) direct obligations of the United States of America, Hong Kong, Singapore, a member state of the European Union or the Republic of India, or, in each case, any agency of either of the foregoing or obligations fully and unconditionally Guaranteed by such country or any agency of the foregoing, in each case maturing within one year;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within one year of the date of acquisition thereof issued by a bank, trust company or other financial institution that is organized under the laws of the United States of America or the Republic of India or any other bank, trust company or financial institution which is authorized to carry on business in India and which bank, trust company or financial institution (x) has capital, surplus and undivided profits aggregating in excess of US$100.0 million (or the Dollar Equivalent thereof) and (y) has outstanding debt which is rated "A" or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) under the Exchange Act);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing not more than one year after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence

under the laws of the United States of America or India or any other bank, trust company or financial institution which is authorized to carry on business in India with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(5) securities with maturities of one year or less from the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's;

(6) freely tradeable, short term senior debt instrument or certificates of deposit having a rating of at least AAA by CRISIL Limited or equivalent ratings by ICRA Limited, CARE Ratings Limited or Fitch India Ratings;

(7) freely tradeable schemes of a mutual fund that invests only in gilt and/or debt instruments having a rating of at least AAA by CRISIL Limited or equivalent ratings by ICRA Limited, CARE Ratings Limited or Fitch India Ratings;

(8) any money market fund that has at least 95.0% of its assets continuously invested in investments of the types described in clauses (1) through (7) above; and

(9) demand or time deposit accounts, certificates of deposit and money market deposits, bankers acceptances, in each case, in the ordinary course of business and with maturities not exceeding one year from the date of acquisition, with any lender party to a credit facility with the Company or any Restricted Subsidiary or, solely in the ordinary course of business of the Company or the relevant Restricted Subsidiary, with a commercial bank having capital and surplus in excess of $100.0 million (or the Dollar Equivalent thereof) and located in the jurisdiction where the Company or such Restricted Subsidiary is conducting business.

"**Trade Payables**" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and, unless the amount payable under such indebtedness or obligation is being contested or disputed or withheld or retained by such Person in good faith, payable within 180 days.

"**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"**Transfer Assets**" means Aeronautical Assets and Non-Aeronautical Assets.

"**Trust and Retention Account Agreement**" means the fifth amended and restated trust and retention account agreement, dated the Original Issue Date, between, among others, the Company, the Security Trustee and ICICI Bank Limited as the account bank thereunder, as the same may be amended from time to time.

"**Unrestricted Subsidiary**" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture and (2) any Subsidiary of an Unrestricted Subsidiary.

"**U.S. Government Obligations**" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"**Voting Stock**" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"**Wholly Owned**" means, with respect to any Restricted Subsidiary, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by the Company or one or more Wholly Owned Subsidiaries of the Company.

TAXATION

The information below does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. In particular, the information does not consider any specific facts of circumstances that may apply to a particular purchaser and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Neither these statements nor any other statements in this offering memorandum are to be regarded as advice on the tax position of any holder or beneficial owner of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes.

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state or local taxes, under the tax laws applicable in India and each country of which they are residents or countries of purchase, holding or disposition of the Notes. Additionally, in view of the number of jurisdictions where local laws may apply, this offering memorandum does not discuss the local tax consequences to a potential holder, purchaser and seller arising from the acquisition, holding or disposition of the Notes. Prospective investors must therefore inform themselves as to any tax, exchange control legislation or other laws and regulations in force relating to the subscription, holding or disposition of Notes at their place of ordinance, and the countries of which they are citizens or countries of purchase, holding or disposition of Notes.

Indian Taxation

The following is a summary of the existing principal Indian tax consequences for non-resident investors subscribing to the Notes issued by our Company. The summary is based on existing Indian taxation law and practice in force at the date of this offering memorandum and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes. This summary does not purport to provide tax advice to any entity.

Taxation of Interest

The Income Tax Act, 1961 (the "Income Tax Act") is the law relating to taxation of income in India. Under the Income Tax Act, interest income payable by issuers of securities to non-resident investors is generally subject to Indian tax if the issuance proceeds are used in a business carried on by the issuer in India. Non-resident investors must pay tax on the interest at the rate of 5% under Section 115A of the Income Tax Act (plus applicable surcharge, education cess and secondary and higher education cess) on interest paid on the Notes through India subject to and in accordance with the relevant conditions of the Income Tax Act.

The rates of tax will stand reduced if the beneficial recipient is a resident of a country with which the government of India has entered into an agreement for granting relief of tax or for avoidance of double taxation (a "Tax Treaty") and the provisions of such treaty, which provide for the taxation in India of income by way of interest at a rate lower than that stated above, are fulfilled. The interest payable will be subject to withholding taxes in India, subject to conditions as detailed in the section titled "— *Withholding Tax*" below.

A non-resident investor is obligated to pay such income tax in an amount equal to, or would be entitled to a refund of, as the case may be, any difference between amounts withheld in respect of interest paid on the Notes through India and its ultimate Indian tax liability for such interest, subject to and in accordance with the provisions of the Income Tax Act. The non-resident Noteholders shall be obligated to provide all necessary information and documents, as may be required by our Company.

Withholding Tax

Generally, interest payable on the foreign currency-denominated Notes to non-residents is subject to a withholding tax in India at the rate of 20% (plus various cess) subject to any applicable treaty. However, pursuant to Section 194LC of the Income Tax Act, the Notes will be subject to a reduced withholding tax rate of 5% of the interest payable (plus various cess) subject to fulfilment of the relevant conditions prescribed. This is subject to any lower rate of tax provided by an applicable Tax Treaty.

Pursuant to the terms and conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case, pursuant to Condition 8, our Company will pay additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction, subject to certain exceptions.

With respect to interest on the Notes that is not subject to taxes in India (where the proceeds of the issuance of the Notes are used for the purposes of business carried on by our Company outside India or otherwise), our Company may be required to apply annually for an exemption from withholding tax under section 195(2) of the Income Tax Act.

Taxation of gains arising on disposal

Any gains arising to a non-resident investor from a disposal of the Notes held (or be deemed as held) as a capital asset will generally be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor will not generally be chargeable to income tax in India from a disposal of the Notes held as a capital asset if the Notes are regarded as being situated outside India. The issue as to where securities such as the Notes should properly be regarded as being situated is not free from doubt. The ultimate decision, however, will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being situated in India as the Company is incorporated in and a resident in India. If the Indian tax authorities treat the Notes as being situated in India, upon disposal of the Notes:

(i) a non-resident investor who has held the Notes for a period of more than 36 months (long term capital asset) immediately preceding the date of their disposal, would be liable to pay capital gains tax at the rate of 20% of the capital gains (plus applicable surcharge, education cess and secondary and higher education cess), in accordance with the provisions of the Income Tax Act, as such Note would not qualify as a "security" under the Securities Contracts (Regulations) Act, 1956. These rates are subject to any lower rate provided for by an applicable Tax Treaty;

(ii) a non-resident investor who has held the Notes for a period of 36 months or less would be liable to pay capital gains tax at the rate of 40% in case of a corporate Noteholder (excluding an FPI) and at the rate of 30% in case of an FPI or non-corporate Noteholder, of capital gains (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the non-resident investor (i.e. company, individual, trust, etc.) and his taxable income in India, subject to any lower rate provided for by an applicable Tax Treaty; and

(iii) any income arising to a non-resident investor from the transfer of the Notes held as stock-in-trade would be considered as business income. Business income would be subject to income tax in India only to the extent it is attributable to a "business connection in India" or, where a Tax Treaty is applicable, to a "permanent establishment" of the non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such gains at the rate of up to 40% in case of a corporate, and 30% in case of non-corporate (plus applicable surcharge, education cess and secondary and higher education cess) depending on the legal status of the non-resident investor and his taxable income in India, subject to any lower rate provided for by a Tax Treaty.

If applicable under the tax law, tax shall be withheld by the person making any payment to a non-resident on long-term capital gains at 10% (plus applicable surcharge, education cess and secondary and higher education cess) and short-term capital gains at 30% or 40% (plus applicable surcharge, education cess and secondary and higher education cess), depending on the legal status of the recipient of income, subject to any lower rate provided for by a Tax Treaty. Tax payable shall be computed in such manner as prescribed in this regard under the Income Tax Act. For the purpose of tax withholding, the non-resident Noteholders shall be obligated to provide Permanent Account Number allotted by the tax authorities and all prescribed information or documents, including a tax residency certificate (issued by the tax authorities of the country in which the investor is resident) for claiming the Tax Treaty benefits.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty would be payable if the Notes were brought into India for enforcement or for any other purpose. The amount of stamp duty payable would depend on the applicable duty that may be prevalent at such time and will have to be paid within a period of three months from the date the Notes are first received in India.

United States Taxation

This section summarizes certain U.S. federal income tax considerations relating to the acquisition, ownership, and disposition of the Notes to U.S. Holders (as defined below). This summary does not provide a complete analysis of all potential tax considerations. The information provided below is based on U.S. federal income tax law, including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, all as at the date hereof and subject to change, possibly with retroactive effect. There can be no assurances that the Internal Revenue Service (the “IRS”) will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling from the IRS with respect to the U.S. federal income tax consequences of acquiring, holding or disposing of the Notes. The summary generally applies only to U.S. Holders (as defined below) that purchase Notes in the initial offering at their issue price (which is the first price at which a substantial amount of the Notes is sold for money to the public not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), and that hold the Notes as “capital assets” (generally, property held for investment).

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that for U.S. federal income tax purposes is (1) an individual who is a citizen or resident of the United States, (2) a corporation, or entity treated as a corporation for U.S. federal income tax purposes, organized under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (4) a trust if it (a) is subject to the primary supervision of a U.S. court and all substantial decisions of which are within the control of one or more U.S. persons or (b) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

This discussion does not purport to deal with all aspects of U.S. federal income taxation that may be relevant to a particular U.S. Holder in light of the U.S. Holder’s circumstances (for example, persons subject to the alternative minimum tax or U.S. Holders whose "functional currency" is not the U.S. dollar). Also, it is not intended to be applicable to all categories of U.S. Holders, some of which may be subject to special rules (such as dealers in securities, traders in securities that elect to use a mark-to-market method of accounting, banks, thrifts, regulated investment companies, insurance companies, tax-exempt organizations, former citizens or residents of the United States, persons holding Notes as part of a hedging, conversion or integrated transaction or straddle, persons who file applicable financial statements (and who are required to recognize income no later than when the associated revenue is reflected on such financial statements), persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement, or persons deemed to sell Notes under the constructive sale provisions of the Code). Finally, the summary does not describe the effect of U.S. federal estate and gift tax laws, and the effect of any applicable state, local or non-U.S. tax laws.

If a partnership or any entity treated as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its independent tax adviser as to its tax consequences.

Investors considering the purchase of Notes should consult their own tax advisers with respect to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules or under the laws of any state, local or non-U.S. jurisdictions or under any applicable tax treaty.

Certain Contingent Payments

In certain circumstances, we may be obligated to make payments of amounts in excess of the principal amount of the Notes if we repurchase all or any part of the Notes upon the occurrence of a "Change of Control Triggering Event," as described above under "Description of the Notes — Repurchase of Notes Upon a Change of Control Triggering Event" in this offering memorandum or further Additional Amounts as required under, "Description of the Notes — Additional Amounts," which are in excess of Additional Amounts we currently expect to pay as a result of the 5% Indian tax on interest. Our obligation to pay such excess amounts may result in the Notes being treated as contingent payment debt instruments under the applicable Treasury regulations. Under those regulations, a contingency will not cause a debt instrument to be treated as a contingent payment debt instrument if such contingency is remote or incidental or in certain other circumstances. We intend to take the position for U.S. federal income tax purposes that the Notes are not contingent payment debt instruments for U.S. federal income tax purposes. Such determination by us is binding on all U.S. Holders unless a U.S. Holder discloses its differing position in a statement attached to its timely filed U.S. federal income tax return for the taxable year during which a Note was acquired. Our determination, however, is not binding on the IRS, and the IRS could challenge this determination. If the IRS is successful in such an assertion, the timing and amount of income included and the character of gain recognized with respect to the Notes may be different from the consequences described herein. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and other rules above and the consequences thereof.

Payments of Interest

It is anticipated that the Notes will be issued with less than a de minimis amount (as set forth in the applicable Treasury regulations) of original issue discount ("OID"). In such case, interest paid on the Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or received (in accordance with the U.S. Holder's regular method of tax accounting for U.S. federal income tax purposes).

The amount of interest taxable as ordinary income will include amounts withheld in respect of Indian taxes on payments of interest and any Additional Amounts paid in respect thereof. Interest income earned with respect to the Notes will constitute foreign-source income for U.S. federal income tax purposes and will generally be considered "passive category income," which may be relevant in calculating a U.S. Holder's foreign tax credit limitation. Subject to applicable limitations, some of which vary depending upon a U.S. Holder's particular circumstances, Indian income taxes withheld from interest payments on the Notes generally will be creditable against a U.S. Holder's U.S. federal income tax liability. However, a U.S. Holder, otherwise entitled to benefits thereunder, will not be entitled to claim U.S. foreign tax credits for amounts withheld in excess of the rate applicable to interest under the Convention Between the Government of the United States of America and the Government of the Republic of India for the Avoidance of Double Taxation of Income and the Prevention of Fiscal Evasion with Respect to Taxes on Income. Alternatively, a U.S. Holder may be able to deduct such taxes in computing taxable income for U.S. federal income tax purposes, *provided* such holder elects to deduct rather than credit any such income taxes for the relevant taxable year. The rules governing U.S. foreign tax credits are complex and a U.S. Holder should consult its tax adviser regarding the availability of U.S. foreign tax credits under a holder's particular circumstances.

Sale, Exchange, Retirement or other Taxable Disposition of the Notes

Upon the sale, exchange, retirement or other taxable disposition of the Notes, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount realized (not including any amounts attributable to accrued and unpaid interest, which will be taxed as described under "Payments of Interest" above) and the U.S. Holder's adjusted tax basis in the Notes. A U.S. Holder's adjusted tax basis in the Notes generally will be equal to the U.S. dollar cost of the Notes.

Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the Notes have been held for more than one year at the time of its sale or exchange. Certain non-corporate U.S. Holders (including individuals) may be eligible for preferential rates of U.S. federal income tax in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Any gain or loss recognized on the sale, exchange or retirement or other taxable disposition generally will be treated as U.S.-source gain or loss, as the case may be. If, as described above under "Indian Taxation — Taxation of gains arising on disposal," Indian tax were to be imposed on any gain from the sale, exchange, retirement or other taxable disposition of the Notes, a U.S. Holder may only be able to claim a U.S. foreign tax credit for the amount of Indian tax imposed on the sale, exchange, retirement or other taxable disposition of such Notes to the extent such U.S. Holder has other income from non-U.S. sources. A U.S. Holder is urged to consult its tax adviser regarding the U.S. federal income tax consequences if Indian tax is imposed on the sale, exchange, retirement or other taxable disposition of the Notes, including the availability of the U.S. foreign tax credit under a holder's particular circumstances. Alternatively, a U.S. Holder may take a deduction for the Indian tax if it does not elect to claim a U.S. foreign tax credit for any foreign income taxes paid or accrued during the taxable year.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale, exchange, retirement or other taxable disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if such U.S. Holder fails to (i) provide its taxpayer identification number and comply with certain certification procedures or (ii) otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax and the amount of any backup withholding will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle a U.S. Holder to a refund, *provided* that the required information is furnished to the IRS in a timely manner.

Information Reporting for Foreign Financial Assets

U.S. Holders may be required to report information to the IRS with respect to their investment in "specified foreign financial assets," subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions, as discussed below). "Specified foreign financial assets" include any financial accounts maintained by certain foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons (such as the Notes), (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties, and (iii) interests in foreign entities. U.S. Holders that are individuals are urged to consult their tax advisers regarding the application of this reporting requirement to their ownership of the Notes.

Medicare Tax

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the U.S. Holder's "net investment income" for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between US$ 125,000 and US$ 250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its gross interest income and its net gains from the disposition of the Notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). A U.S. Holder that is an individual, estate or trust is urged to consult its tax advisers regarding the applicability of the Medicare tax to its income and gains in respect of an investment in the Notes.

PLAN OF DISTRIBUTION

Each of the Initial Purchasers has, pursuant to the purchase agreement to be dated the date of this offering memorandum (the "Purchase Agreement"), severally agreed, subject to the provisions of the Purchase Agreement, to purchase, and we have agreed to sell to each such Initial Purchaser, the principal amount of the Notes set forth opposite the name of such Initial Purchaser:

Initial Purchasers	Principal Amount of Notes
Citigroup Global Markets Inc.	38,900,000
Deutsche Bank AG, Singapore Branch	38,900,000
The Hongkong and Shanghai Banking Corporation Limited	38,900,000
J.P. Morgan Securities plc.	38,900,000
Standard Chartered Bank	38,900,000
First Abu Dhabi Bank P.J.S.C.	38,900,000
MUFG Securities Asia Limited	38,900,000
UBS AG Singapore Branch	38,900,000
YES Bank Limited, IFSC Banking Unit	38,800,000
Total	**US$350,000,000**

The Initial Purchasers initially propose to offer the Notes at the issue prices listed on the cover page of this offering memorandum. We will be paying a combined management and underwriting commission to the Initial Purchasers and will reimburse the Initial Purchasers in respect of certain of their expenses. We have also agreed to indemnify the Initial Purchasers against certain liabilities incurred in connection with the issue of the Notes. The Purchase Agreement may be terminated in certain circumstances prior to payment of the issue price to us.

The Initial Purchasers and some of their respective affiliates have, from time to time, performed, and may in the future perform certain commercial banking, including hedging, investment banking and advisory and other banking services for us and our respective affiliates for which they have received or will receive customary fees and expenses. Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve our securities and other financial instruments, including the Notes. The Initial Purchasers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or our other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments.

The Notes are a new issue of securities for which there currently is no market. The Initial Purchasers have advised the Company that they intend to make a market in the Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes, and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Notes.

The Initial Purchasers and/or their respective affiliates may purchase the Notes for their own account and enter into secondary market transactions or derivative transactions relating to the Notes, including, without limitation, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps and/or our other securities or those of our associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this offering memorandum relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). As a result of such transactions, an Initial Purchaser or its affiliates may hold long or short positions relating to the Notes.

Each Initial Purchaser and their respective affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Company or its affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, each Initial Purchaser and its affiliates may, from time to time after completion of the offering of the Notes, engage in other transactions with, and perform services for, the Company or its affiliates in the ordinary course of their business. Each Initial Purchaser or its affiliates may also purchase Notes for asset management and/or proprietary purposes but not with a view to distribution or may hold Notes on behalf of clients or in the capacity of investment advisors. While each Initial Purchaser and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause an Initial Purchaser or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Notes. Each Initial Purchaser may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Notes.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering will be deemed to be made by the Initial Purchasers or such affiliate on behalf of us in such jurisdiction.

Selling Restrictions

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "SFA") pursuant to Section 274 of the SFA,

(ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), an offer to the public of any Notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State other than: (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers; or (c) in any other communications falling within Article 3(2) of the Prospective Directive, provided that no such offer of Notes shall require the us or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Initial Purchaser has represented, warranted and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and (ii) it has complied, and will comply with, all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

India

The Notes may not be subscribed for or held by banks incorporated in India, provided that foreign branches or subsidiaries of Indian banks can subscribe or hold the Notes, subject to such foreign branches or subsidiaries of Indian Banks being resident of a FATF Compliant Country or a IOSCO Compliant Country. This offering memorandum has not been, nor will it be, registered, produced or published as an offer document (whether a prospectus in respect of a public offer or as a statement in lieu of prospectus or an information memorandum or private placement offer cum application letter or other offering material in respect of any private placement under the Companies Act, 2013, as amended, or any other applicable Indian laws) with any Registrar of Companies, the SEBI or any other statutory or regulatory body of like nature in India, and the Notes will not be offered or sold, and have not been offered or sold, in India by means of any document, whether as a principal or agent nor have the Initial Purchasers circulated or distributed, nor will they circulate or distribute, this offering memorandum or any other offering document or material relating to the Notes, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India. The Notes have not been offered or sold, and will not be offered or sold, in India in circumstances which would constitute an advertisement, offer, sale, solicitation of an offer to subscribe for or purchase any securities (whether to the public or by way of private placement) within the meaning of the Companies Act, 2013 or any other applicable Indian laws for the time being in force. This offering memorandum has not been and will not be reviewed or approved by an regulatory authority in India or Indian stock exchange.

Hong Kong

The Notes may not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and no person has issued or had in its possession for the purposes of issue, or will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended; the "FIEL") and may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEL and any other relevant laws and regulations of Japan.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Initial Purchasers, through their affiliates, acting as selling agents where applicable, propose to offer the Notes in offshore transactions in reliance on Regulation S and in accordance with applicable law and propose to offer the Notes to qualified institutional buyers in the United States pursuant to Rule 144A. Except as permitted under the purchase agreement, the Notes will not be offered, sold or delivered within the United States. Any offer or sale of the Notes in the United States in reliance on Rule 144A will be made by broker-dealer affiliates who are registered as such under the Exchange Act. Terms used in this paragraph have the meanings given to them by Regulation S.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

We have not registered the Notes under the Securities Act and the Notes may only be offered or sold within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act or (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of this Offering Memorandum have the meanings given to them by Regulation S and Rule 144A.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes have not been and will not be registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including resales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.

You are not our "affiliate" (as defined in Rule 144 under the Securities Act), you are not acting on our behalf and you are either:

(a) a qualified institutional buyer and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

(b) purchasing Notes in an offshore transaction in accordance with Regulation S.

(2) You acknowledge that none of us, the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you. You represent that you are only relying on this Offering Memorandum in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(3) You are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144(d) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "Resale Restriction Termination Date") only:

(a) to us or any of our affiliates;

(b) pursuant to a registration statement which has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom you give notice that the transfer is being made in reliance on Rule 144A; or

(d) outside the United States in offshore transactions meeting the requirements of Rule 904 under the Securities Act; or

pursuant to any other available exemption from the registration requirements of the Securities Act; subject in each of the foregoing cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be within the seller or account's control, and in compliance with any applicable state securities laws.

You acknowledge that we, the Trustee and the Transfer Agent reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the Trustee and the Transfer Agent.

(4) You acknowledge that each Note will contain a legend substantially in the following form:

"THIS NOTE IN RESPECT HEREOF HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB") OR IT IS NOT IN THE UNITED STATES, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A PERSON WITHIN THE UNITED STATES AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO UNDER RULE 144 UNDER THE SECURITIES ACT AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS NOTE, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY OF ITS AFFILIATES THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERM "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRANSFER AGENT TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(5) You acknowledge that the Transfer Agent will not be required to accept for registration or transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Transfer Agent that the restrictions set forth herein have been complied with.

(6) You acknowledge that:

(a) We, the Initial Purchasers, the Transfer Agent and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any

of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify the Initial Purchasers and the Transfer Agent promptly in writing; and

(b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make the foregoing acknowledgements, representations and agreements.

(7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(8) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution."

(9) The Notes may not be sold or transferred to, and you as a purchaser, by your purchase and holding of the Notes, shall be deemed to have represented and covenanted that you are not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any employee benefit plan that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), and entities whose underlying assets are considered to include "plan assets" of such employee benefit plans, plans accounts or arrangements (pursuant to Section 3(42) of ERISA and regulations promulgated under ERISA by the U.S. Department of Labor), unless such purchase and holding will not constitute a non-exempt prohibited transaction under Title I of ERISA and the Code.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Shearman & Sterling as to matters of New York law and by Khaitan & Co as to matters of Indian law. Certain legal matters will be passed upon for the Initial Purchasers by Milbank LLP as to matters of New York law and by Cyril Amarchand Mangaldas as to matters of Indian law.

INDEPENDENT JOINT AUDITORS

Our audited standalone financial statements as of and for the fiscal years ended March 31, 2019 and 2018 included in this offering memorandum have been audited jointly by S.R. Batliboi & Associates LLP, Chartered Accountants, and K.S. Rao & Co., Chartered Accountants, each an independent auditor, for the fiscal years ended March 31, 2017 have been audited jointly by S.R. Batliboi & Associates LLP, Chartered Accountants, and Brahmayya & Co., Chartered Accountants each independent auditors, in accordance with the Standards on Auditing as issued by the Institute of Chartered Accountants of India as stated in their reports included elsewhere in this offering memorandum.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN IND-AS AND IFRS

The financial statements presented in this offering memorandum as at and for the fiscal years ended March 31, 2019, 2018 and 2017, have been prepared in accordance with the applicable Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirement of division II schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the standalone financial statements ("Ind-AS").

The following summarizes certain general differences between Ind-AS and IFRS that could have a significant impact on the financial position and operations of the Company if its financial statements were prepared under IFRS. Such differences involve methods for measuring amounts in the audited standalone financial statements and the unaudited standalone condensed interim financial statements, as well as additional disclosures required by IFRS. The summary below should not be considered exhaustive, as no attempt has been made by the Company to quantify the differences between Ind-AS and IFRS, and therefore no impact assessment of Ind-AS to IFRS has been undertaken by the Company. Had any such quantification or impact assessment been undertaken, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below.

Prospective investors should consult their own professional advisors for an understanding of the principal differences between Ind-AS and IFRS and how these differences might affect the audited standalone financial statements beginning on page F-2 of this Offering Memorandum.

Summary of Certain Differences

No.	Particulars of the Standard	Treatment under IFRS	Treatment under Ind-AS
	Presentation of Financial Statement		
1.	Primary requirement	IAS 1 sets out the requirements for presentation of financial statements and the guidelines for their structure and content.	The requirements for the presentation of financial statements are set out in Ind-AS 1 and Schedule III to the Companies Act, 2013.
2.	Statements of comprehensive income/ Statement of profit and loss	With regard to preparation of statement of profit and loss, IFRS provides an option either to follow the single statement approach or to follow the two statement approach. An entity may present a single statement of profit or loss and other comprehensive income; or It may present the profit or loss section in a separate 'statement of profit or loss' which shall immediately precede the 'statement of comprehensive income'.	Ind-AS 1 allows only the single statement approach and does not permit the two statements approach.
3.	Analyses of expenses in the statement of profit and loss	IAS 1 requires an entity to present an analysis of expenses recognized in profit or loss using a classification based on either their nature or their function within the entity, whichever provides the information that is reliable and more relevant.	Ind-AS 1 and Schedule III to the Companies Act, 2013 requires entities to present an analysis of expenses recognized in profit or loss using a classification based on their nature only. There is no option to use functional classification for presentation of expenses.
4.	Materiality and aggregation	IAS 1 requires: • each material class of similar items to be presented separately in the financial statements; and • items of a dissimilar nature or function to be presented separately unless they are immaterial Also, IAS 1 states that specific disclosure need not be provided if the same is considered immaterial.	Ind-AS 1 modifies these requirement by adding the words 'except when required by law.' Hence, if the applicable law requires separate presentation/ disclosure of certain items, they are presented separately irrespective of materiality.

No.	Particulars of the Standard	Treatment under IFRS	Treatment under Ind-AS
5.	Current/ non-current classification on breach of debt covenant	If an entity breaches a provision of a long-term loan arrangement on or before the period end with the effect that the liability becoming payable on demand, the loan is classified as current liability. This is the case even if the lender has agreed, after the period end and before the authorization of the financial statements for issue, not to demand payment as a consequence of the breach. Such waivers granted by the lender or rectification of a breach after the end of the reporting period are considered as non-adjusting event and disclosed.	Ind-AS 1 refers to breach of material provision, instead of any provision. This indicates that breach of immaterial provision may not impact loan classification. Further, under Ind-AS 1, waivers granted by the lender between the end of the reporting period and the date of approval of financial statements for issue are treated as adjusting event. A corresponding change has also been made in Ind-AS 10.
6.	Applicability of EPS	IAS 33 applies only to an entity whose ordinary shares or potential ordinary shares are traded in a public market or that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organization for the purpose of issuing ordinary shares in a public market.	This scope requirement has been deleted in the Ind AS the applicability or exemptions is governed by Companies Act, 2013 and the rules made thereunder. Since there is no exemption from disclosing EPS under the Companies Act, all companies covered under Ind AS need to disclose EPS.
7.	Presentation of EPS in separate financial statements	IAS 33 provides that when an entity presents both consolidated financial statements (CFS) and separate financial statements (SFS), it may give EPS related information in CFS only.	Ind AS 33 requires EPS related information to be disclosed both in CFS and SFS. In CFS, such disclosures will be based on consolidated information. In SFS, such disclosures will be based on information given in the SFS.
First-time Adoption			
8.	Deemed cost exemption for property, plant and equipment	IFRS 1 permits a first-time adopter to measure its items of property, plant and equipment (PPE) at deemed cost at the transition date. The deemed cost can be: • the fair value of the item at the date of transition; or • a previous GAAP revaluation at or before transition date, if revaluation met certain criteria. Similar exemption is also available for intangible assets (if active market exists) at cost.	Ind-AS 101 also provides similar deemed cost exemption. In addition, if there is no change in the functional currency at the transition date, Ind-AS 101 allows a first-time adopter to continue with the Previous GAAP carrying value for all of its property, plant and equipment as recognized in the previous GAAP financial statements at the transition date. The same is used as deemed cost at that date, after making adjustment relating to decommissioning liabilities. If an entity avails this option, no further adjustments to the deemed cost so determined is made. Similar exemption is also available for intangible assets.

No.	Particulars of the Standard	Treatment under IFRS	Treatment under Ind-AS
9.	Additional exemptions relating to composite leases and land lease	Under IFRS 1, an entity classifies a lease based on the lease terms that are in force at its date of transition based on the circumstances that existed at the inception of the lease. No exemption is available for classification of composite leases.	Ind-AS 101 provides the following additional exemptions: • When a lease includes both land and building elements, a first time adopter may assess the classification of each element as finance or operating lease at the date of transition to Ind-AS based on the facts and circumstances existing as at that date. • If there is any land lease classified as finance lease at the transition date, which was classified differently under previous GAAP, then the first time adopter may recognize asset and liability at fair values on that date. Any difference between those fair values is recognized in retained earnings.
10.	Exchange differences arising on long-term monetary items	IAS 21 requires exchange differences arising on restatement of foreign currency monetary items, both long term and short term, to be recognized in the income statement for the period.	Under the current Ind-AS, companies recognize exchange differences arising on restatement of foreign currency monetary items, both long term and short term, in the profit or loss immediately. Alternatively, they are given an irrevocable option to defer/ capitalize exchange differences on long-term foreign currency monetary items. For the companies applying second option under Ind-AS, Ind-AS 101 provides an additional option. They may continue to account for exchange differences arising on long-term foreign currency monetary items recognized in the financial statements for the period ending immediately before the beginning of first Ind-AS reporting period using the previous GAAP accounting policy. Ind-AS 21 does not apply to exchange differences arising on such outstanding long term foreign currency monetary items. However, for any new long term foreign currency monetary items recognized on or after beginning of first Ind-AS reporting period, companies will be required to apply principles of Ind-AS 21.

No.	Particulars of the Standard	Treatment under IFRS	Treatment under Ind-AS
Leases [1]			
11.	Classification and presentation	IFRS 16, Lessees applies a single recognition and measurement approach for all leases, with options not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Balance Sheet — present right-of-use assets separately from other assets. Lease liabilities are also presented separately from other liabilities. Statement of profit or loss — present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which paragraph 82(b) of Ind-AS 1 Presentation of Financial Statements requires to be presented separately in the statement of profit or loss. Cash flow statement — For non-financial entities, classify cash payments for the principal portion of the lease liability within financing activities; cash payments for the interest portion of the lease liability as per the requirements of IAS 7 Statement of Cash Flows; and short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.	For periods up to March 31, 2019: Lessees apply a dual recognition and measurement approach for all leases. Lessees classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise a lease is classified as an operating lease. Ind-AS 17 does not deal with Presentation in the balance sheet. In the case of Statement of profit or loss — operating lease expense is presented as a single item. Cash flow statement- for operating leases, cash payments are included within operating activities. The presentation of finance leases is similar to IFRS 16. For periods beginning on or after April 1, 2019: Ind AS-116 — Leases has been notified to be applicable for periods beginning on or after April 1, 2019 and there are no major differences between IFRS 16 and Ind-AS 116.

(1) The Ministry of Corporate Affairs, pursuant to its notification dated March 30, 2019, notified Ind-AS 116 Leases, which will be effective for period beginning from April 1, 2019.

No.	Particulars of the Standard	Treatment under IFRS	Treatment under Ind-AS
Business Combinations			
12.	Common control business combinations	IFRS 3 excludes from its scope business combinations of entities under common control.	Ind-AS 103 requires business combinations of entities or businesses under common control to be mandatorily accounted using the pooling of method. The application of this method requires the following: (i) The assets and liabilities of the combining entities are reflected at their carrying amounts. (ii) No adjustments are made to reflect fair values, or recognize any new assets or liabilities. (iii) The only adjustments that are made are to harmonize the accounting policies. The financial information in respect of prior periods have to be restated as if the business combination had occurred from the beginning of the earliest period presented, irrespective of the actual date of the combination. (iv) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee; alternatively, it is transferred to general reserves, if any. (v) The identity of the reserves is preserved and appear in the financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor. (vi) The difference between the amount recorded as share capital issued plus any additional consideration in cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves.

No.	Particulars of the Standard	Treatment under IFRS	Treatment under Ind-AS
13.	Bargain purchase gains	Where consideration transferred for business acquisition is lower than the acquisition date fair value of net assets acquired, the gain is recognized in the income statement after a detailed reassessment.	Ind-AS 103 requires bargain purchase gain to be recognized in OCI and accumulated in the equity as capital reserve. However, if there is no clear evidence for the underlying reason for bargain purchase, the gain is directly recognized in equity as capital reserve, without routing the same through OCI. A similar change has also been made with regard to bargain purchase gain arising on investment in associate/ JV, accounted for using the acquisition method.
Revenue			
14.	Disclosure of reconciliation between revenue and contracted price	IFRS 15 requires extensive qualitative and quantitative disclosures including those on disaggregated revenue, reconciliation of contract balances, performance obligations and significant judgments.	Ind AS 115 contains all the disclosure requirement in IFRS 15. In addition, Ind AS 115 requires presentation of a reconciliation between the amount of revenue recognized in statement of profit or loss and the contracted price showing separately adjustments made to the contracted price, for example, on account of discounts, rebates, refunds, price concessions, incentives, bonus, etc. specifying the nature and amount of each such adjustment separately.
Borrowing Cost			
15.	Exchange differences regarded as adjustment to interest costs	In accordance with IAS 23, borrowing cost includes exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. However, it does not provide any specific guidance on measurement of such amounts.	Ind-AS 23 is similar to IAS 23. However, Ind-AS 23 provides following additional guidance on manner of arriving at this adjustment: The adjustment should be of an amount equivalent to the extent to which the exchange loss does not exceed the difference between the costs of borrowing in functional currency when compared to the costs of borrowing in a foreign currency. If there is an unrealized exchange loss which is treated as an adjustment to interest and subsequently there is a realized or unrealized gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognized as an adjustment should also be recognized as an adjustment to interest.

No.	Particulars of the Standard	Treatment under IFRS	Treatment under Ind-AS
Related Party Disclosures			
16.	Aggregation of transactions for disclosure	IFRS does not provide any guidance on the aggregation of transaction for disclosure.	Ind-AS 24 provides an additional guidance whereby items of similar nature may be disclosed in aggregate by type of related party. However, this is not done in such a way as to obscure the importance of significant transactions. Hence, purchases or sales of goods are not aggregated with purchases or sales of fixed assets. Nor a material related party transaction with an individual party is clubbed in an aggregated disclosure.
Cash Flow Statement			
17.	Classification of interest paid and interest and dividend received	For non-financial entities, interest paid and interest and dividends received may be classified as 'operating activities'. Alternatively, interest paid and interest and dividends received may be classified as 'financing activities' and 'investing activities' respectively.	Ind-AS 7 does not give an option It requires non-financial entities to classify interest paid as part of 'financing activities' and interest and dividend received as 'investing activities'.
Separate Financial Statements			
18.	Use of equity method to account for investments in subsidiaries, joint ventures and associates in SFS	IAS 27 allows an entity to use the equity method to account for its investments in subsidiaries, joint ventures and associates in its SFS. Consequently, an entity is permitted to account for these investments either: • at cost • in accordance with IFRS 9; or • using the equity method This is an accounting policy choice for each category of investment.	Ind-AS 27 does not allow the use of equity method to account for investments in subsidiaries, joint ventures and associates in SFS. The reason for the same that Ind-AS considers equity method to be a manner of consolidation rather than a measurement basis.
19.	Definition of close members of the family of a person	As per IAS 24, "close members of the family" of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity. They may include: • the person's spouse or domestic partner and children; • children of the person's spouse or domestic partner; and • dependents of the person or the person's spouse or domestic partner.	Definition "close members of the family" under Ind AS 24 is similar. In addition to relations prescribed under IFRS, it includes brother, sister, father and mother in sub-paragraph (a).

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes, including without limitation, consents and approvals of the RBI. The issue of the Notes and the entering into of the Indenture governing the Notes have been authorized by a resolution of our board of directors dated March 20, 2019.

Litigation

Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes.

No Material Adverse Change

Except as disclosed in this offering memorandum, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since March 31, 2019 that is material in the context of the issue of the Notes.

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture governing the Notes may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the Paying Agent.

For so long as any of the Notes are outstanding, copies of our published audited standalone financial statements for the last two financial years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the specified offices of the Paying Agent.

Clearing System and Settlement

The Notes have been accepted for clearance through the facilities of DTC. The following table sets forth certain trading information with respect to the Notes:

	Rule 144A Global Note	Regulation S Global Note
CUSIP	246724 AA6	Y2R40T AB4
ISIN	US246724AA69	USY2R40TAB40
Common Code	199705377	199967681

Only Notes evidenced by Global Notes have been accepted for clearance through DTC.

Listing of the Notes

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made on opinions or reports contained herein. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the offering, the Company or associated companies or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive Notes. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

INDEX TO THE FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ("the Company" or "DIAL"), which comprise the Balance sheet as at March 31, 2019, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

S.R. BATLIBOI & ASSOCIATES LLP *

K.S. RAO & CO. * Chartered Accountants * BENGALURU

Key audit matters	How our audit addressed the key audit matter
<u>Assumption used for valuation of Call Spread Options</u> *(as described in note 31.2 and note 36 of the standalone Ind AS financial statements)*	
The Company has purchased derivative financial instruments, i.e. call spread options to hedge its foreign currency risks relating to the long-term debt issued in foreign currency. Management has designated these derivative financial instruments and the aforesaid debt at initial recognition as cash flow hedge relationship as per Ind AS 109. The valuation of hedging instrument is complex, and necessitates a sophisticated system to record and track each contract and calculate the related valuations at each financial reporting date. Since valuation of hedging instruments and consideration of hedge effectiveness involves both 'significant assumptions and judgements' and involvement of management's expert, and therefore, is subject to an inherent risk of error. We have identified valuation of hedging instruments as a key audit matter in view of the significant judgements, estimates and complexity involved.	Our audit procedures to assess hedge accounting included the following: • assessing the design, implementation and operating effectiveness of management's key internal controls over derivative financial instruments and the related hedge accounting; • reviewed the documentation for the designated hedge instrument which defines the nature of hedge relationship; • considered the consistent application of the accounting policies and assessed the hedge accounting methodologies applied; and compared these to the requirements of Ind AS 109; • assessed the reasonability of the inputs and assumptions used, while valuing the hedging instruments; • involved a specialist in testing the fair values of derivative financial instruments and compared the results to management's results; • reviewed the related disclosures in note 31.2 and note 36 to the standalone Ind AS financial statements;

Non-consideration of certain incomes/credits for calculation of Monthly Annual Fee (MAF) payable to Airport Authority of India (AAI) *(as described in note 31.1 and note 40(i) of the standalone Ind AS financial statements)*	
As per the Concession Agreement (OMDA) entered with AAI in April 2006, the Company is required to pay annual fee (AF) to AAI at 45.99% on its projected revenue, which is payable in twelve equal monthly instalments (MAF). Per the management; certain incomes / credits arising on adoption of Ind-AS were not in contemplation of parties in April 2006 when OMDA was entered, and they do not represent receipts from business operations or from any external sources, and therefore these incomes / credits should not form part of Revenue for the purpose of calculation of MAF payable to AAI. Therefore, the Company, based on legal opinion, has provided MAF to AAI based on Revenue as per Ind AS Financial Statements after adjusting such incomes/credits. We identified the non-consideration of these incomes/credits for calculation of MAF payable to AAI as a key audit matter, because of its significance to the financial statements and it involves significant management judgements.	Our audit procedures to assess the calculation of MAF included the following: • evaluating the legal opinion obtained by management, • checking the exclusions made by the Company on the basis the legal opinion, • assessing the design, implementation and operating effectiveness of management's key internal controls over MAF payable and related accounting; • verifying representations made by the Company to AAI containing these exclusions; • reviewed the related disclosures in note 31.1 and note 40(i) to the standalone Ind AS financial statements with respect to these significant judgements for calculating MAF.

Other Information

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

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

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

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India

Responsibilities of Management for the Standalone Ind AS Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

S.R. BATLIBOI & ASSOCIATES LLP *

K.S. RAO & CO. * Chartered Accountants * BENGALURU

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes of our audit;

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

   (c) The Balance Sheet, the Statement of Profit and Loss including 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;

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India

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 33(II)(a) to (f) to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Yogesh Midha
Partner
Membership Number: 094941
Place: New Delhi
Date: May 2, 2019

S.R. BATLIBOI & ASSOCIATES LLP

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

per Hitesh Kumar P
Partner
Membership Number: 233734
Place:
Date: May 2, 2019

K.S. RAO & CO. Chartered Accountants BENGALURU

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Annexure-1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous years in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to information and explanations given by the management, the title deeds of immovable properties included in included in property, plant and equipment are held in the name of the Company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. There was no inventory lying with third parties.

(iii) (a) The Company has granted loans to its Intermediate Holding Company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanation given us, the terms and condition of the grant of such loans are not prejudicial to the Company's interest.

(b) The Company has granted loans to its Intermediate Holding Company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no amounts of loans granted to its Intermediate Holding Company listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(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) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to aeronautical services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

S.R. BATLIBOI & ASSOCIATES LLP

K.S. RAO & CO. Chartered Accountants BENGALURU

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a case of service tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, excise duty, custom duty, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year 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 of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax, goods and service tax and cess which have not been deposited on account of any dispute, are as follows*:

Name of the statute	Nature of Dues	Amount (Rs. in Crores)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Taxability of Passenger Service Fee (Security Component), Taxability of Upfront fee, capital work in progress disallowance on account of capital expenditure under section 14A of the Act., Disallowance under section 40(a)(ia) of the Act.	21.39	Assessment Year: 2007-08	Income Tax Appellate Tribunal (ITAT).
Income Tax Act, 1961	Taxability of Passenger Service Fee (Security Component), Disallowance on account of capital expenditure, Disallowance of payment of gratuity, Disallowance under section 40(a)(ia) of the Act, Disallowance of club expenses, Disallowance under Section 14A of the Act, Issue of SFIS Duty Credit Scrips.	42.90	Assessment Year: 2008-09	Delhi High Court
Finance Act 1994	(i) Non Payment of Service Tax on License Fees / lease rentals.	1.56	Financial year 2006-07 to 2009-10	Commissioner, Service tax, New Delhi
Finance Act 1994	Non-payment of Service Tax on License Fees / lease rentals.	0.07	Financial year 2011-12 (Apr – June'2010)	Commissioner of Service Tax, New Delhi.
Finance Act 1994	Wrong availment of service tax on the payment made towards employee's medical insurance.	0.22	Financial year 2011-12.	Additional Commissioner of Service Tax, New Delhi.
Finance Act 1994	(i) Service tax on the supply of electricity and water	2.35	Financial year: 2009 -10 to 2013-14	Commissioner of Service tax

* Dispute under Income Tax Act 1961, wherein disallowances resulting in reduction in 'returned loss' as per return of income have not been considered for above disclosure. Tax impact of reduction in loss amounts to Rs. 55.81 crores.

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(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(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 by the company or no fraud / material fraud on the company 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 managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) 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 as referred to in section 192 of Companies Act, 2013.

(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 Number: 094941
Place: New Delhi
Date: May 02, 2019

S.R. BATLIBOI & ASSOCIATES LLP

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

per Hitesh Kumar P
Partner
Membership Number: 233734
Place:
Date: May 02, 2019

K.S. RAO & CO. Chartered Accountants BENGALURU

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ANNEXURE-2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF DELHI INTERNATIONAL AIRPORT LIMITED (FORMERLY KNOWN AS DELHI INTERNATIONAL AIRPORT 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")

We have audited the internal financial controls over financial reporting of Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Director 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 with reference to these standalone financial statements 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 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 with reference to these standalone financial statements 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, 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 over financial reporting with reference to these standalone financial statements.

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Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements 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 With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, 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
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per Yogesh Midha
Partner
Membership Number: 094941
Place: New Delhi
Date: May 02, 2019

S.R. BATLIBOI & ASSOCIATES LLP

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

per Hitesh Kumar P
Partner
Membership Number: 233734
Place:
Date: May 02, 2019

K.S. RAO & CO. Chartered Accountants BENGALURU

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN: U63033DL2006PLC146936
Standalone Balance Sheet as at March 31, 2019
(All amounts in Rupees crore, except otherwise stated)

		March 31, 2019	March 31, 2018
ASSETS			
(1) Non-current assets			
Property, plant and equipment	4	6,484.51	6,806.21
Capital work in progress	4	245.90	194.44
Intangible assets	5	387.29	395.30
Investment in subsidiary, associates and joint ventures	6.1	289.37	289.37
Financial assets			
(i) Investment	6.2	0.01	0.01
(ii) Loans	7	1.89	2.46
(ii) Other financial assets	8	329.24	1.20
Other non-current assets	9	930.49	10.43
Current tax assets		63.79	45.85
		8,752.49	7,745.27
(2) Current assets			
Inventories	11	7.33	6.39
Financial assets			
(i) Investments	6.3	1,455.41	2,584.46
(ii) Trade receivables		117.71	525.13
(iii) Cash and cash equivalents	13	226.34	374.97
(iv) Bank balance other than cash and cash equivalents	14	398.94	91.27
(v) Loans	7	401.35	1.58
(vi) Other financial assets	8	330.65	123.16
Other current assets	9	37.64	40.18
		2,975.37	3,747.14
Total Assets		11,727.86	11,492.41
EQUITY AND LIABILITIES			
(1) Equity			
Equity Share Capital	15	2,450.00	2,450.00
Other Equity			
(i) Retained earnings	16	282.48	422.57
(ii) Cash flow hedge reserve	16	(14.44)	(4.49)
		2,718.04	2,868.08
(2) Non-current liabilities			
Financial Liabilities			
(i) Borrowings	17.	5,564.65	5,249.12
(ii) Other financial liabilities	18.	337.51	323.02
Deferred revenue	19.	1,901.00	1,577.23
Deferred tax liabilities (net)	10	101.60	224.87
Other non-current liabilities	20	61.10	102.57
Long term provisions	22	-	1.45
		7,965.86	7,478.26
(3) Current liabilities			
Financial Liabilities			
(i) Trade payables	21		
-Total outstanding dues of micro enterprises and small enterprises		5.19	7.35
-Total outstanding dues of creditors other than micro enterprises and small enterprises		296.68	416.60
(ii) Other financial liabilities	18.	388.34	442.88
Deferred revenue	19.	101.14	85.94
Other current liabilities	20	198.21	143.39
Short term provisions	22	45.13	40.64
Liabilities for current tax (net)		9.27	9.27
		1,043.96	1,146.07
Total liabilities		9,009.82	8,624.33
Total equity and liabilities		11,727.86	11,492.41
Summary of significant accounting policies	3		

The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 02, 2019.

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date : May 02, 2019

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No. : 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: Bengaluru
Date : May 02, 2019

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

G.B.S Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

Videh Kumar Jaipuriar
Chief Executive Officer

Hari Nagrani
Chief Financial Officer

Saurabh Jain
Company Secretary
Place: New Delhi
Date : May 02, 2019

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Profit and Loss for the year ended March 31, 2019
(All amounts in Rupees crore, except otherwise stated)

Particulars	Notes	March 31, 2019	March 31, 2018
I REVENUE			
Revenue from operations	23	3,262.65	3,680.97
Other income	24	530.61	361.87
Total Income (I)		3,793.26	4,042.84
II EXPENSES			
Annual fee to Airports Authority of India (AAI) [refer note 40(i)]		1,591.25	1,761.47
Employee benefits expense	25	186.48	165.24
Depreciation and amortization expense	26	639.81	645.90
Finance costs	27	629.59	579.15
Other expenses	28	972.99	931.68
Total Expense (II)		4,020.13	4,083.44
III (Loss) before tax [(I)-(II)]		(226.87)	(40.60)
Current tax		-	-
Adjustment of tax relating to earlier years	10	-	(4.88)
Deferred tax (credit)	10	(115.10)	(73.97)
IV Total Tax (credit)		(115.10)	(78.85)
V (Loss)/ Profit for the year (III-IV)		(111.77)	38.25
Other Comprehensive Income			
A Items that will not be reclassified to profit or loss in subsequent years			
Re-measurement (loss) / gain on defined benefit plans		(0.28)	0.77
Income tax effect		0.10	(0.27)
B Items that will be reclassified to profit or loss in subsequent years			
Net movement of cash flow hedges	29	(15.31)	18.88
Income tax effect		5.36	(6.53)
VIII Total Other Comprehensive (Loss)/Income for the year (net of tax) (A+B)		(10.13)	12.85
IX Total Comprehensive (Loss)/ Income for the year (net of tax) (VII+VIII)		(121.90)	51.10
X (Loss)/ Earnings per equity share: [nominal value of share Rs. 10 (March 31, 2018 : Rs. 10)]			
(1) Basic	30	(0.46)	0.16
(2) Diluted	30	(0.46)	0.16
Summary of significant accounting policies	3		

The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 02, 2019.

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date : May 02, 2019

S.R. BATLIBOI & ASSOCIATES LLP

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No. : 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: Bengaluru
Date : May 02, 2019

K.S. RAO & CO. Chartered Accountants BENGALURU

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

G.B.S Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

Videh Kumar Jaipuriar
Chief Executive Officer

Hari Nagrani
Chief Financial Officer

Saurabh Jain
Company Secretary
Place: New Delhi
Date : May 02, 2019

दिल्ली इंटरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. New Delhi नई दिल्ली

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Change in Equity for the year ended March 31, 2019
(All amounts in Rupees crore, except otherwise stated)

	Equity share capital	Reserves and Surplus	Item of OCI	Total equity
		Retained earnings	Cash flow hedge reserve*	
Balance as at March 31, 2017	2,450.00	575.49	(16.84)	3,008.65
Profits for the year	-	38.25	-	38.25
Other comprehensive income (net of tax)	-	0.50	12.35	12.85
Payment of dividends (Refer Note 16.1)	-	(159.25)	-	(159.25)
Dividend distribution tax (Refer Note 16.1)	-	(32.42)	-	(32.42)
Balance as at March 31, 2018	2,450.00	422.57	(4.49)	2,868.08
Adjustment in retained earning for change in accounting policy (net of tax)	-	(5.02)	-	(5.02)
Depreciation charge to retained earnings		(23.12)	-	(23.12)
Loss for the year	-	(111.77)	-	(111.77)
Other comprehensive loss (net of tax)	-	(0.18)	(9.95)	(10.13)
Balance as at March 31, 2019	2,450.00	282.48	(14.44)	2,718.04

Summary of significant accounting policies (Refer Note 3)

* The Company had entered into "Call spread Option" with various banks for hedging the repayment of 6.125% Senior secured notes (2022) of USD 288.75 million and 6.125% Senior secured notes (2026) of USD 522.60 million, which are repayable in February 2022 and October 2026 respectively. The Company has adopted the Cash Flow Hedge accounting for Call spread Options as per Ind AS 109. Accordingly, the effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the standalone statement of profit and loss.

The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 02, 2019.

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date: May 02, 2019

S.R. BATLIBOI & ASSOCIATES LLP

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No.: 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: Bangaluru
Date: May 02, 2019

K.S. RAO & CO. Chartered Accountants BENGALURU

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

G.B.S Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

Videh Kumar Jaipuriar
Chief Executive Officer

Hari Nagrani
Chief Financial Officer

Saurabh Jain
Company Secretary
Place: New Delhi
Date: May 02, 2019

दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. New Delhi नई दिल्ली

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Cash Flows for the year ended March 31, 2019
(All amounts in Rupees crore, except otherwise stated)

	Notes	March 31, 2019	March 31, 2018
Cash flow from operating activities			
(Loss) before tax		(226.87)	(40.60)
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization expenses		639.82	645.90
Provision for Bad debts / Bad Debts Written off		0.17	0.31
Interest income on deposits/current investment		(102.93)	(47.47)
Exchange differences unrealised (net)		97.91	(54.15)
Gain on sale of current investments-Mutual fund		(125.55)	(125.03)
Income from Duty credit scrips		(55.11)	(30.27)
Loss on discard of Property Plant and Equipments		-	0.08
Dividend Income on non current investments carried at cost		(63.59)	(67.76)
Interest on Borrowings		381.05	346.88
Call spread option premium		194.56	153.65
Rent expenses on financial assets carried at amortised cost		0.51	0.47
Interest expenses on financial liability carried at amortised cost		48.04	74.41
Deferred income on financial liabilities carried at amortized cost		(108.89)	(79.60)
Fair value gain on financial instruments at fair value through profit or loss		(1.05)	(23.57)
		678.07	753.25
Working capital adjustments:			
(Decrease) in trade payables		(122.96)	(19.75)
(Decrease) in other non current liabilities		(44.42)	(10.38)
Increase/(Decrease) in other current liabilities		52.42	(63.76)
Increase/(Decrease) in non current deferred revenue		430.27	(124.09)
Increase/(Decrease) in current deferred revenue		15.20	(0.24)
(Decrease) in non current financial liabilities		(32.30)	(31.51)
(Decrease)/Increase in current financial liabilities		(51.77)	141.84
Decrease in trade receivables		407.25	373.44
(Increase)/Decrease in inventories		(0.94)	1.03
(Increase)/Decrease in other non current assets		(0.67)	0.04
Decrease/(Increase) in other current assets		2.54	(3.66)
(Increase) in other current financial assets		(138.37)	(34.93)
(Increase) in other Non current financial assets		(134.37)	(0.97)
Decrease/(Increase) in non current loans		0.57	(0.82)
Decrease in current loans		0.23	0.58
(Decrease)/Increase in non current provisions		(1.45)	0.24
Increase in current provisions		4.77	4.15
Cash generated from operations		1,064.07	984.46
Direct taxes paid (net)		(17.94)	(17.93)
Net cash flows from operating activities (A)		1,046.13	966.53
Cash flows from investing activities			
Purchase of property plant and equipments, including capital work in progress and capital advances		(1,336.88)	(185.77)
Purchase of non-current investments		-	(108.33)
Purchase of current investments		(16,997.47)	(14,874.91)
Sale/maturity of current investments		18,253.12	14,634.39
Inter corporate deposits given		(400.00)	-
Dividend Income		63.59	67.76
Interest received		88.92	43.48
Investment of Margin Money Deposit		(0.01)	(0.01)
Investments in other fixed deposits with original maturity of more than three months (net)		(307.67)	(45.27)
Net cash flows used in investing activities (B)		(636.40)	(468.66)

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K.S. RAO & CO. Chartered Accountants BENGALURU

Delhi International Airport Ltd. New Delhi
दिल्ली इंटरनेशनल एयरपोर्ट लिमिटेड नई दिल्ली

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Cash Flows for the year ended March 31, 2019
(All amounts in Rupees crore, except otherwise stated)

	Notes	March 31, 2019	March 31, 2018
Cash flows from financing activities			
Final dividend paid		-	(159.25)
Dividend distribution tax		-	(32.42)
Option premium paid		(194.19)	(144.49)
Interest paid		(364.17)	(340.86)
Net cash flows used in financing activities (C)		(558.36)	(677.02)
Net decrease in cash and cash equivalents (A + B + C)		(148.63)	(179.15)
Cash and cash equivalents at the beginning of the year		374.97	554.12
Cash and cash equivalents at the end of the year		226.34	374.97
Components of cash and cash equivalents			
Cash on hand		0.04	0.02
Cheques/ drafts on hand		0.22	0.48
With banks			
- on current account		26.08	110.91
- on deposit account		200.00	263.56
Total cash and cash equivalents (Refer Note 13)		226.34	374.97
Summary of significant accounting policies	3		

Explanatory notes to statement of cashflows

1. The above cash flow statement has been compiled from and is based on the standalone balance sheet as at March 31, 2019 and the related standalone statement of profit and loss for the year

2. Cash and cash equivalents include Rs. 0.56 crore (March 31, 2018: Rs. 1.23 crore) pertaining to Marketing Fund, to be used for sales promotional activities.

3. Changes in liabilities arising from financing activities:-

Particulars	Liabilities arising from financing activities		Assets held to hedge long term borrowings
	Borrowings	Interest accrued on Borrowings	Derivative instrument- Cash flow hedge- call spread option
As at March 31, 2018	5,249.12	105.33	0.97
Cash flows	-	(364.17)	(194.19)
Non-cash changes			
Finance cost	8.23	372.82	194.56
Foreign exchange fluctuation	307.30	-	-
Change in Fair values	-	-	193.29
As at March 31, 2019	5,564.65	113.98	194.63

4. The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 02, 2019.

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date : May 02, 2019

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No. : 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: Bengaluru
Date : May 02, 2019

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

G.B.S.Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

Videh Kumar Jaipuriar
Chief Executive Officer

Hari Nagrani
Chief Financial Officer

Saurabh Jain
Company Secretary
Place : New Delhi
Date : May 02, 2019

1. Corporate information

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ('DIAL' or 'the Company') is a Public Limited Company domiciled in India. It was incorporated as a Private Limited Company on March 1, 2006 under the provisions of the erstwhile Companies Act, 1956, (replaced with Companies Act 2013 with effect from April 1, 2014) and was converted into a Public Limited Company w.e.f. April 10, 2017. DIAL is into the business of 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.

2. (A) Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirement of division II of Schedule III to the Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

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

The standalone financial statements have been prepared on historical cost convention on an accrual basis, except for the following assets and liabilities, which have been measured at fair value or revalued amount:

- Derivative Financial Instruments
- Certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

(B) 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 Control period of 5 years period (i.e. 2009 - 2014). DIAL vide appeal no 10/2012 had filed an appeal before Airport Economic Regulatory Authority Appellate Tribunal ("AERAAT") on certain disputed issues in the Tariff order of first control period No.03/2012-13. Subsequently, Hon'ble High Court of Delhi vide its final order dated January 22, 2015, against the writ petition filed by the Company in this matter, ordered that the tariff determined by AERA for the first control Period shall continue till the disposal of the appeals pending against said Tariff Order, by AERAAT.

Subsequently, AERA also 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, DIAL filed an appeal with AERAAT against some of the matters of order No. 40/2015-16 on January 11, 2016.

Further, Ministry of Finance vide the notification dated May 26, 2017, Part XIV of Chapter VI of the Finance Act, 2017 directed the merger of Appellate Tribunal under the Airports Economic Regulatory Authority Act, 2008 ("AERA Act") i.e. AERAAT into Telecom Disputes Settlement and Appellate Tribunal (TDSAT).

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The Hon'ble Supreme Court of India, on SLP filed by Air India, vide its judgement dated July 03, 2017, has vacated the order of Hon'ble High Court of Delhi and directed TDSAT to dispose off the appeals of DIAL in the next two months.

Accordingly, DIAL implemented the Tariff order No. 40/2015-16 dated December 08, 2015 with immediate effect i.e. from July 08, 2017 as per directions of Director General of Civil Aviation dated July 07, 2017.

DIAL's appeal no.10/2012 with respect to first control period has been concluded along with the appeal of certain airlines. TDSAT vide its order dated April 23, 2018 has passed the order, which provides clarity on the issues which were pending for last six years and has laid down the principles to be followed by AERA in the third control period starting from April 1, 2019. The Company expects the uplift impact of the TDSAT order to reflect in the tariff determination by AERA for the next control period i.e. 2019 -2024. DIAL's appeal against the second control period shall be heard in due course.

DIAL has filed an appeal in the Hon'ble Supreme Court of India on July 21, 2018 for few matters in respect of TDSAT order dated April 23, 2018 and same was listed on September 4, 2018 wherein, Hon'ble Supreme Court has issued notices in the matter. The matter was listed before Registrar on February 22, 2019 wherein last opportunity has been granted to AERA and airlines to file their arguments. The matter has been re-notified for May 8, 2019.

During the year, AERA has issued tariff order with respect to Base Airport Charges for the second control period, which the airport operator is entitled to receive as minimum charges in accordance with Schedule 6 of State Support Agreement (SSA) read with Schedule 8 of the SSA. The order on the Base Airport Charges was issued on November 19, 2018 (except the order for baggage X-ray charges), and revised tariff made applicable from December 1, 2018. The order for baggage X- ray charges had been issued on January 10, 2019 and effective from February 1, 2019.

DIAL has filed tariff proposal for the third control period starting April 1, 2019 to March 31, 2024 with the regulator on November 27, 2018. Further, as the second control period completed on March 31, 2019, DIAL requested the AERA to extend the current tariff till the tariff for third control period is determined. Accordingly, AERA vide order no 48/2018-19 dated March 25, 2019 extended the prevailing tariff for DIAL till September 30, 2019 or determination of tariff for third control period, whichever is earlier.

Basis the cash projections prepared by the management of the Company for the next one year, the management expects to have cash profit. Further considering the Company's business plans and the availability of sufficient cash reserves as at March 31, 2019, the management do not foresee any uncertainty in continuing its business/ operations and meeting its liabilities for the foreseeable future and accordingly, these standalone financial statements have continued to be prepared on a going concern basis.

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Delhi International Airport Ltd. New Delhi

3. Summary of significant accounting policies

a. Change in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in March 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

The Company has adopted the Ind AS 115 "Revenue from Contracts with Customers" with effect from April 1, 2018 as notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. The new revenue standard supersede all previous revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules has affected the timing of revenue recognition for certain transactions of the Company. Ind AS 115 permits two possible methods of transition:

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

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

The Company has applied the modified retrospective approach and accordingly, the application of Ind AS 115 has impacted the Company's accounting for advance from customers with consequential impact on deferred taxes and debited the retained earnings at April 1, 2018 by Rs. 5.02 crore (net of tax). Due to the application of Ind AS 115, revenue for the period is higher by Rs. 4.80 crore, finance expense is higher by Rs. 2.41 crore, deferred tax expense is lower by Rs. 0.81 crore and profit after tax is higher by Rs. 1.58 crore.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

Amendment to Ind AS 38 Intangible asset acquired free of charge

The amendment clarifies that in some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. In accordance with Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. The amendment also clarifies that revaluation model can be applied for asset which is received as government grant and measured at nominal value. These amendments do not have any impact on the Company's financial statements.

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Delhi International Airport Ltd. New Delhi

Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

The appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Company's financial statements.

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

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

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments do not have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

b. Use of estimates

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financials statements have been disclosed in Note 31. Accounting estimates could change from year to year. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the year in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

b. Current versus non-current classification

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

The Company classifies all other assets as non-current.

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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

The Company classifies all other liabilities as non-current.

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

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

c. Investments in Associates, Joint Ventures and Subsidiary

The Company has accounted for its investments in associates, joint ventures and subsidiary at cost.

d. 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.

Assets under installation or under construction as at the balance sheet date are shown as "Capital work-in-progress (CWIP)". However, CWIP relating to the development fund are being net off from the Development fee accrued (to the extent not utilized) and are not included in CWIP. Expenditure including finance charges directly relating to construction activity is capitalised.

Capital work in progress includes leasehold improvements under development as at the balance sheet date.

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

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

Development fee related to an asset, (net of direct amount incurred to earn aforesaid development fee) is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

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.

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Delhi International Airport Ltd. New Delhi

e. Depreciation on Property, Plant and Equipment

Depreciation on property, plant and equipment is calculated on a straight line basis using the useful lives prescribed under Schedule II to the Companies Act, 2013 except for 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 property, plant and equipment 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 property, plant and equipment 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
Roads – Other than RCC	10 years	5 years
Transformers/Power Sub-Stations (included in Plant and Machinery)	15 years	10 years
Electric Panels (included in Electrical Installations and Equipment)	15 years	10 years

The useful life of property, plant and equipment which are not as per schedule II of the Companies Act 2013, have been estimated by the management based on internal technical evaluation.

The Property, plant and equipment acquired under finance lease is depreciated over the asset's useful life; or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of lease term.

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has 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, interalia, 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, that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector. Pursuant to above, the Authority has issued order no. 35/2017-18 on January 12, 2018 which is further amended on April 09, 2018, in the matter of Determination of Useful life of Airport Assets, which will be effective from April 01, 2018.

Accordingly, the management is of the view that useful lives considered by the Company for most of the assets except passenger related Furniture and Fixtures are in line with the useful life proposed by AERA in its order dated January 12, 2018, which is further amended on April 09, 2018.

In order to align the useful life of passenger related Furniture and Fixtures as per AERA order, the Company has revised the useful life and charged the depreciation of Rs. 23.12 crore related to the assets whose life were expired by March 31, 2018 to other equity as at April 01, 2018 and depreciation of Rs. 2.37 crore to the standalone statement of profit and loss.

Leasehold Improvements are improvements, betterments, or modifications of leased property which will benefit the Company for the period of more than one year. The amount of leasehold improvements are capitalised and amortised over the period of lease or useful life whichever is less.

S.R. BATLIBOI & ASSOCIATES LLP

K.S. RAO & CO. Chartered Accountants BENGALURU

Delhi International Airport Ltd. New Delhi

f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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.

g. Amortisation of intangible assets

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in these standalone financial statements.

The Company amortises, upfront fee paid as airport concession rights and other costs paid to AAI referred to above are recognized and amortized over the initial and extended period of OMDA i.e. 60 years. Other intangible assets are amortised over the useful life of asset or six years, whichever is lower.

h. Government Grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that
(i) the Company will comply / have complied with the conditions attached to them, and
(ii) the grant / subsidy will be received.

When the grant/ subsidy relates to revenue, it is recognized under other income in the Standalone Statement of Profit and Loss in the period of receipts of such grant/ subsidy, at the amount expected to be realized.

i. Borrowing cost

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

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

j. Leases

The determination of whether an agreement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at fair value of the leased property on inception date or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the standalone statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the standalone statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfers from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

k. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes other directly associated costs in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. 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) fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the standalone statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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.

m. Provisions, Contingent liabilities and Commitments

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

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Provisions for onerous contracts are recognized when the expected benefits to be delivered by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

n. Contingent assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

o. Retirement and other Employee Benefits

Defined benefit plan

Retirement benefit in the form of provident fund is a defined benefit scheme. DIAL contributes its portion of contribution to DIAL Employees Provident Fund Trust ('the Trust'). DIAL has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate which is determined by actuary and accounted by the DIAL as provident fund cost.

Retirement benefit in the form of Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the standalone statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation, other than the contribution payable to the respective trusts.

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 standalone statement of profit and loss in the period in which the employee renders the related service.

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 a reduction in future payment or a cash refund.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

a) Financial assets at amortised cost
b) Financial assets at fair value through profit or loss (FVTPL)
c) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets at amortised cost: A 'Financial asset' 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.

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 other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12.

Financial assets at FVTPL: FVTPL is a residual category for financial assets. Any Financial asset, which does not meet the criteria for categorization as at amortized cost or as at Fair Value through OCI (FVTOCI), is classified as at FVTPL.

In addition, the Company may elect to designate a Financial assets, 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'). Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

• The rights to receive cash flows from the asset have expired or

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

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Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements 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.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

p. 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.

I) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

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

Impairment of financial assets

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

Financial assets measured at amortised cost e.g., deposits, trade receivables and bank balance.

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

II) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

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 standalone statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

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

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

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 respective carrying amounts is recognised in standalone statement of profit and loss.

Offsetting of financial instruments

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

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q. Derivative financial instruments and hedge accounting

Initial Recognition and subsequent measurement

The Company uses derivative financial instruments, such as call spread options, 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, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;

c) Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as described below:

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

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

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

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Presentation of derivative contracts in the financial statement

Derivative assets and liabilities recognized on the balance sheet are presented as current and non-current based on the classification of the underlying hedged item.

r. Cash and cash equivalents

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

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

s. Foreign currencies

Functional Currency

The standalone financial statements are presented in Indian rupees (INR), which is also the Company's functional currency.

Transactions and Translations

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.

t. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

The Company determines the policies and procedures for recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. External valuers are involved for valuation of significant assets or liabilities such as derivative instruments.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes as mentioned below.

a) Disclosures for valuation methods, significant estimates and assumptions (note 36)

b) Quantitative disclosures of fair value measurement hierarchy (note 37)

c) Financial instruments (including those carried at amortised cost)

u. 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.

Revenue from contract with customer

Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

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Revenue from Operations

Significant financing component

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

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

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer (which consist of unbilled revenue). If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Income from services

Revenue from airport operations i.e. Aeronautical and Non Aeronautical operations are recognised on accrual basis, net of service tax/Goods and Service Tax (GST), and applicable discounts when services are rendered. Aeronautical operations include user development fees (UDF), Passenger Service Fee (Facilitation Component) [PSF (FC)], Baggage X-ray Charges, Landing and Parking of aircraft, fuel farm and CUTE counter charges. The main streams of non –aeronautical revenue includes duty free, retail, advertisement, food & beverages, cargo, ground handling, car parking and land & space- rentals.

Land & Space- rentals pertains to granting right to use land and space primarily for catering to the need 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.

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Interest income

Interest income 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.

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

Dividends

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

Claims

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

v. Taxes

Tax expense comprises current tax and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with 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.

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ii) In respect of taxable temporary differences associated with investments in subsidiary, 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:

i) 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.

ii) In respect of deductible temporary differences associated with investments in subsidiary, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the 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.

Minimum Alternate Tax ('MAT') paid in a year is charged to the standalone statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on 'Accounting for Credit Available in respect of Minimum Alternative Tax' under IT Act, the said asset is created by way of credit to the standalone statement of profit and loss and shown as 'MAT credit entitlement'. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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Taxes, cess, duties such as sales tax/ value added tax/ service tax/goods and service tax etc. paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of taxes paid, except:

- When the tax incurred on a purchase of assets, goods or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

w. Operating segments

The Company has only one reportable operating segment, which is operation of airport and providing allied services. Accordingly, the amounts appearing in the standalone financial statements relate to the Company's single operating segment.

x. Proposed dividend

As per Ind AS –10, 'Events after the Reporting period', the Company disclose the dividend proposed by board of directors after the balance sheet date in the notes to these standalone financial statements. The liability to pay dividend is recognised when the declaration of dividend is approved by the shareholders.

y. Earnings per share

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

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

z. Corporate Social Responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the standalone statement of profit and loss.

aa. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

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Delhi International Airport Ltd. New Delhi

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Notes to the standalone financial statements for the year ended March 31, 2019
(All amounts in Rupees crore, except otherwise stated)

4 Property, plant and equipments

	Buildings	Leasehold improvement	Bridges, Culverts, Bunders,etc.	Electrical Installations and Equipment	Roads-Other than RCC	Runways, Taxiways & Apron etc.	Plant and Machinery	Office Equipment	Computer and data processing units	Furniture and Fittings	Vehicles	Total	Capital work in progress (CWIP)
Gross block (at cost)													
As at March 31, 2017	4,430.78	7.47	396.61	1,005.45	218.09	2,193.44	2,303.87	11.20	69.71	223.87	12.41	10,872.90	123.94
Reclassification	2.14	-	-	(0.57)	4.45	-	(0.72)	-	-	(5.30)	-	-	-
Additions	8.52	2.36	0.32	14.56	1.78	9.30	7.22	0.23	14.85	11.88	1.25	72.27	70.50
Disposals	-	-	-	-	-	-	(0.15)	(0.04)	(2.09)	(0.04)	-	(2.32)	-
Adjustments [refer note (a) below]	(10.46)	-	-	(0.17)	-	-	(0.07)	-	-	-	-	(10.70)	-
As at March 31, 2018	4,430.98	9.83	396.93	1,019.27	224.32	2,202.74	2,310.15	11.39	82.47	230.41	13.66	10,932.15	194.44
Additions	37.77	5.98	8.01	35.28	11.95	31.44	146.11	1.68	19.87	41.96	4.22	335.47	51.46
Disposals	-	-	-	-	-	-	(0.08)	-	-	-	(0.17)	(0.25)	-
Adjustments [refer note (a) below]	(2.99)	-	-	-	-	-	-	-	-	-	-	(2.99)	-
At March 31, 2019	4,465.76	15.81	396.94	1,054.55	236.27	2,234.18	2,456.18	13.07	101.54	272.37	17.71	11,264.38	245.90
Depreciation													
As at March 31, 2017	984.73	0.91	100.52	551.45	117.16	645.74	920.03	9.64	45.22	108.25	7.98	3,491.63	-
Reclassification	0.02	-	-	(0.01)	0.06	-	(0.01)	-	-	(0.06)	-	-	-
Charge for the year	145.68	2.33	13.31	120.76	31.57	94.45	192.26	0.51	7.15	27.38	1.15	636.55	-
Disposals	-	-	-	-	-	-	(0.08)	(0.04)	(2.09)	(0.03)	-	(2.24)	-
As at March 31, 2018	1,130.43	3.24	113.83	672.20	148.79	740.19	1,112.20	10.11	50.28	135.54	9.13	4,125.94	-
Charge for the year	149.12	4.16	13.35	104.61	32.63	97.44	196.28	0.60	9.70	22.13	1.04	631.06	-
Disposals	-	-	-	-	-	-	(0.08)	-	-	-	(0.17)	(0.25)	-
Charge to reserve [refer note 3(e)]	-	-	-	-	-	-	5.73	-	-	17.39	-	23.12	-
At March 31, 2019	1,279.55	7.40	127.18	776.81	181.42	837.63	1,314.13	10.71	59.98	175.06	10.00	4,779.87	-
Net block													
As at March 31, 2018	3,300.55	6.59	283.10	347.07	75.53	1,462.55	1,197.95	1.28	32.19	94.87	4.53	6,806.21	194.44
As at March 31, 2019	3,186.21	8.41	269.76	277.74	54.85	1,396.55	1,142.05	2.36	41.56	97.31	7.71	6,484.51	245.90

Note:

a. Adjustments include amounts related to final settlement of the vendors related to construction of various capital assets.

b. Buildings include space given on operating lease:
Gross block Rs. 234.64 crore (March 31, 2018: Rs. 233.27 crore),
Depreciation charge for the year Rs. 7.83 crore (March 31, 2018: Rs. 7.75 crore),
Accumulated depreciation Rs. 67.95 crore (March 31, 2018: Rs. 60.12 crore),
Net book value Rs. 166.75 crore (March 31, 2018 : Rs. 173.15 crore)

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(All amounts in Rupees crore, except otherwise stated)

5 Intangible assets

	Airport concessionaire rights	Computer software	Total
Gross block (at cost)			
As at March 31, 2017	490.52	41.16	531.68
Additions	-	0.58	0.58
As at March 31, 2018	490.52	41.74	532.26
Additions	-	0.75	0.75
As at March 31, 2019	490.52	42.49	533.01
Amortisation			
As at March 31, 2017	88.75	38.86	127.61
Charge for the year	8.20	1.15	9.35
As at March 31, 2018	96.95	40.01	136.96
Charge for the year	8.20	0.56	8.76
As at March 31, 2019	105.15	40.57	145.72
Net Block			
As at March 31, 2018	393.57	1.73	395.30
As at March 31, 2019	385.37	1.92	387.29

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Delhi International Airport Ltd. New Delhi

(All amounts in Rupees crore, except otherwise stated)

6.1 Investment in subsidiary, associates and joint ventures	Non current	
	March 31, 2019	March 31, 2018
Investments carried at cost		
Unquoted equity shares fully paid up		
Investment in subsidiary		
Delhi Aerotropolis Private Limited 100,000 shares of Rs 10 each (March 31, 2018 : 100,000 shares of Rs 10 each)	0.10	0.10
Investment in associates		
Celebi Delhi Cargo Terminal Management India Private Limited 29,120,000 shares of Rs. 10 each (March 31, 2018 : 29,120,000 shares of Rs. 10 each)	29.12	29.12
Delhi Duty Free Services Private Limited 39,920,000 shares of Rs. 10 each (March 31, 2018 : 39,920,000 shares of Rs. 10 each)	39.92	39.92
Delhi Airport Parking Services Private Limited 40,638,560 shares of Rs 10 each (March 31, 2018:40,638,560 shares of Rs 10 each)	40.64	40.64
Travel Food Services (Delhi Terminal 3) Private Limited 5,600,000 shares of Rs. 10 each (March 31, 2018 : 5,600,000 shares of Rs. 10 each)	5.60	5.60
TIM Delhi Airport Advertising Private Limited 9,222,505 shares of Rs. 10 each (March 31, 2018 : 9,222,505 shares of Rs. 10 each)	9.22	9.22
DIGI Yatra Foundation 370 shares of Rs. 10 each (March 31, 2018 : Nil)	0.00	-
Investment in joint ventures		
Delhi Aviation Services Private Limited 12,500,000 shares of Rs. 10 each (March 31, 2018 : 12,500,000 shares of Rs. 10 each)	12.50	12.50
Delhi Aviation Fuel Facility Private Limited 42,640,000 shares of Rs. 10 each (March 31, 2018 : 42,640,000 shares of Rs. 10 each)	42.64	42.64
WAISL Limited (formerly known as Wipro Airport IT Servies Limited)* 1,300,000 shares of Rs. 10 each (March 31, 2018 : 1,300,000 shares of Rs. 10 each)	1.30	1.30
GMR Bajoli Holi Hydropower Private Limited 108,334,241 shares of Rs. 10 each (March 31, 2018 : 108,334,241 share of Rs. 10 each)	108.33	108.33
	289.37	289.37
Aggregate book value of unquoted non-current investment	289.37	289.37

6.2 Investments

Carried at fair value through profit and loss		
East Delhi Waste Processing Company Private Limited 7,839 shares of Rs 10 each (March 31, 2018 :7,839 shares of Rs 10 each)	0.01	0.01
	0.01	0.01

* The Company is proposing to sale its entire investment in WAISL Limited (formerly known as Wipro Airport IT Servies Limited) of Rs 1.30 cr. (1,300,000 shares of Rs. 10 each) to Antariksh Softtech Private Limited based on valuation of independen valuer.

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Delhi International Airport Ltd. New Delhi

(All amounts in Rupees crore, except otherwise stated)

6.3 Current Investments	Current	
	March 31, 2019	March 31, 2018
Investments carried at fair value through profit or loss		
Investment in mutual fund		
Unquoted investments		
ICICI Prudential Liquid Regular Plan Growth [8,437,391.38 units (March 31, 2018 : 11,130,257.38) of Rs. 100 each]	232.38	285.37
Bank of Baroda Mutual Fund [2,34,043.88 unit (March 31, 2018 : 176,460.73) of Rs. 1000 each]	50.06	35.10
Axis Liquid Fund Growth [4,58,166.66 units (March 31, 2018 : 913,307.88) of Rs. 1000 each]	94.62	175.42
Birla Sunlife Cash Plus- Inst.- Growth [Nil (March 31, 2018 : 16,757,830.39) of Rs. 100 each]	-	317.92
IDFC Cash Fund Growth Regular Plan [Nil (March 31, 2018 : 394,752.88) of Rs. 1000 each]	-	83.03
DHFL Mutual Fund [Nil (March 31, 2018 : 6,680,746.71) of Rs. 100 each]	-	150.31
Invesco Mutual Fund [Nil (March 31, 2018 : 630,626.71) of Rs. 1000 each]	-	150.32
Kotak Liquid Scheme [1,98,960.52 units (March 31, 2018 : 413,959.05) of Rs. 1000 each]	75.06	145.42
Reliance Mutual Fund [Nil (March 31, 2018 : 7,593,237.26) of Rs. 1000 each]	-	77.04
Sundaram Money Fund Regular – Growth [1,91,42,370.75 units (March 31, 2018 : 48,059,856.01) of Rs. 10 each]	75.09	175.37
DSP Mutual Fund [Nil (March 31, 2018 : 931,807.72) of Rs. 1000 each]	-	230.53
LIC Nomura Liquid Fund [Nil (March 31, 2018 : 287,655.12) of Rs. 1000 each]	-	90.20
IDBI Mutual Fund [Nil (March 31, 2018 : 487,216.23) of Rs. 1000 each]	-	90.16
UTI- Liquid Fund-Cash Plan-INST Growth [5,50,544.26 units (March 31, 2018: Nil) of Rs. 1000 each]	167.91	-
Tata Liquid Fund Plan A - Growth [3,41,515.63 units (March 31, 2018 : Nil) of Rs. 1000 each]	100.08	-
Investments carried at amortised cost		
Investment in Commercial Papers		
SREI Infrastructure Finance Limited [5,000 (March 31, 2018 : 8,000) Units of Rs. 5,00,000 each]	242.82	378.27
SREI Equipment Finance Limited [3,500 (March 31, 2018 : Nil) Units of Rs. 5,00,000 each]	167.53	-
Piramal Enterpreises [1,000 (March 31, 2018 : Nil) Units of Rs. 5,00,000 each]	49.61	-
JM Financial Products Limited [4,400 (March 31, 2018 : Nil) Units of Rs. 5,00,000 each]	200.25	-
	1,455.41	2,584.46
Aggregate book value of unquoted investments	1,455.41	2,584.46

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Delhi International Airport Ltd. * New Delhi *

7. Loans

Unsecured, considered good		Non current March 31, 2019	Non current March 31, 2018	Current March 31, 2019	Current March 31, 2018
Carried at amortised cost					
Security deposits					
Unsecured, considered good		1.89	2.46	1.35	1.58
Inter corporate loan					
Unsecured, considered good to related parties [refer note 34(b)]		-	-	400.00	-
	(A)	1.89	2.46	401.35	1.58
Advances					
Doubtful, to related parties [refer note 34(b)]		2.82	2.82	-	-
Less: provision for doubtful advances [refer note 34(b)]		(2.82)	(2.82)	-	-
	(B)	-	-	-	-
Total (A+B)		1.89	2.46	401.35	1.58

8. Other Financial assets

	Non current March 31, 2019	Non current March 31, 2018	Current March 31, 2019	Current March 31, 2018
Derivative Instrument carried at fair value through OCI #				
Cash flow hedge- Call spread option	194.63	0.97	-	-
Carried at amortised cost				
Interest accrued on fixed deposits and others	-	-	33.19	19.18
Non-trade receivable [refer note 40(b)]	134.37	-	42.17	47.39
[net of provision of doubtful debts Rs 0.85 crores (March 31, 2018 Rs. 0.46 crores)]				
Unbilled receivables (March 31, 2018 Unbilled revenue)	-	-	164.73	9.11
Other recoverables from related parties [refer note 34(b)]	-	-	19.52	17.65
Margin money deposit * (refer note 13)	0.24	0.23	-	-
Other receivable	-	-	71.04	29.83
Total other financial assets	329.24	1.20	330.65	123.16

#Financial assets at fair value reflect the change in fair value of call spread options, designated as cash flow hedges to hedge the future cash outflow in USD on settlement of foreign exchange borrowings of USD 811.35 million (Rs. 5,610.89 crore) [March 31, 2018: USD 811.35 million (Rs. 5,301.36 crore)] on senior secured foreign currency notes.

* Rs 0.24 crore (March 31, 2018: Rs. 0.23 crore) against License fee to South Delhi Municipal Corporation.

9. Other assets

		Non current March 31, 2019	Non current March 31, 2018	Current March 31, 2019	Current March 31, 2018
Capital advances		944.50	4.60	-	-
	(A)	944.50	4.60	-	-
Advances other than capital advance					
Advance to suppliers		-	-	17.04	15.02
Other advances		-	-	0.05	0.05
Less: provision for doubtful advances		-	-	(0.05)	(0.05)
	(B)	-	-	17.04	15.02
Others					
Prepaid expenses		5.99	5.83	6.39	6.52
Deposit with government authorities including paid under protest [refer note 33 II (e)]		-	-	4.09	4.07
Balance with statutory / government authorities		-	-	8.16	14.57
Gratuity fund balance (net) [refer note 32(b)]		-	-	1.96	-
	(C)	5.99	5.83	20.60	25.16
Total other assets (A+B+C)		950.49	10.43	37.64	40.18

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(Amount in Rupees crore, unless otherwise stated)

10. Income tax

	March 31, 2019	March 31, 2018
Current income tax:		
Adjustment of tax relating to earlier years	-	(4.88)
Deferred tax:		
Relating to origination and reversal of temporary differences	(115.10)	(73.97)
Income tax expense reported in the statement of profit or loss	(115.10)	(78.85)

OCI Section	March 31, 2019	March 31, 2018
Deferred tax related to items recognised in OCI during in the year:		
Re-measurement gains (losses) on defined benefit plans	0.10	(0.27)
Cash flow Hedge Reserve	5.36	(6.53)
Income tax charged to OCI	5.46	(6.80)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018:

	March 31, 2019	March 31, 2018
Accounting profit before tax	(226.87)	(40.60)
Tax at the applicable tax rate of 34.94% (March 31, 2018: 34.94%)	(79.27)	(14.19)
Exempt income not included in calculation of tax	(22.22)	(23.68)
Assets capitalised in the Income Tax Act in current year but in the books in previous year	-	(22.13)
Tax on depreciation charged to opening retained earnings	(8.08)	-
Impact of increment in tax rate	-	0.98
Other adjustments	1.26	5.20
Tax on Ind AS 115 transition impact adjustment in opening retained earnings	(2.71)	-
Tax effect of items on which deferred taxes has not been accounted	(7.94)	(13.27)
Adjustment of tax relating to earlier years	-	(4.88)
Previously unrecognised tax losses used to reduce deffered tax expense	-	(11.24)
Tax effect of expenses that are not deductible in determining taxable profit:		
Donation paid disallowed	3.86	4.74
Interest on delayed payment of Income Tax	(0.01)	(0.38)
At the effective income tax rate of 50.74% (March 31, 2018: 48%)	(115.10)	(78.85)
Total tax expense reported in the statement of profit and loss	(115.10)	(78.85)

Deferred tax:

	Balance sheet		Statement of profit or loss	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Deferred tax liability				
Accelerated depreciation for tax purposes	(925.05)	(972.74)	47.68	42.63
Derivative liability-mark to market loss on IRS	-	-	-	4.96
On account of upfront fees being amortized using EIR method	(16.16)	(18.26)	2.10	2.68
Fair value of investment in mutual fund	(0.37)	(11.71)	11.34	(8.27)
Cash Flow Hedge	(80.33)	(0.71)	(85.11)	(0.71)
	(1,021.91)	(1,003.41)	(23.99)	41.29
Deferred tax asset				
Unabsorbed depreciation	818.45	649.27	169.18	51.52
Others Disallowances	13.05	36.16	(23.11)	8.21
Unrealised forex loss on borrowings	-	10.06	(10.06)	(7.20)
Intangibles (Airport Concession rights)	62.79	66.71	(3.92)	(3.25)
Advance from customer	1.87	-	(0.81)	-
Non Trade Receivable Deferment	10.91	-	10.91	-
Other borrowing cost to the extent not amortised	13.24	16.34	(3.10)	(2.92)
Marketing Fund Liablity	-	-	-	(13.68)
	920.31	778.54	139.09	32.68
Net deferred tax assets/(liabilities)	(101.60)	(224.87)	(115.10)	(73.97)

Reconciliations of net deferred tax liabilities / (assets)

	March 31, 2019	March 31, 2018
Opening balance as at beginning of the year	224.87	292.04
Tax expense during the period recognised in profit or loss	(115.10)	(73.97)
Tax expense during the period recognised in opening reserves [refer note 3(a)]	(2.71)	-
Tax (expense)/ income during the period recognised in OCI	(5.46)	6.80
Closing balance	101.60	224.87

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.

11. Inventories

(valued at lower of cost or net realizable value)	March 31, 2019	March 31, 2018
Stores and spares	7.33	6.39
	7.33	6.39

12. Trade receivables

	Current	
	March 31, 2019	March 31, 2018
Trade receivables		
Related parties [refer note 34(b)]	18.90	106.28
Others [refer note 40(b)]	98.81	418.85
	117.71	525.13
Break up for security details:		
Trade receivables		
Secured, considered good**	19.47	220.32
Unsecured, considered good [refer note 40(b)]	98.24	304.81
Trade Receivables which have significant increase in credit risk	3.01	3.23
	120.72	528.36
Impairment Allowance (allowance for credit loss)		
Less: Unsecured, considered good	(3.01)	(3.23)
	117.71	525.13

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

Trade receivables includes:-

	Current	
	March 31, 2019	March 31, 2018
Dues from entities in which the Company's non-executive director is a director		
Delhi Duty Free Services Private Limited	-	16.37
GMR Warora Energy Limited	2.31	-
GMR Infrastructure Limited	0.74	0.36
GMR Aviation Private Limited	0.02	0.02
GMR Bajoli Holi Hydropower Private Limited	2.48	0.50
GMR Airports Limited	0.20	-
GMR Kamalanga Energy Limited	1.95	-
TIM Delhi Airport Advertising Private Limited	0.67	30.37
WAISL Limited	5.74	37.35

13. Cash and Cash Equivalents

		Non-current		Current	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Balances with Banks					
-On current accounts#		-	-	26.08	110.91
-Deposits with original maturity of less than three months*		-	-	200.00	263.56
Cheques / drafts on hand		-	-	0.22	0.48
Cash on hand		-	-	0.04	0.02
	(A)	-	-	226.34	374.97
Other bank balances					
- Margin money deposit*		0.24	0.23	-	-
	(B)	0.24	0.23	-	-
Amount disclosed under other non-current financial assets (refer note 8)		(0.24)	(0.23)	-	-
Total (A+B)		-	-	226.34	374.97

Cash and cash equivalents includes balance on current account with banks for Rs. 0.56 crore (March 31, 2018: Rs 1.23 crore) in respect of Marketing Fund.
*Deposit with banks earns interest at floating rates based on daily bank deposit rates. 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 deposit rates.

At March 31, 2019, the Company has available Rs. 230.71 crore (March 31, 2018: Rs. 225.81 crore) of undrawn borrowing facilities for future operating activities.

14. Bank balances other than cash and cash equivalents

	March 31, 2019	March 31, 2018
Balances with banks:		
- Deposits with original maturity of more than three months but less than 12 months#	398.94	91.27
	398.94	91.27

Deposits with bank includes Rs. 37.73 crore (March 31, 2018: Rs. 49.32 crore) in respect of Marketing Fund.

Break up of financials assets carried at amortised cost and at fair value through profit and loss

		Non current		Current	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets carried at amortised cost					
Investment in commercial papers (refer note 6.3)		-	-	660.21	378.27
Trade Receivable (refer note 12)		-	-	117.71	525.13
Cash and cash equivalents (refer note 13)		-	-	226.34	374.97
Bank balance other than Cash and cash equivalents (refer note 14)		-	-	398.94	91.27
Loans (refer note 7)		1.89	2.46	401.35	1.58
Other financial assets (refer note 8)		329.24	1.20	330.65	123.16
	(A)	331.13	3.66	2,135.20	1,494.38
Financial assets carried at Fair value through profit or loss					
Investment in mutual funds (refer note 6.3)		-	-	795.20	2,206.19
Investments in Equity Shares (refer note 6.2)		0.01	0.01	-	-
	(B)	0.01	0.01	795.20	2,206.19
Total financial assets (A+B)		331.14	3.67	2,930.40	3,700.57

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15. Equity Share Capital

	March 31, 2019	March 31, 2018
Authorised shares (No. in crores)		
300 (March 31, 2018: 300) equity shares of Rs. 10 each	3,000	3,000
	3,000	3,000
Issued, subscribed and fully paid-up shares (No. in crores)		
245 (March 31, 2018: 245) equity shares of Rs.10 each fully paid up	2,450	2,450
	2,450	2,450

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	March 31, 2019		March 31, 2018	
	No. in crore	(Rs. in crores)	No. in crore	(Rs. in crores)
At the beginning of the year	245	2,450.00	245	2,450.00
Issued during the year	-	-	-	-
Outstanding at the end of the year	245	2,450.00	245	2,450.00

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Further the shareholders have entered into share holders agreement whereby special rights have been assigned to the Airports Authority of India (AAI) in respect of appointment of the nominee director in the Board of Directors, approval of reserved Shareholders and Board matters by affirmative vote of the AAI. Further in case any shareholder intends to the transfer its shares subject to restriction of lock in period in Operation, Management and Development Agreement between shareholders, other shareholders will have first right of refusal in accordance with the terms of the shareholders agreement

c. Shares held by holding/ intermediate holding company and its subsidiary

Out of equity shares issued by the Company, shares held by its holding company, intermediate holding company and its subsidiary are as below:

Name of Shareholder	March 31, 2019	March 31, 2018
GMR Infrastructure Limited, the intermediate holding company 100 (March 31, 2018: 100) equity share of Rs.10 each fully paid up	0.00	0.00
GMR Energy Limited, Subsidiary of the intermediate holding company 100 (March 31, 2018: 100) equity share of Rs.10 each fully paid up	0.00	0.00
GMR Airports Limited along with Mr. Srinivas Bommidala 1 (March 31, 2018: 1) equity share of Rs.10 each fully paid up	0.00	0.00
GMR Airports Limited along with Mr Grandhi Kiran Kumar 1 (March 31, 2018: 1) equity share of Rs.10 each fully paid up	0.00	0.00
GMR Airports Limited, the holding company 156.80 crore (March 31, 2018: 156.80 crore) equity share of Rs.10 each fully paid up	1,568	1,568

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

	March 31, 2019		March 31, 2018	
	Numbers	% Holding in the class	Numbers	% Holding in the class
Equity shares of Rs. 10 each fully paid				
Airports Authority of India	637,000,000	26%	637,000,000	26%
GMR Airports Limited	1,567,999,798	64%	1,567,999,798	64%
Fraport AG Frankfurt Airport Services Worldwide	245,000,000	10%	245,000,000	10%
	2,449,999,798	100%	2,449,999,798	100%

e. As per records of the Company including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above share holding represents legal and beneficial ownership of shares as at the balance sheet date.

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16. Other Equity

	March 31, 2019	March 31, 2018
Retained earnings		
Balance as per last financial statements	422.57	575.49
Effect of adoption of new accouting standard [refer note 3(a)]	(5.02)	-
Depreciation charge to reserve [refer note 3(e)]	(23.12)	-
(Loss) / Profit for the year	(111.77)	38.25
Re-measurement gains on defined benefit plans	(0.18)	0.50
Payment of dividends	-	(159.25)
Dividend distribution tax	-	(32.42)
Closing balance	282.48	422.57
Other Items of Comprehensive Income		
Cash flow hedge reserve		
Balance as per last financial statements	(4.49)	(16.84)
Net Movement during the year	(9.95)	12.35
	(14.44)	(4.49)
	268.04	418.08

16.1 Distribution made and proposed on Equity shares:

	March 31, 2019	March 31, 2018
Cash dividends on equity shares declared and paid		
Final dividend on equity shares for the year ended on March 31, 2018: Rs. 0.65 per share*	-	159.25
Dividend distribution tax (DDT) on final dividend	-	32.42
	-	191.67

*Proposed dividends on equity shares was subject to approval at the annual general meeting and was not recognised as a liability (including DDT thereon) as at March 31, 2017. This was subsequently approved in annual general meeting held on September 5, 2017.

16.2 Net dividend remitted in foreign exchange:

Year of remittance (ended on)	March 31, 2019	March 31, 2018
Period to which relates	-	April 1, 2016 to March 31, 2017
Number of non-resident shareholders	-	1.00
Number of equity shares of nominal value Rs.10 per share held on which dividend was due	-	245,000,000.00
Amount remitted in USD (in million)	-	0.25
Amount remitted in INR (in crore)	-	15.93

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(All amounts in Rupees crore, except otherwise stated)

17. Borrowings

	Non - Current	
	March 31, 2019	March 31, 2018
Bonds		
6.125% (2022) senior secured foreign currency notes (Note-1)*	1,973.25	1,857.93
6.125% (2026) senior secured foreign currency notes (Note-2)**	3,591.40	3,391.19
	5,564.65	5,249.12

* 6.125% Senior Secured Foreign Currency Notes (Note-1) of USD 285.34 million (March 31, 2018: USD 284.35 million), principal outstanding of USD 288.75 million (March 31, 2018: USD 288.75 million) from International capital market carrying a fixed interest rate of 6.125% p.a. plus applicable withholding tax. The Note-1 are due for repayment in February, 2022. The bonds are secured by first rank pari-passu charge on all the future revenues, receivables, Trust and Retention account, any other reserve, other bank accounts and insurance proceeds of the Company and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under OMDA.

** 6.125% Senior Secured Foreign Currency Notes (Note-2) of USD 519.33 million (March 31, 2018: USD 519.00 million), principal outstanding of USD 522.60 million (March 31, 2018: USD 522.60 million) from International capital market carrying a fixed interest rate of 6.125% p.a. plus applicable withholding tax. The Note-2 are due for repayment in October 2026. The loan is secured by first rank pari-passu charge on all the future revenues, receivables, Trust and Retention account, any other reserve, other bank accounts and insurance proceeds of the Company and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under OMDA.

c. With respect to Note-1 and Note-2 above, the Company has to follow Fixed Charge Coverage Ratio as provided under the Indenture for any additional indebtedness and other limitations. The Company has complied with the financial covenants prescribed in the financing documents and the Indenture.

18. Other Financial Liabilities

	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Other financial liabilities at amortised cost				
Security Deposits from trade concessionaires [refer note 34(b)]	320.15	310.78	214.27	150.24
Security Deposits from commercial property developers	13.02	7.48	-	116.75
Earnest money deposits	-	-	4.59	2.51
Capital Creditors	-	-	23.32	23.63
Retention money	4.34	3.41	28.82	25.26
Liability for Voluntary retirement scheme	-	1.35	1.35	15.47
Interest accrued but not due on borrowings	-	-	113.98	105.33
Employee benefit expenses payable	-	-	2.01	3.69
Total other financial liabilities at amortised cost	337.51	323.02	388.34	442.88
Total other financial liabilities	337.51	323.02	388.34	442.88

19. Deferred Revenue

	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Deferred income on financial liabilities carried at amortized cost (refer note a below)	1,897.59	1,575.76	84.83	74.27
Unearned revenue (refer note b below)	3.41	1.47	16.31	11.67
	1,901.00	1,577.23	101.14	85.94

Deferred income on financial liabilities carried at amortized cost

	March 31, 2019	March 31, 2018
At April 1	1,650.03	1,855.56
Deferred during the year	422.89	36.84
Reversed during the year	(11.07)	(163.16)
Released to the statement of profit and loss	(79.43)	(79.21)
	1,982.42	1,650.03

Unearned revenue

	March 31, 2019	March 31, 2018
At April 1	13.14	11.93
Deferred during the year	283.19	277.93
Released to the statement of profit and loss	(276.61)	(276.72)
	19.72	13.14

Note:
a. Interest free security deposit received from concessionaire and commercial property developers (that are refundable in cash on completion of its term) are carried at amortised cost. Difference between the amortised value and transaction value of the security deposits received has been recognised as deferred revenue.
b. Unearned revenue as at March 31, 2019 represents 'contract liabilities' due to adoption of modified retrospective approach of transition in accordance with Ind AS 115.

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20 Other Liabilities

	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Advances from commercial property developers [refer note 40(a)]	50.29	92.72	44.86	48.15
Advance from customer	10.81	9.85	18.05	6.16
Marketing fund liability [refer note 40 (h)]	-	-	57.22	51.51
Tax deducted at source/Tax Collected at source payable	-	-	14.83	15.20
Goods & Service tax payable	-	-	33.18	1.72
Other statutory dues	-	-	2.05	1.66
Other liabilities	-	-	28.02	18.99
	61.10	102.57	198.21	143.39

Note:
1. Advances from commercial property developers and Advances from customers as at March 31, 2019 represents 'contract liabilities' due to adoption of modified retrospective approach of transition in accordance with Ind AS 115.

2. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis.

3. Contract liabilities include transaction price, other than those meeting the exclusion criteria mentioned above, related to performance obligation to be satisfied within one year for Rs. 44.86 crores and after one year for Rs. 50.29 crores.

21 Trade payables

	March 31, 2019	March 31, 2018
Total outstanding dues of micro enterprises and small enterprises	5.19	7.35
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Related parties [refer note 34(b)]	83.15	204.58
- Others	213.53	212.02
	301.87	423.95

Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

	March 31, 2019	March 31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier:		
- Principal amount	5.19	7.35
- Interest thereon	-	-
The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	-	-

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 60-day terms.
Related parties payable are payable on demand once they get due.

For explanations on the Company's credit risk management processes, refer to Note 38.

22 Provisions

	Long term		Short term	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Provision for employee benefits				
Provision for leave benefits	-	-	25.61	21.18
Provision for Gratuity [refer note 32(b)]	-	1.45	-	-
Provision for superannuation	-	-	0.39	0.33
Others	-	-	19.13	19.13
	-	1.45	45.13	40.64

Break up of financial liabilities

	Non Current		Current	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial liability carried at amortised cost				
Borrowings (refer note 17)	5,564.65	5,249.12	-	-
Trade Payables (refer note 21)	-	-	301.87	412.01
Other financial liabilities (refer note 18)	337.51	323.02	388.34	442.88
	5,902.16	5,572.14	690.21	854.89

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(All amounts in Rupees crore, except otherwise stated)

23. Revenue From Operations

	March 31, 2019	March 31, 2018
Revenue from contract with customers		
Aeronautical (A)	987.80	1,705.48
Non - Aeronautical		
Duty free	463.12	378.42
Retail	165.77	133.30
Advertisement	162.74	170.98
Food & Beverages	153.39	134.66
Cargo	241.75	206.99
Ground Handling	131.55	124.40
Parking	31.08	25.89
Land & Space — Rentals	379.82	349.33
Others	361.69	274.84
Total Non -Aeronautical (B)	2,090.91	1,798.81
Other operating revenue		
Revenue from commercial property development (C)	183.94	176.68
TOTAL (A+B+C)	3,262.65	3,680.97

Note:

(i) The Company earns its entire revenue from operations in India.

(ii) Timing of rendering of services

	March 31, 2019			
	Aeronautical	Non-Aeronautical	Others	Total
Services rendered at a point in time	766.18	-	-	766.18
Services rendered over time	221.62	2,090.91	183.94	2,496.47
Total revenue from contracts with customers	987.80	2,090.91	183.94	3,262.65

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

Particulars	March 31, 2019
Revenue as per contracted price	3,257.85
Adjustments:	
- Significant financing component	4.80
Revenue from contract with customers	3,262.65

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

	March 31, 2019
Amounts included in contract liabilities at the beginning of the year	(49.02)
Performance obligations satisfied in previous years	-
Total	(49.02)

24. Other income

	March 31, 2019	March 31, 2018
Interest income on financial asset carried at amortised cost		
Bank deposits and others	282.21	60.96
Security deposits given	0.35	0.39
Dividend Income on non-current investments carried at cost	63.59	67.76
Other non-operating income		
Gain on sale of financial asset carried at Fair value through profit and loss		
Current investments-Mutual fund	125.55	125.03
Exchange difference (net)	-	53.26
Fair value gain on financial instruments at fair value through profit and loss*	1.05	23.57
Income from Duty credit scrips [refer note 40(o)]	55.11	30.27
Miscellaneous income	2.75	0.63
	530.61	361.87

* Fair value gain on financial instrument at fair value through profit & loss relates to current investment in mutual funds.

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(All amounts in Rupees crore, except otherwise stated)

25. Employee Benefits Expense

	March 31, 2019	March 31, 2018
Salaries, wages and bonus	167.05	147.11
Contribution to provident and other funds [refer note 32 (a)]	12.52	10.48
Gratuity expenses [refer note 32 (b)]	1.88	3.01
Staff welfare expenses	5.03	4.64
	186.48	165.24

26. Depreciation and amortization expense

	March 31, 2019	March 31, 2018
Depreciation on Property, Plant and Equipment (refer note 4)	631.06	636.55
Amortization of Intangible assets (refer note 5)	8.76	9.35
	639.82	645.90

27. Finance Costs

	March 31, 2019	March 31, 2018
Interest on borrowings	381.05	346.88
Call spread option premium	194.56	153.65
Interest expenses on financial liability carried at amortised cost	48.04	74.41
Other interest	3.44	1.41
Other borrowing costs		
-Bank charges	2.50	2.80
	629.59	579.15

28. Other expenses

	March 31, 2019	March 31, 2018
Utility expenses	103.35	113.20
Repairs and maintenance		
Plant and machinery	113.25	108.27
Buildings	26.71	32.35
IT Systems	38.21	35.32
Others	20.89	15.84
Manpower hire charges	134.66	125.97
Airport Operator fees	114.90	171.87
Security related expenses	30.75	23.06
Insurance	5.65	6.63
Consumables	14.62	12.73
Professional and consultancy expenses	57.02	73.06
Travelling and conveyance	25.41	17.63
Rates and taxes	9.07	8.30
Rent (including lease rentals)	8.09	10.57
Advertising and sales promotion	13.88	11.18
Communication costs	2.37	2.09
Printing and stationery	2.38	1.51
Directors' sitting fees	0.24	0.27
Payment to auditors (refer note A below)	1.13	1.62
Provision for Bad debts / Bad Debts Written off	0.17	0.31
Exchange difference (net)	98.47	-
Corporate cost allocation	91.47	85.02
Collection charges (Net)	10.39	5.28
Loss on discard of Property, Plant and Equipment	-	0.08
Donations	1.12	2.42
CSR expenditure (refer note B below)	9.92	11.14
Expenses of commercial property development	33.18	49.47
Miscellaneous expenses	5.69	6.49
	972.99	931.68

A. Payment to Auditors (Included in other expenses above)

	March 31, 2019	March 31, 2018
As Auditor		
Audit fee	0.68	0.70
Tax audit fee	0.07	0.07
Other services		
- Other services (including certification fees)	0.27	0.83
-Reimbursement of expenses	0.11	0.02
	1.13	1.62

(All amounts in Rupees crore, except otherwise stated)

B. Details of CSR expenditure:

		March 31, 2019	March 31, 2018
a) Gross amount required to be spent by the Company during the year		9.49	11.70

	In cash	Yet to be paid in cash	Total
(b) Amount spent during the year ended on March 31, 2019:			
i) Construction/acquisition of any asset	1.40	-	1.40
ii) On purposes other than (i) above	8.52	-	8.52
b) Amount spent during the year ended on March 31, 2018:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	9.32	1.82	11.14

29. Components of OCI

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

During the year ended March 31, 2019	March 31, 2019
Cash Flow Hedge Reserve (net)	194.03
Less: reclassified to statement of profit and loss	(209.34)
	(15.31)

During the year ended March 31, 2018	March 31, 2018
Cash Flow Hedge Reserve (net)	52.70
Less: reclassified to statement of profit and loss	(33.82)
	18.88

30. (Loss)/ Earnings Per Share (EPS)

The following reflects the (loss)/ income and share data used in the basic and diluted EPS computations:

	March 31, 2019	March 31, 2018
Profit attributable to equity holders of the company	(111.77)	38.25
Weighted average number of equity shares used for Computing Loss/ Earning Per Share (Basic & Diluted)	245.00	245.00
	245.00	245.00
(Loss)/ Earning Per Share (Basic) (Rs)	(0.46)	0.16
(Loss)/ Earning Per Share (Diluted) (Rs)	(0.46)	0.16
Face value per share (Rs)	10.00	10.00

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31. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone 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.

31.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements.

Discounting rate

The Company has considered incremental borrowing rate of Airport sector as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost till March 31, 2018. From period starting from April 01, 2018; management has considered revised incremental borrowing rate of airport sector for all the deposits given/received post March 31, 2018; and impact has been duly accounted in standalone financial statements.

Consideration of significant financing component in a contract

The Company sells pouring rights at airport for which contract period is for more than one year. The Company concluded that there is a significant financing component for those contracts where the customer elects to pay in advance considering the length of time between the customer's payment and rendering services, as well as the prevailing interest rates in the market.

In determining the interest to be applied to the amount of consideration, the Company concluded that the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the equipment to the amount paid in advance) is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception.

Non applicability of Service Concession Arrangement (SCA)

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. Under the agreement, AAI has granted exclusive right and authority to undertake some of the functions of the AAI being the functions of operation, maintenance, development, design, construction, upgradation, modernization, finance and management of the Airport and to perform services and activities at the airport constituting 'Aeronautical Services' and 'Non-Aeronautical Services'. For prices, aeronautical services are regulated, while the regulator has no control over determination of prices for Non-Aeronautical Services. The management of the Company conducted detailed analysis to determine applicability of Appendix D of Ind AS 115 and concluded that the same does not apply to DIAL. Company concession arrangement has significant non-regulated revenues, which are apparently not ancillary in nature, as these are important from DIAL, AAI and users/passengers perspective. Further, the regulated and non-regulated services are substantially interdependent and cannot be offered in isolation. The airport premise is being used both for providing regulated services (Aeronautical Services) and for providing non-regulated services (Non-aeronautical Services). Accordingly, the management has concluded that SCA does not apply in its entirety to the Company.

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Annual Fee to AAI

As per the Concession Agreement (OMDA) entered into with AAI in April 2006, the Company is required to pay to AAI annual fee (AF) each year at 45.99% on its projected revenue and same shall be payable in twelve equal monthly instalments (MAF), to be paid in each calendar month. As per Article 1.1 of Chapter I of OMDA, "Revenue" is defined to mean all pre-tax gross revenue of DIAL with certain specified exclusions.

Management of the Company is of the view that the certain income / credits arising on adoption of Ind-AS was not in contemplation of parties in April 2006 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent actual receipts from business operations, from any external sources and therefore, these incomes/ credits should not be treated as "Revenue" for calculation of MAF to AAI. Accordingly, the Company, basis above and Legal Opinion, has provided the monthly annual fee to AAI based on Revenue as per the Ind AS financial statements after adjusting such incomes/credits (refer note 40 (i)).

31.2 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 standalone 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.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounting cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

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

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The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

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

Further details about gratuity obligations are given in Note 32 (b).

Provision for Leave encashment

The present value of leave encashment is 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 discount rate, future salary increases, and withdrawal rates. Due to complexities involved in the valuation and its long term nature, provision for leave encashment is sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor 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. 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 36, 37 and 38 for further disclosures.

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32. Retirement and other employee Benefit:-

Employee Benefit:-

a) Defined benefit plans

During the year ended March 31, 2019, the Company has recognised Rs. 12.52 crore (March 31, 2018: Rs. 10.48 crore) as an expenses and included in Employee benefits expense as under the following defined contribution plans.

	For the year ended March 31, 2019	For the year ended March 31, 2018
Employer's contribution to		
Provident and other fund#	8.38	7.02
Superannuation fund*	4.14	3.46
Total	12.52	10.48

#Net of amount transferred to Capital work-in-progress ('CWIP') & CPD Rs. 0.24 Crore (March 31, 2018: Rs. 0.11 Crore)

*Net of amount transferred to CWIP & CPD Rs. 0.14 Crore (March 31, 2018: Rs. 0.08 Crore).

The Company makes contribution towards provident fund which is administered by the trustees. The rules of the Company's provident fund administered by a trust, require that if the board of the trustees are unable to pay interest at the rate declared by the government under para 60 of the Employees provident fund scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the Company has obtained actuarial valuation and based on the below provided assumption there is no cumulative deficiency at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

As per the requirement of Ind AS 19, Employee Benefits of the Institute of Chartered Accountants of India, benefits involving employer established provident funds, which require interest shortfalls to be re-compensated, are to be considered as defined benefit plans. Based on the actuarial valuation and on the assumptions provided below there is no cumulative short-fall which has been provided in the standalone financial statements.

Particulars	March 31, 2019	March 31, 2018
Plan assets at the year end, at fair value	148.09	111.59
Present value of benefit obligation at year end	148.09	111.59
Net (liability) recognized in the balance sheet	-	-

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(All amounts in Rupees Crore, except otherwise stated)

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	**March 31, 2019**	March 31, 2018
Discount rate	**7.55%**	7.60%
Fund rate	**9.30%**	9.30%
PFO rate	**8.65% for first year and 8.60% thereafter**	8.55% for the next one year
Withdrawal rate	**5.00%**	5.00%
Mortality	**Indian Assured Lives Mortality (2006-08) (modified)Ult ***	Indian Assured Lives Mortality (2006-08) (modified)Ult *

*As published by IRDA and adopted as Standard Mortality Table as recommended by Institute of Actuaries of India effective April 1, 2013.

(b) Gratuity expense

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

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

Net employee benefit expense (recognized in Employee Cost) for the year ended March 31, 2019:

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Current Service Cost	**2.00**	1.51
Past Service Cost	**-**	1.53
Net Interest Cost	**(0.12)**	(0.03)
Total	**1.88**	3.01

Amount recognised in Other Comprehensive Income for the year ended March 31, 2019:

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Actuarial (gain)/loss due to DBO experience	**(0.05)**	0.08
Actuarial gain due to DBO financial assumptions changes	**-**	(0.59)
Actuarial gain arising during period	**(0.05)**	(0.51)
Return on plan assets less / (greater) than discount rate	**0.33**	(0.26)
Actuarial loss / (gains) recognized in OCI	**0.28**	(0.77)

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Balance Sheet

Particulars	**March 31, 2019**	March 31, 2018
Defined benefit obligation	(19.18)	(16.39)
Fair value of plan assets	21.14	14.94
Benefit asset / (liability)	1.96	(1.45)

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

Particulars	**March 31, 2019**	Mach 31, 2018
Opening defined benefit obligation	16.39	12.78
Interest cost	1.21	0.87
Current service cost	2.00	1.51
Past Service Cost	-	1.53
Acquisition cost	0.65	1.10
Benefits paid (including transfer)	(1.02)	(0.89)
Actuarial gain on obligation- experience	(0.05)	(0.51)
Closing defined benefit obligation	19.18	16.39

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

Particulars	**March 31, 2019**	March 31, 2018
Opening fair value of plan assets	14.94	11.57
Acquisition Adjustment	0.65	0.92
Interest income on plan assets	1.33	0.90
Contributions by employer	5.57	2.18
Benefits paid (including transfer)	(1.02)	(0.89)
Return on plan assets greater/ (lesser) than discount rate	(0.33)	0.26
Closing fair value of plan assets	21.14	14.94

The Company expects to contribute Rs. 2.09 crore to gratuity fund during the year ended on March 31, 2020 (March 31, 2019: Rs. 2.18 crore).

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

Particulars	**March 31, 2019**	March 31, 2018
	(%)	(%)
Investments with insurer managed funds	100	100

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(All amounts in Rupees Crore, except otherwise stated)

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

Particulars	March 31, 2019	March 31, 2018
Discount rate (in %)	7.60%	7.60%
Salary Escalation (in %)	6.00%	6.00%
Expected rate of return on assets	7.60%	7.60%
Attrition rate (in %)	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

	March 31, 2019	March 31, 2018
Assumptions	**Discount rate**	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	(1.36)	(1.17)
Impact on defined benefit obligation due to decrease	1.56	1.34

Assumptions	**Future Salary Increase**	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	1.45	1.26
Impact on defined benefit obligation due to decrease	(1.33)	(1.15)

Assumptions	**Attrition rate**	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	0.16	0.14
Impact on defined benefit obligation due to decrease	(0.18)	(0.16)

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.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2018:10 years).

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33. Commitments and Contingencies

I. Leases

Operating lease: Company as lessee

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 0-5 years and are renewable upon agreement of both the Company and the lessor. There are no sub leases. The lease payment for the year (excluding taxes) is Rs. 8.09 crore (March 31, 2018 Rs. 10.57 crore).

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

Particulars	March 31, 2019	March 31, 2018
Minimum Lease Payments:		
Within one year	4.42	2.48
After one year but not more than five years	1.57	2.18
More than five years	-	-
Total future payments	5.99	4.66

II. Contingent liabilities not provided for:

	Particulars	March 31, 2019	March 31, 2018
(i)	In respect of Income tax matters *	64.29	64.29
(ii)	In respect of Indirect tax matters [refer note (e) & (f) below and other matters*]	4.21	190.42
(iii)	Claim against the Company not acknowledged as debt [refer (d) below and other matters*]	0.26	41.47
(iv)	In respect of other matters [refer (a) below]	23.61	15.72

*pertaining to various cases not included below

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

a) During the year ended March 31, 2017, 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 airport area majorly consists of vacant land area which 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). However, based on same computation method as used for payment of property tax to South Delhi Municipal Corporation ('SDMC'), management has made payment of Rs. 1.15 crore towards property tax for financial year 2016-17 and requested DCB to withdraw its demand.

Company has paid Rs. 1.12 crore and Rs. 1.15 crore for financial year 2018-19 and financial year 2017-18 respectively based on same computation as of financial year 2016-17.

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DCB had raised provisional invoice on April 13, 2018 demanding property tax of Rs. 9.01 crore for the Financial Year 2018-19 along with arrears of Rs. 15.72 crore for FY 2016-17 and FY 2017-18. Accordingly, the Company has disclosed remaining amount of Rs. 23.61 crore in respect of FY 2016-17, FY 2017-18 and FY 2018-19 as contingent liability.

The Company has obtained a legal opinion; wherein it has been opined that liability w.r.t. earlier years cannot be ruled out. As DCB has not raised any demand for earlier years, and the Company's application for adopting the same computation method as considered by SDMC, while arriving at the demand for the financial year 2016-17, is pending / under consideration by DCB, the amount of liability for earlier years is unascertainable; and therefore no provision has been considered necessary by the company against such demand in these standalone financial statements.

b) 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 of Delhi 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 July 9, 2019. Based on an internal assessment and aforesaid order of the Hon'ble Delhi 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 standalone financial statements.

c) 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 March 31, 2019 (March 31, 2018: Rs. 297.25 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 High court of Delhi. The Hon'ble High Court of Delhi, 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 July 9, 2019.

Further, MoCA has issued an order dated September 18, 2017, which is supplementary to the order dated February 18, 2014 stating the approximate amount of reversal to be made by the Company towards capital expenditure and interest thereon amounting to Rs. 295.58 crores and Rs. 368.19 crores respectively, subject to the order of the Hon'ble High court of Delhi.

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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 of Delhi and pending further orders, the Company has charged Rs. 96.39 crore from April 1, 2014 till March 31, 2019 (March 31, 2018: Rs. 79.38 crore) towards the expenditure incurred on repair and maintenance of security equipment to the standalone statement of profit and loss which includes Rs. 17.01 crore during the year ended March 31, 2019 (March 31, 2018: Rs 20.97 crore).

However, during the financial year 2018-19, pursuant to AERA order No. 30/2018-19 dated November 19, 2018 with respect to Company's entitlement to collect X-ray baggage charges from airlines, the Company has remitted Rs. 119.66 crore to PSF (SC) account against the transfer of screening assets to the Company from PSF (SC) with an undertaking to MoCA by the Company that in case the matter pending before the Hon'ble High Court is decided in DIAL's favour, DIAL will not claim this amount from MoCA.

d) 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. Till March 31, 2014, the Company had cumulatively utilized custom duty credit scrip amounting to Rs. 89.60 crore in lieu of payment of import duty in respect of import of fixed assets (including capital work in progress) and thus, recorded fixed assets (including capital work in progress) imported, at net amount (after excluding the amount of custom duty paid by using these scrips).

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 erstwhile Accounting Standard 12 – Accounting for Government Grants.

Accordingly, as allowed under para 15 of erstwhile Accounting Standard 12, 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 standalone 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.

Company had 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. Hon'ble High 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.

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The matter was duly heard and arbitration award was pronounced in favour of the Company on December 27, 2018, mentioning that the income earned by way of SFIS Scrip does not fall under the definition of Revenue as per OMDA as it is not related with any Aeronautical or Non-Aeronautical activities and it is of the nature of capital receipt. Accordingly, no revenue share is payable to AAI by the Company on SFIS revenue and demand of AAI for revenue share stands rejected.

However, AAI has filed an appeal in Hon'ble Delhi High Court on April 25, 2019 for setting aside the arbitration award dated December 27, 2018. The next hearing is scheduled on May 24, 2019.

e) The Director General of Central Excise Intelligence, New Delhi had 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'.

The Company has replied to the show cause notice as 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. Service tax liability on ADC, if any 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 by depositing Rs. 4.07 crore against the order dated May 02, 2016, the same has been shown under other loan and advances as Deposit with Government Authorities including paid under protest. The matter was concluded in final hearing held on December 20, 2018 and the decision is pronounced on February 8, 2019 in favour of DIAL setting aside the order of the Director Adjudication raising a demand of service tax of Rs. 54.31 crore.

Accordingly, the amount of penalty of Rs. 54.31 crore disclosed as contingent liability as at March 31, 2018 is now shown as Nil as at March 31, 2019.

f) The Commissioner of Service Tax, New Delhi had issued Six Show Cause Notices (SCN) 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.

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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. Service tax liability, if any arises on DF, shall be decided by AERA, keeping in view the final pronouncement of the matter.

The Company had filed an appeal against the order before CESTAT, New Delhi on October 10, 2016. The matter was concluded in final hearing held on December 04, 2018 and the decision is pronounced on January 18, 2019 in favour of DIAL setting aside the order of the Commissioner levying service tax on ADF and penalty amounting to Rs. 262.06 crore.

Accordingly, the amount of penalty of Rs.131.89 crore disclosed as contingent liability as at March 31, 2018 is now shown as Nil as at March 31, 2019.

g) There are numerous interpretative issued till now relating to the Hon'ble Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject

III. **Financial guarantees-** The Company has not provided any financial guarantee other than performance guarantee on its own behalf, to any party.

IV. **Capital and Other Commitments:**

i. Capital Commitments:

At March 31, 2019, the Company has estimated amount of contracts remaining to be executed on capital account not provided for [net of advances of Rs. 897.92 crore (March 31, 2018: Rs. 4.01 crore)] Rs. 9,326.05 crore (March 31, 2018: Rs. 154.99 crore).

ii. 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. In respect of its equity investment in East Delhi Waste Processing Company Private Limited, the Company along with SELCO International Limited has to maintain minimum 51% shareholding for a period of 2 years from the commissioning of the project and thereafter minimum 26% shareholding for next 10 years. The project has been commissioned with effect from April 01, 2017.

iii. 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.

iv. In terms of Section 115JB of Income Tax Act, 1961, certain Ind AS adjustments at the Ind AS transition date to be included in book profits equally over a period of five years starting from the year of first time adoption of Ind AS i.e. FY 2016-17. Pursuant to above, the Company had made Ind AS adjustments amounting to Rs. 184.79 crore as on March 31, 2016 and included 1/5th of the same i.e. Rs. 36.96 crore while computing book profit for Financial Year 2016-17, 2017-18 and 2018-19 and paid/provided MAT accordingly. The remaining amount of Rs. 73.91 crore will be adjusted in the two subsequent years while computing book profit for MAT.

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v. Company had entered into "Call spread Option" with various banks for hedging the repayment of 6.125% Senior secured notes (2022) of USD 288.75 million and 6.125% Senior secured notes (2026) of USD 522.60 million, which are repayable in February 2022 and October 2026 respectively. The terms of the agreements is as below:

Option Value (in USD Mn)	Period		Call spread range (INR/USD)	Total Premium Payable	Premium paid till	Premium outstanding as at	
	From	To			March 31, 2019	March 31, 2019	March 31, 2018
522.60	December 6, 2016	October 22, 2026	66.85 - 101.86	1,241.30	266.49	974.81	1,100.57
80.00	February 6, 2017	January 27, 2022	68.00 - 85.00	94.33	37.39	56.94	75.87
208.75	January 23, 2018	January 27, 2022	3.80 - 85.00	198.34	49.76	148.59	198.08

With respect to Subsidiary, Joint ventures and associates:

vi. DIAL entered into a tripartite Master Service Agreement (MSA) with WAISL Limited (Formerly known as Wipro Airport IT Services Limited) [WAISL] and WIPRO Limited. This agreement was further amended vide addendum number 17, dated April 5, 2018, in which Antariksh Softtech Private Limited has also become the party to the agreement. As per the agreement, DIAL is committed to pay annually, premium fees to WAISL or receive from WAISL a concession fee, determined and mutually agreed on the basis of estimated receivable and subsistence level (as defined in the said MSA further amended vide addendum number 19, dated October 1, 2018). During year ended March 31, 2019, the Company accounted for Rs. 103.36 crore towards such concession fee from WAISL and this is included in revenue from operations (March 31, 2018: Rs. 45.26 crore).

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. Till March 31, 2019, the Company has funded Rs. 11.17 crore (March 31, 2018: Rs. 11.02 crore) towards shortfall in collection from customers.

vii. 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. However, the Company is proposing to sale its entire investment in WAISL Limited of Rs. 1.30 crores (13,00,000 shares of Rs. 10 each) to Antariksh Softtech Private Limited based on valuation of independent valuer.

viii. The Company has committed to provide financial support to Delhi Aerotropolis Private Limited (Subsidiary Company) to meet the liabilities of Delhi Aerotropolis Private Limited (Subsidiary Company), as and when required.

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ix. The following investments have been pledged by the Company towards borrowings by these companies:

Company Name	March 31, 2019		March 31, 2018	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Delhi Duty Free Services Private Limited	-	-	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	**1,680,000**	**16,800,000**	16,80,000	16800,000

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

xi. In respect of its equity investment in GMR Bajoli Holi Hydropower Private Limited ('Bajoli Holi'), the Company has to maintain minimum 17.33% of equity shareholding until the expiry of or early termination of power purchase agreement dated September 11, 2017 entered between the Company and the Bajoli Holi, expiring on May 03, 2036. The Company has invested Rs. 108.33 crore as Equity Share Capital.

xii. The Company has invested in DIGI Yatra foundation, a Special Purpose Vehicle (SPV) formed as central platform for identity management of passengers, as Joint Venture (JV) of private airport operators and AAI under Section 8 of the Companies Act, 2013 (Not for Profit Organization). It has been decided by AAI that initially for incorporation AAI, DIAL and Bangalore International Airport Limited (BIAL) will form this Company with shareholding of 26:37:37 respectively. Currently DIGI Yatra foundation is having paid up capital of Rs. 10,000 and DIAL has invested Rs. 3,700. In future, the equity share of Joint Venture Company (JVC) will be 26% of AAI and remaining 74% will be equally divided amongst the Private Airport Operators viz. BIAL, Calcutta International Airport Limited, DIAL, GMR Hyderabad International Airport Limited (GHIAL), Mumbai International Airport Limited (MIAL) i.e. 14.8% each.

दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. New Delhi नई दिल्ली

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(All amounts in Rupees Crore, except otherwise stated)

34. Related Party Transactions

a) Names of related parties and description of relationship:

Description of relationship	Name of the related parties
Ultimate holding company	GMR Enterprises Private Limited
Intermediate holding company	GMR Infrastructure Limited
Holding company	GMR Airports Limited
Subsidiary company	Delhi Aerotropolis Private Limited
Associate company	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
	DIGI Yatra Foundation[1]
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)	GMR Hyderabad International Airport Limited
	GMR Male International Airport Private Limited
	GMR Airport Developers Limited
	GMR Aviation Private Limited
	Raxa Security Services Limited
	GMR Krishnagiri SEZ Limited
	GMR Chhattisgarh Energy Limited
	GMR Kamalanga Energy Limited
	Kakinada SEZ Limited (formerly known as Kakinada SEZ Private Limited)
	GMR Warora Energy Limited
	GMR Pochanpalli Expressways Limited
	GMR Tambaram Tindivanam Expressways Limited
	GMR Consulting Services Private Limited
	GMR Energy Trading Limited
	GMR Vemagiri Power Generation Limited
	GMR Goa International Airport Limited
	GMR Sports Private Limited
	GMR Aero Technic Limited
	GMR Hospitality and Retail Limited (Formerly GMR Hotels and Resorts Limited)
	GMR Tuni Anakapalli Expressways Limited
Fellow joint venture (including joint venture company of the ultimate/ Intermediate holding company)	JSW GMR Cricket Private Limited (Formerly GMR Sports Private Limited)[2]
Joint ventures	Delhi Aviation Services Private Limited
	Delhi Aviation Fuel Facility Private Limited
	WAISL Limited (Formerly known as Wipro Airport IT Services Limited[3]
	GMR Bajoli Holi Hydropower Private Limited[4]
Enterprises in respect of which the company is a joint venture	Airports Authority of India
	Fraport AG Frankfurt Airport Services Worldwide
Associate of member of a Group of which DIAL is a member	GMR Megawide Cebu Airport Corporation
Enterprises where significant influence of Key management Personnel or their relatives exists	GMR Varalakshmi Foundation
Key Management personnel	Mr. G.M. Rao[5] – Executive Chairman
	Mr. G.B.S Raju[6]- Managing Director
	Mr. Srinivas Bommidala[6] – Non Executive Director
	Mr. Grandhi Kiran Kumar[7] – Non Executive Director
	Mr. K. Narayana Rao - Whole Time Director
	Mr. Indana Prabhakara Rao- Executive Director
	Mr. G. Subba Rao – Director
	Mr. R.S.S.L.N. Bhaskarudu - Independent Director
	Mr. M. Ramachandran - Independent Director
	Ms.Siva Kameswari Vissa - Independent Director
	Mr. N.C. Sarabeswaran - Independent Director
	Mr. Anuj Aggarwal- Director (AAI Nominee)
	Mr. S. Suresh - Director (AAI Nominee)
	Mr. A.K. Dutta - Director (AAI Nominee)

1. The company has invested in DIGI Yatra foundation, a Special Purpose Vehicle (SPV) formed as central platform for identity management of passengers, as Joint Venture (JV) of private airport operators and AAI under Section 8 of the Companies Act, 2013 (Not for Profit Organization). Further, it has been decided by AAI that initially for incorporation AAI, DIAL and Bangalore International Airport Limited (BIAL) will form this company with shareholding of 26:37:37 respectively. Currently this company is having paid up capital of Rs. 10,000 (INR) and DIAL has invested Rs. 3,700 (INR) only. In future, the equity share of JVC will be 26% of AAI and remaining 74% will be equally divided amongst the Private Airport Operators viz. BIAL, Calcutta International Airport Limited, DIAL, Hyderabad International Airport Limited (HIAL), Mumbai International Airport Limited (MIAL) i.e. 14.8% each.
2. GMR Sports Private Limited is fellow joint venture w.e.f. June 13, 2018. Consequently, the name of the Company has been changed to JSW GMR Cricket Private Limited.
3. The name of Wipro Airport IT Services Limited is changed to WAISL Limited with effect from September 8, 2018.
4. W.e.f. from September 11, 2017, the Company has entered into a share subscription cum shareholder's agreement for acquisition of 17.33% of shareholding in GMR Bajoli Holi Hydropower Private Limited. The Company holds 20.85% of shareholding in GMR Bajoli Holi Hydropower Private Limited as at September 30, 2018. Pursuant to terms of the agreement, GMR Bajoli Holi Hydropower Private Limited has become a joint venture of the Company.
5. W.e.f. April 01, 2018, Mr. G.M. Rao has been appointed Executive Chairman of the company.
6. Mr. Srinivas Bommidala ceased to be the Managing Director of the Company w.e.f. end of business hours of March 31, 2018. Mr. G.B.S. Raju has been appointed as Managing Director in place of Mr. Srinivas Bommidala w.e.f. April 01, 2018.
7. W.e.f. June 01, 2018, Mr. Grandhi Kiran Kumar Non-Executive Director of the company.

(All amounts in Rupees Crore, except otherwise stated)

34 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2019	March 31, 2018
Investments in subsidiary, associates and Joint Ventures		
Investments in Unquoted Equity Share		
Subsidiary Company		
Delhi Aerotropolis Private Limited	0.10	0.10
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	29.12	29.12
Delhi Duty Free Services Private Limited	39.92	39.92
Travel Food services (Delhi Terminal 3) Private Limited	5.60	5.60
TIM Delhi Airport Advertising Private Limited	9.22	9.22
Delhi Airport Parking Services Private Limited	40.64	40.64
Digi Yatra Foundation	0.00	-
Joint Ventures		
Delhi Aviation Services Private Limited	12.50	12.50
Delhi Aviation Fuel Facility Private Limited	42.64	42.64
WAISL Limited	1.30	1.30
GMR Bajoli Holi Hydropower Private Limited	108.33	108.33
Trade Receivables (including marketing fund)		
Intermediate holding company		
GMR Infrastructure Limited	0.74	0.36
Holding Company		
GMR Airports Limited	0.20	-
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	0.01	0.07
Associate Companies		
Delhi Duty Free Services Private Limited	-	16.37
TIM Delhi Airport Advertising Private Limited	0.67	30.37
Delhi Airport Parking Services Private Limited	-	2.69
Travel Food Services (Delhi Terminal 3) Private Limited	0.60	0.86
Celebi Delhi Cargo Terminal Management India Private Limited	-	15.57
Joint Ventures		
GMR Bajoli Holi Hydropower Private Limited	2.48	0.50
WAISL Limited	5.74	37.35
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.02	0.02
GMR Warora Energy Limited	2.31	1.46
GMR Vemagiri Power Generation Limited	2.81	0.41
GMR Kamalanga Energy Limited	1.95	0.23
GMR Aero Technic Limited	-	0.03
GMR Tambaram Tindivanam Expressways Limited	1.37	-
Other Financial Assets - Current		
Unbilled receivables (March 31, 2018 Unbilled revenue)		
Intermediate holding company		
GMR Infrastructure Limited	0.01	-
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	1.18	1.16
Associate Companies		
Delhi Airport Parking Services Private Limited	3.24	-
TIM Delhi Airport Advertising Private Limited	27.67	-
Delhi Duty Free Services Private Limited	16.50	-
Celebi Delhi Cargo Terminal Management India Private Limited	14.43	-
Travel Food Services (Delhi Terminal 3) Private Limited	1.40	-
Joint Ventures		
WAISL Limited	21.06	-
Delhi Aviation Services Private Limited	1.54	-
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.01	-
GMR Warora Energy Limited	0.01	-
GMR Vemagiri Power Generation Limited	0.02	-

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(All amounts in Rupees Crore, except otherwise stated)

34 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2019	March 31, 2018
Inter-company Deposits		
Current		
Intermediate holding company		
GMR Infrastructure Limited	400.00	-
Other recoverables		
Subsidiary Company		
Delhi Aerotropolis Private Limited	0.06	0.06
Joint Ventures		
Delhi Aviation Services Private Limited	0.19	0.06
Delhi Aviation Fuel Facility Private Limited	0.15	0.15
WAISL Limited	11.17	8.09
GMR Bajoli Holi Hydropower Private Limited	0.01	0.03
Associate Companies		
Delhi Airport Parking Services Private Limited	0.20	0.30
Travel Food Services (Delhi Terminal 3) Private Limited	0.09	0.05
Celebi Delhi Cargo Terminal Management India Private Limited	0.15	0.02
Delhi Duty Free Services Private Limited	0.12	0.06
TIM Delhi Airport Advertising Private Limited	-	0.10
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	6.80	6.80
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Consulting Services Private Limited	0.01	0.01
GMR Warora Energy Limited	0.02	0.01
Kakinada SEZ Limited	0.09	0.10
GMR Hyderabad International Airport Limited	-	0.13
GMR Male International Airport Private Limited	-	1.37
GMR Tuni Anakapalli Expressways Limited	0.01	-
GMR GOA International Airport Limited	0.25	0.25
GMR Pochanpalli Expressways Limited	0.03	0.01
GMR Energy Trading Limited	-	0.18
GMR Krishnagiri SEZ Limited	0.01	-
Associate of a member of a group of which DIAL is a member		
GMR Megawide CEBU Airport Corporation	-	0.07
Non- Trade Receivables (including marketing fund)		
Intermediate holding company		
GMR Infrastructure Limited	0.01	0.12
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	2.12	3.38
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Chhattisgarh Energy Limited	0.02	0.02
GMR Tambaram Tindivanam Expressways Limited	-	0.01
GMR Warora Energy Limited	0.34	0.23
GMR Kamalanga Energy Limited	0.30	0.22
GMR Vemagiri Power Generation Limited	0.52	0.27
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	0.03	0.20
Celebi Delhi Cargo Terminal Management India Private Limited	-	0.10
Delhi Airport Parking Services Private Limited	-	0.33
TIM Delhi Airport Advertising Private Limited	-	0.21
Delhi Duty Free Services Private Limited	-	1.28
Joint Ventures		
Delhi Aviation Services Private Limited	-	0.91
WAISL Limited	-	23.76
GMR Bajoli Holi Hydropower Private Limited	0.26	0.07
Loans - Advances- Non-Current		
Joint Ventures		
WAISL Limited	2.82	2.82
Provision for Doubtful Advances		
Joint Ventures		
WAISL Limited	2.82	2.82

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Delhi International Airport Ltd. New Delhi

(All amounts in Rupees Crore, except otherwise stated)

34 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2019	March 31, 2018
Trade payable (including marketing fund)		
Intermediate holding company		
GMR Infrastructure Limited	0.43	1.93
Holding company		
GMR Airports Limited	15.17	44.43
Associate Companies		
TIM Delhi Airport Advertising Private Limited	0.17	-
Enterprises in respect of which the company is a joint venture		
Fraport AG Frankfurt Airport Services Worldwide	0.40	93.86
Airports Authority of India	59.16	62.31
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
Raxa Security Services Limited	3.08	1.50
GMR Aviation Private limited	1.57	-
GMR Energy Trading Limited	2.52	-
GMR Airport Developers Limited	0.64	0.36
GMR Vemagiri Power Generation Limited	0.01	0.02
JSW GMR Cricket Private Limited	-	0.01
GMR Tuni Anakapalli Expressways Limited	-	0.17
Other Financial Liabilities at amortised cost- Non-current		
Liability for Voluntary retirement scheme		
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	-	1.35
Other Financial Liabilities at amortised cost- Current		
Liability for voluntary retirement scheme		
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	1.35	15.47
Other Financial Liabilities at amortised cost- Current		
Security Deposits from trade concessionaires		
Associate Companies		
Delhi Duty Free Services Private Limited	1.00	1.10
Celebi Delhi Cargo Terminal Management India Private Limited	0.01	0.01
Delhi Airport Parking Services Private Limited	0.42	0.01
TIM Delhi Airport Advertising Private Limited	0.73	-
Joint Ventures		
Delhi Aviation Services Private Limited	0.09	0.09
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.11	0.11
GMR Aero Technic Limited	0.22	-
Other Financial Liabilities at amortised cost- Non Current		
Security Deposits from trade concessionaires		
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited.	34.10	23.09
Delhi Aviation Services Private Limited	12.92	11.49
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	29.01	21.26
Delhi Airport Parking Services Private Limited	0.46	0.77
Delhi Duty Free Services Private Limited	113.94	102.69
TIM Delhi Airport Advertising Private Limited	9.45	9.07
Travel Food Services (Delhi Terminal 3) Private Limited	3.14	2.80
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	-	0.20

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(All amounts in Rupees Crore, except otherwise stated)

34 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2019	March 31, 2018
Unearned Revenue		
Current		
Associate Companies		
TIM Delhi Airport Advertising Private Limited	0.54	0.31
Delhi Airport Parking Services Private Limited	-	0.01
Travel Food Services (Delhi Terminal 3) Private Limited	0.29	0.25
Delhi Duty Free Services Private Limited	0.14	0.16
Celebi Delhi Cargo Terminal Management India Private Limited	0.47	0.56
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Tambaram Tindivanam Expressways Limited	0.01	-
Unearned Revenue		
Non-Current		
Associate Companies		
TIM Delhi Airport Advertising Private Limited	0.04	-
Delhi Duty Free Services Private Limited	0.05	-
Deferred Revenue		
Deferred Income on financial liabilities carried at amortised cost - Current		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.12	0.15
Delhi Duty Free Services Private Limited	12.94	12.99
Celebi Delhi Cargo Terminal Management India Private Limited	6.64	5.51
TIM Delhi Airport Advertising Private Limited	1.60	1.60
Travel Food Services (Delhi Terminal 3) Private Limited	0.47	0.47
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	8.25	6.39
Delhi Aviation Services Private Limited	1.02	1.02
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	0.03	0.03
Deferred Revenue		
Deferred Income on financial liabilities carried at amortised cost - Non-Current		
Associate Companies		
Delhi Airport Parking Services Private Limited	1.74	1.86
Delhi Duty Free Services Private Limited	69.54	82.74
Celebi Delhi Cargo Terminal Management India Private Limited	98.80	87.56
TIM Delhi Airport Advertising Private Limited	16.10	17.72
Travel Food Services (Delhi Terminal 3) Private Limited	2.57	3.04
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	127.81	105.49
Delhi Aviation Services Private Limited	0.36	1.38
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	-	0.03
Other liabilities-Current		
Advances from customer		
Delhi Aviation Fuel Facility Private Limited	-	0.31
Associate Companies		
Delhi Duty Free Services Private Limited	0.03	-
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Tambaram Tindivanam Expressways Limited	-	0.47

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(All amounts in Rupees Crore, except otherwise stated)

34 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2019	March 31, 2018
Non-current investments		
Investment made in Equity Share		
Associate Companies		
Digi Yatra Foundation	0.00	-
Joint Ventures		
GMR Bajoli Holi Hydropower Private Limited	-	108.33
Security Deposits from trade concessionaires		
Security Deposits Received		
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	23.72	7.95
Delhi Duty Free Services Private Limited	-	3.97
Travel Food Services (Delhi Terminal 3) Private Limited	-	4.33
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	39.96	-
Delhi Aviation Services Private Limited	0.04	0.04
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	-	0.25
Security Deposits from trade concessionaires		
Security Deposits Refunded		
Associate Companies		
Delhi Duty Free Services Private Limited	1.51	0.12
Marketing Fund Billed		
Associate Companies		
Delhi Duty Free Services Private Limited	12.55	11.21
Travel Food Services (Delhi Terminal 3) Private Limited	1.14	0.86
Delhi Airport Parking Services Private Limited	0.01	0.01
Marketing Fund Utilised		
Associate Companies		
Delhi Duty Free Services Private Limited	7.37	10.87
TIM Delhi Airport Advertising Private Limited	0.75	0.36
Travel Food Services (Delhi Terminal 3) Private Limited	0.15	0.05
Utilization of advance from commercial property developers		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	1.43	2.63
Capital Work in Progress		
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	0.01	-
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	2.35	-
GMR Aviation Private Limited	1.01	-
Dividend Paid		
Holding company		
GMR Airports Limited	-	101.92
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	-	41.41
Fraport AG Frankfurt Airport Services Worldwide	-	15.92

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(All amounts in Rupees Crore, except otherwise stated)

34 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2019	March 31, 2018
Non-aeronautical revenue		
Intermediate holding company		
GMR Infrastructure Limited	1.98	2.61
Holding company		
GMR Airports Limited	1.29	-
Joint Venture		
Delhi Aviation Fuel Facility Private Limited	19.81	18.43
Delhi Aviation Services Private Limited	9.28	8.22
WAISL Limited	103.57	45.26
GMR Bajoli Holi Hydropower Private Limited	1.82	1.69
Associate Companies		
TIM Delhi Airport Advertising Private Limited	163.00	171.28
Celebi Delhi Cargo Terminal Management India Private Limited	202.67	189.45
Travel Food Services (Delhi Terminal 3) Private Limited	32.85	22.17
Delhi Duty Free Services Private Limited	443.72	363.59
Delhi Airport Parking Services Private Limited	31.02	25.81
Fellow subsidiaries (including subsidiary companies of the ultimate Holding company)		
GMR Aviation Private Limited	0.06	0.06
GMR Tambaram Tindivanam Expressways Limited	2.80	2.60
GMR Warora Energy Limited	1.82	1.69
GMR Vemagiri Power Generation Limited	1.82	1.69
GMR Kamalanga Energy Limited	1.82	1.69
GMR Aero Technic Limited	0.54	0.03
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	0.04	-
Aeronautical Revenue		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.22	0.19
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	0.03	0.09
Other Income		
Dividend Income on Non-current Investments		
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	2.13	8.53
Delhi Aviation Services Private Limited	3.75	5.00
Associate Companies		
Delhi Duty Free Services Private Limited	35.92	32.93
TIM Delhi Airport Advertising Private Limited	10.61	9.68
Delhi Airport Parking Services Private Limited	11.18	10.16
Celebi Delhi Cargo Terminal Management India Private Limited		1.46
Non-Aeronautical - Income on Security deposits		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.15	0.15
TIM Delhi Airport Advertising Private Limited	1.63	1.63
Delhi Duty Free Services Private Limited	13.12	13.09
Celebi Delhi Cargo Terminal Management India Private Limited	6.64	5.55
Travel Food Services (Delhi Terminal 3) Private Limited	0.48	0.38
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	8.32	4.49
Delhi Aviation Services Private Limited	1.03	1.03
Fellow subsidiaries (including subsidiary companies of the ultimate Holding company)		
GMR Aero Technic Limited	0.03	-
Other Revenue		
Interest on Inter Company Deposits		
Intermediate holding company		
GMR Infrastructure Limited	36.49	-
Interest Income on Financial Assets carried at amortised cost		
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	0.01	2.62

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(All amounts in Rupees Crore, except otherwise stated)

34 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2019	March 31, 2018
Key managerial Remuneration paid/payable		
Short-term employee benefits*		
Mr. G.M. Rao	5.30	-
Mr. Grandhi Kiran Kumar	0.69	3.94
Mr. Srinivas Bommidala	-	3.94
Mr. K. Narayana Rao	1.54	1.60
Mr. G.B.S Raju	4.51	-
Mr. Indana Prabhakara Rao	2.42	-
Annual Fee		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	1,591.25	1,761.47
Finance cost		
Other cost - Interest on Revenue share		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	2.28	2.49
Finance Cost- Interest expense on financial liability carried at amortised cost		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.09	0.08
TIM Delhi Airport Advertising Private Limited	1.11	0.99
Delhi Duty Free Services Private Limited	12.52	11.16
Celebi Delhi Cargo Terminal Management India Private Limited	3.04	2.31
Travel Food Services (Delhi Terminal 3) Private Limited	0.34	0.19
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	3.57	2.04
Delhi Aviation Services Private Limited	1.41	1.25
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	0.02	-
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	1.01	2.65
CSR Expenditure		
Enterprises where significant influence of key Management personnel or their relative exists		
GMR Varalakshmi Foundation	4.17	5.42
Manpower hire charges		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	49.14	45.11
Airport Operator fees		
Enterprises in respect of which the Company is a joint venture		
Fraport AG Frankfurt Airport Services Worldwide	114.90	171.87
Corporate Cost Allocation		
Intermediate Holding company		
GMR Infrastructure Limited	11.00	20.89
Holding company		
GMR Airports Limited	80.47	64.12
Services Received		
Travelling & Conveyance- Chartering Cost		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	11.33	4.28
Meetings and Seminars		
Holding company		
GMR Airports Limited	-	0.20
Security related expenses		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
Raxa Security Services Limited	26.16	22.47

*Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole.

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(All amounts in Rupees Crore, except otherwise stated)

34 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2019	March 31, 2018
Repair and Maintenance - IT System		
Joint Ventures		
WAISL Limited	-	0.19
Utility Expenses		
Electricity Charges		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Energy Trading Limited	30.40	31.83
Electricity charges recovered		
Intermediate holding company		
GMR Infrastructure Limited	0.12	0.12
Joint Ventures		
Delhi Aviation Services Private Limited	15.63	12.87
GMR Bajoli Holi Hydropower Private Limited	0.14	0.16
Associate Companies		
Delhi Airport Parking Services Private Limited	1.92	1.86
Celebi Delhi Cargo Terminal Management India Private Limited	10.92	10.94
TIM Delhi Airport Advertising Private Limited	4.18	3.28
Travel Food Services (Delhi Terminal 3) Private Limited	5.22	3.12
Delhi Duty Free Services Private Limited	2.58	1.97
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.01	0.01
GMR Warora Energy Limited	0.22	0.27
GMR Tambaram Tindivanam Expressways Limited	0.09	0.12
GMR Vemagiri Power Generation Limited	0.24	0.29
GMR Kamalanga Energy Limited	0.15	0.18
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	15.79	17.07
Water charges recovered		
Joint Ventures		
Delhi Aviation Services Private Limited	0.20	0.11
GMR Bajoli Holi Hydropower Private Limited	0.03	0.02
Associate Companies		
Delhi Airport Parking Services Private Limited	0.52	0.41
Travel Food Services (Delhi Terminal 3) Private Limited	0.97	0.39
Celebi Delhi Cargo Terminal Management India Private Limited	2.82	1.27
Delhi Duty Free Services Private Limited	0.01	0.02
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Warora Energy Limited	0.02	0.01
Recovery of Collection Charges		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	6.51	3.07
Directors' sitting fees		
Key management personnel		
Mr. R.S.S.L.N. Bhaskarudu	0.05	0.06
Ms. Siva Kameswari Vissa	0.04	0.05
Mr. N.C. Sarabeswaran	0.04	0.05
Mr. G. Subba Rao	0.03	0.03
Mr. G.B.S. Raju	-	0.01
Mr. Srinivas Bommidala	0.01	-
Mr. Grandhi Kiran Kumar	0.01	-
Mr. Anuj Aggarwal	0.01	
Mr. S. Suresh	-	0.01
Mr. A.K. Dutta	-	0.01
Mr. M. Ramachandran	0.04	0.05

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Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Notes to the Standalone Financial Statements for the year ended March 31, 2019
(All amounts in Rupees Crore, except otherwise stated)

34 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2019	March 31, 2018
Foreign Travel - Others		
Fellow subsidiaries (including subsidiary companies of the ultimate/ intermediate holding company)		
GMR Male International Airport Private Limited	0.03	-
Expenses incurred by Company on behalf of related parties		
Intermediate Holding company		
GMR Infrastructure Limited	0.02	0.02
Holding company		
GMR Airports Limited	6.26	4.74
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India		
Joint Ventures		
Delhi Aviation Services Private Limited	0.64	0.60
GMR Bajoli Holi Hydropower Private Limited	0.01	0.01
WAISL Limited	20.96	10.14
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	0.61	0.54
TIM Delhi Airport Advertising Private Limited	0.69	0.46
Delhi Airport Parking Services Private Limited	0.79	0.57
Travel Food Services (Delhi Terminal 3) Private Limited	0.48	0.45
Delhi Duty Free Services Private Limited	0.42	0.35
Fellow subsidiaries (including subsidiary companies of the ultimate/ intermediate holding company)		-
GMR Airport Developers Limited	0.04	0.01
GMR Tuni Anakapalli Expressways Limited	0.01	0.02
GMR Aviation Private Limited	0.01	-
GMR Warora Energy Limited	0.01	-
GMR Pochanpalli Expressways Limited	0.03	0.04
GMR Consulting Services Limited	0.01	0.01
Raxa Security Services Limited		0.30
Kakinada SEZ Limited	0.09	0.08
GMR Hyderabad International Airport Limited	0.01	
GMR Energy Trading Limited	0.01	0.02
Expenses incurred by related parties on behalf of Company		
Intermediate Holding company		
GMR Infrastructure Limited	0.34	0.02
Holding company		
GMR Airports Limited	0.21	0.18
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	0.15	0.10
Delhi Aviation Services Private Limited	0.02	
Fellow subsidiaries (including subsidiary companies of the ultimate/ intermediate holding company)		
GMR Energy Trading Limited		
GMR Hyderabad International Airport Limited	0.37	-
GMR Airport Developers Limited	2.48	-
GMR Tuni Anakapalli Expressways Limited	0.18	-
Kakinada SEZ Limited	0.07	-
GMR Hospitality & Retail Limited	0.03	-

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(All amounts in Rupees Crore, except otherwise stated)

34 (d) Interest in significant investment in subsidiary, joint ventures and associates:

Name of Joint Venture	Relationship	Ownership interest	Date of incorporation	Country of incorporation
Delhi Aerotropolis Private Limited	Subsidiary	100.00%	May 22, 2007	India
Celebi Delhi Cargo Terminal Management India Private Limited	Associate	26.00%	June 18, 2009	India
Delhi Duty Free Services Private Limited	Associate	49.90%	July 07, 2009	India
Delhi Airport Parking Services Private Limited	Associate	49.90%	February 11, 2010	India
Travel Food Services (Delhi Terminal 3) Private Limited	Associate	40.00%	December 04, 2009	India
TIM Delhi Airport Advertising Private Limited	Associate	49.90%	June 01, 2010	India
DIGI Yatra Foundation	Associate	37.00%	February 20, 2019	India
GMR Bajoli Holi Hydropower Private Limited	Joint Venture	20.85%	September 11, 2017	India
Delhi Aviation Fuel Facility Private Limited	Joint Venture	26.00%	August 11, 2009	India
Delhi Aviation Services Private Limited	Joint Venture	50.00%	June 28, 2007	India
WAISL Limited (Formerly known as Wipro Airport IT Services Limited)	Joint Venture	26.00%	October 22, 2009	India

Terms and Condition of transaction with related parties:

Outstanding balances at the reporting date are secured/ unsecured and settlement occurs in cash. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties:

The commitments in respect of related parties are provided in note 33(IV) above, forming part of these standalone financial statements.

Transactions with key management personnel

The transaction with key management personnel includes the payment of directors sitting fees and managerial remuneration which are provided in note 34(c) above. There are no other transactions with Key management personnel.

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35. Segment Information

The Company has only one reportable business segment, which is operation of airport and providing allied services and operates in a single business segment. Accordingly, the amounts appearing in the standalone financial statements relate to the Company's single business segment.

Major customers: Revenue from one customer of the Company is approximately Rs. 456.84 crore of the Company's total revenues (March 31, 2018: Revenue from one customer of the Company is approximately Rs. 376.68 crore of the Company's total revenues)

36. Fair Values

The carrying amount of all financial assets and liabilities (except for certain other financial assets and liabilities, i.e. "Instruments carried at fair value") appearing in the standalone financial statements is reasonable approximation of fair values. Such investments carried at fair value are disclosed below:

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	**March 31, 2019**	March 31, 2018
Financial Assets				
Investment in mutual fund	**795.20**	2,206.19	**795.20**	2,206.19
Cash flow hedges-Call spread option	**194.63**	0.97	**194.63**	0.97
Total	**989.83**	2,207.16	**989.83**	2,207.16
Financial Liabilities (carried at amortised cost)				
Security Deposits from trade concessionaires	**534.42**	461.02	**577.32**	461.02
Security Deposits from commercial property developers	**13.02**	7.48	**22.57**	7.48
Total	**547.44**	468.50	**599.89**	468.50

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 assumption 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. Derivatives are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The 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. As at March 31, 2019, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

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(All amounts in Rupees Crore, except otherwise stated)

37. 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 March 31, 2019:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment in mutual fund	March 31, 2019	795.20	795.20	-	-
Cash flow hedges- Call spread option	March 31, 2019	194.63	-	194.63	-
Total		989.83	795.20	194.63	-

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2018:

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Investment in mutual fund	March 31, 2018	2,206.19	2,206.19	-	-
Cash flow hedges- Call spread option	March 31, 2018	0.97	-	0.97	-
Total		2,207.16	2,206.19	0.97	-

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

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38. Risk Management

Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents 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 of interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2019 and March 31, 2018:

The sensitivity analyses 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 March 31, 2019.

The analyses 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 analysis for the contingent consideration liability is provided in Note 33 (ii).

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

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary at March 31, 2019 for the effects of the assumed changes of the underlying risk.

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 is not exposed to risk of changes in market interest rates as the borrowings of the Company are at fixed rate of interest.

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from banks.

Cash flow hedges

Foreign exchange call spread options measured at fair value through OCI are designated as hedging instruments in cash flow hedges to hedge the USD INR conversion rate volatility with reference to the cash outflows on settlement of its borrowings designated in USD.

The fair value of foreign exchange call spread option varies with the changes in foreign exchange rates and repayment of future premium.

Particulars	March 31, 2019		March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges-Call spread option	194.63	-	0.97	-

As at March 31, 2019, the USD spot rate is above the USD call option strike price for all call spread options of USD 811.35 million. Accordingly, an amount of Rs. 209.34 crore has been released from Cash flow hedge reserve to Standalone Statement of Profit and Loss to neutralize the impact of Foreign exchange loss included in Standalone Statement of Profit and Loss.

As at March 31, 2018, for call spread options of USD 602.60 million, the USD spot rate is below the USD call option strike price and hence not covered in hedge relationship in respect of hedge instruments. However, prospective testing is done and concluded to be effective. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

As on March 31, 2018, for call spread options of USD 208.75 million, taken during the Financial Year 2017-18, the USD spot rate is above the USD call option strike price. Accordingly, an amount of Rs. 33.82 crores has been released from Cash flow hedge reserve to Standalone Statement of Profit and Loss to neutralize the impact of Foreign exchange loss included in Standalone Statement of Profit and Loss.

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(All amounts in Rupees Crore, except otherwise stated)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Company's profit/ (loss) before tax is due to changes in the fair value of liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and Interest rate swap. The Company's exposure to foreign currency changes for all other currencies is not material.

	March 31, 2019	March 31, 2018
	Impact on profit/ (loss) before tax	
USD Sensitivity		
INR/USD- Increase by 5%	(7.12)	(6.53)
INR/USD- decrease by 5%	7.12	6.53
EURO Sensitivity		
INR/EURO- Increase by 5%	(0.09)	(0.13)
INR/EURO- decrease by 5%	0.09	0.13
GBP Sensitivity		
INR/GBP Increase by 5%	(0.25)	(0.16)
INR/GBP- decrease by 5%	0.25	0.16

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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, bank loans and finance leases. None of the Company's debt will mature in less than one year at March 31, 2019 (March 31, 2018: Nil) based on the carrying value of borrowings reflected in the standalone financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

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

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2019						
Borrowings	-	-	-	1,996.85	3,614.04	5,610.89
Trade payables	-	301.87	-	-	-	301.87
Other financial liabilities	71.14	210.42	85.55	171.96	2,540.08	3,079.15
Total	71.14	512.29	85.55	2,168.81	6,154.12	8,991.91
As at March 31, 2018						
Borrowings	-	-	-	1,886.69	3,414.67	5,301.36
Trade and other payables	-	423.95	-	-	-	412.01
Other financial liabilities	236.38	130.32	76.82	186.13	2,124.70	2,766.29
Total	236.38	554.27	76.82	2,072.82	5,539.37	8,479.66

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and 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 Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any services to major customers are generally covered by bank guarantee or other forms of credit assurance.

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company's senior management on regular basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 and March 31, 2018 is the carrying amounts of Trade Receivables.

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Collateral

As at March 31, 2019 the security provided to bond holders and working capital facilities is as below;

(i) A first ranking pari passu charge/ assignment of all insurance policies, contractors' guarantees and liquidated damages to the maximum extent permissible under the OMDA and the Escrow Account Agreement;
(ii) A first ranking pari passu charge/assignment of all the rights; titles, permits, approvals and interests of the Borrower in, to and in respect of the Project Documents, in accordance with and to the maximum extent permitted under the OMDA and the Escrow Account Agreement;
(iii) A first ranking pari passu charge on all the revenues / receivables of the Borrower (excluding dues to the Authority) subject to the provisions of the Escrow Account Agreement and the OMDA.

39. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company. 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 total debt divided by total equity plus total debt. The Company's policy is to keep the gearing ratio below 80%, which is reviewed at end of each financial year.

	March 31, 2019	March 31, 2018
Borrowings	5,564.65	5,249.12
Total debts (A)	**5,564.65**	5,249.12
Share Capital	2,450.00	2,450.00
Other Equity	268.04	418.08
Total Equity (B)	**2,718.04**	2,868.08
Total equity and total debt (C=A+B)	**8,282.69**	8,117.20
Gearing ratio (%) (A/C)	**67.18%**	64.67%

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. 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 March 31, 2019 and March 31, 2018.

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40. Other Disclosures

a) **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, December 28, 2012 and April 24, 2012 respectively**

(i). 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; during the current year ATC construction work has been completed. DF amounting to Rs. 350 crore (March 31, 2018: Rs. 350 crore) has been adjusted against the expenditure on construction of ATC.

The total expenditure incurred on construction of ATC tower is Rs. 398.69 crore 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.

As per the approval in DIAL Board Meeting held on May 11, 2017, the Company has written a letter to AAI for reimbursement of additional expense. However, AAI vide its letter dated November 29, 2018 has mentioned that there was no approval of additional cost incurred by DIAL on ATC and therefore the additional cost would not be met out of DF. Accordingly, during the year ended March 31, 2019, the Company has capitalized the ATC tower at net cost of Rs. 48.69 crore after adjusting DF of Rs. 350 crore, in its standalone financial statements.

(ii). The Airport Economic Regulatory Authority of India (AERA) had passed an order vide Order No 30/2012-13 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 i.e April 30, 2016 to reconcile and close the account, and to arrive at the over recovery / under recovery of ADF. However, the same has not yet been finalized. This over / under recovery will be accounted for on final reconciliation of ADF pending with AAI. However, DIAL has collected the DF receivable in full and settled the DF loan on May 28, 2016.

b) The Company has a receivable of Rs. 257.36 crore as at March 31, 2019 (March 31, 2018: Rs. 262.36 crores) (including unbilled receivable) from Air India Limited and its subsidiaries namely Indian Airlines Limited, Airline Allied Services Limited and Air India Express Limited collectively referred as 'Air India'. During the year ended March 31, 2019, the Company has recognized receivable of Rs. 165.85 crore (including GST) towards interest agreed to be paid by Air India Limited. In view of payment and continuous reduction in the overdue quarter on quarter backed by continuing "Airport Enhancement and Financing Service Agreement" with International Air Transport Association ('IATA') for recovery of dues from Air India and considering the fact that Air India being a government enterprise/ undertaking, the Company considers its due from Air India as good and fully recoverable. As agreed in 13th OMDA Implementation Oversight Committee (OIOC) meeting, the Company has not paid revenue share on Rs. 135.76 crore recognised as interest income on delayed payment by Air India.

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c) Particulars of un-hedged and un-discounted foreign currency exposure as at the reporting date are as under:

	March 31, 2019			March 31, 2018		
Particulars	**Amount (Rs. In Crores)**	**Currency**	**Foreign Currency in Crores**	Amount (Rs. In Crores)	Currency	Foreign Currency in Crores
Trade Payables	1.80	EUR	0.02	2.66	EUR	0.03
	5.08	GBP	0.06	3.15	GBP	0.03
	-	SGD	-	0.04	SGD	0.00
	114.89	USD	1.66	116.51	USD	1.78
	0.03	AUD	0.00	0.00	AUD	0.00
Other Current Financial Liabilities	27.26	USD	0.39	33.35	USD	0.51
Trade Receivable	-	USD	-	16.37	USD	0.25
Non-Trade Receivables	-	USD	-	1.19	USD	0.02
Advance recoverable in cash or kind	-	USD	-	1.44	USD	0.02

Closing exchange rates in Rs:

Currency	March 31, 2019	March 31, 2018
EUR	77.67	80.81
GBP	90.53	92.28
SGD	-	49.82
USD	69.16	65.34
AUD	49.02	-

d) Additional information :

i) Earnings in foreign currency (On accrual basis, excluding service tax/GST)

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Non-Aeronautical Services (Revenue from concessionaires)	-	356.51
Aeronautical Services (Revenue from airlines)	52.99	192.18
Total	52.99	548.69

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(All amounts in Rupees Crore, except otherwise stated)

ii) CIF value of imports (On accrual basis)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Import of capital goods	16.77	12.83
Import of stores and spares	2.38	2.65
Total	19.15	15.48

iii) Expenditure in foreign currency (On accrual basis)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on borrowings	372.95	336.43
Professional and consultancy expenses	4.16	9.63
Finance costs	0.05	4.12
Other expenses	0.03	17.27
Travelling and Conveyance	11.34	0.02
Total	388.53	367.47

iv) Consumption of stores and spares during the year:

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	%	Amount	%	Amount
Imported	8.08	2.22	10.39	2.41
Indigenous	91.92	25.28	89.61	20.79
Total	100	27.50	100	23.20

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

f) These standalone financial statements of the Company do not include billing to airlines for DF by the Company. As per the Management, DIAL's responsibility is restricted only to the billing on behalf of Airports Authority of India (AAI) in accordance with provisions of AAI (Major Airports) Development Fee Rules, 2011 and DF SOP.

(This space has been intentionally left blank)

g). The Company has received advance development costs of Rs. 680.14 crore including Rs. 6.93 crore related to Phase II development (March 31, 2018: Rs. 660.06 crore , including Rs. 6.93 crore related to Phase II development) from various Developers at Commercial Property District towards facilitating the development of 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 March 31, 2019, the Company has incurred development expenditure of Rs. 552.38 crore (March 31, 2018: Rs. 519.19 crore) which has been adjusted against the aforesaid ADC. Further, in case of Silver Resort Hotel India Private Limited, the Company has transferred Rs. 32.61 crore as unspent ADC in its proportion refundable to Silver Resort Hotel India Private Limited to 'Advances from customer', basis the arbitration order [refer note 40 (m) below]. Remaining ADC of amount Rs. 95.15 crore including Rs. 6.93 crore related to Phase II development (March 31, 2018: Rs. 140.87 crore, including Rs. 6.93 crore related to Phase II development) is disclosed under other liabilities.

h) 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. As at March 31, 2019, the Company has accounted Rs 145.32 crore (March 31, 2018: Rs. 116.62 crore) towards such Marketing Fund and has incurred expenditure amounting to Rs. 88.10 crore (March 31, 2018: Rs. 65.11 crore) (net of income on temporary investments) till March 31, 2019 from the amount so collected. The balance amount of Rs. 57.22 crore pending utilization as at March 31, 2019 (March 31, 2018:Rs.51.51 crore); as marketing fund billing and utilization was not forming part of marketing fund) against such sales promotion activities is included under "Other current liabilities" as specific fund to be used for the purposes to be approved by the Marketing fund committee constituted for this purpose as per Marketing Fund Policy.

i) The Company is of the view that certain income/ credits arising on adoption of Ind-AS were not in contemplation of parties in April 2006 when this Concession Agreement i.e. OMDA was signed / entered. Further, these income/credits in Standalone Statement of Profit and Loss do not represent receipts from business operations from any external sources and therefore, these incomes/credits should not form part of "Revenue" as defined in OMDA for the purpose of calculating monthly annual fee (MAF) payable to AAI. Accordingly, the Company, based on legal opinion has provided the MAF to AAI based on Revenue as per the Ind AS standalone financial statements after adjusting such incomes/credits. Detail of such incomes / credits are as under:

Description	Incomes forming part of	For the year ended March 31, 2019	For the year ended March 31, 2018
Construction income from commercial property developers	Other operating income	33.18	49.47
Discounting on fair valuation of deposits taken from commercial property developers	Other operating income	50.64	26.67
Discounting on fair valuation of deposits taken from concessionaires	Sale of services – Non Aeronautical	53.44	52.54
Discounting on fair valuation of deposits given	Other income	0.35	0.39
Unrealised foreign exchange difference on borrowings	Other income	-	53.26
Significant financing component on revenue from contract with customers	Sale of services – Non Aeronautical	4.80	-

Further, the Company has also provided the "Airport Operator Fees" included in "other expenses" based on "Revenue" for the financial year, after excluding the income/credits from above transactions.

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Delhi International Airport Ltd. New Delhi

j) The Company made an internal assessment on computation of Annual Fee payable to AAI and is of the view that the Annual Fee has been paid to AAI on Gross Receipts credited to the standalone statement of profit and loss (with certain exclusions) instead of on the "Revenue" as defined under OMDA. The legal opinion obtained in this regard made it clear that there were excess payments of Annual Fee by DIAL by mistake from time to time to AAI. Accordingly, as per the decision taken by the Board of Directors of the Company a claim for return of excess Annual Fee paid to the AAI was raised on 26.12.2016. AAI has not agreed to the claim and insisted DIAL to continue to pay Annual Fee on the same basis, which DIAL is paying under protest. Accordingly, the dispute arose under OMDA but same could not be resolved amicably leading to the initiation of arbitration proceedings, which have commenced from December, 2018. DIAL has submitted its statement of claim. AAI has also filed its statement of defense dated April 29, 2019.

k) 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 has presented its report before Rajya Sabha on August 17, 2012 wherein they have 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 Loksabha vide its Ninety fourth report in February 2014.

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.

l) As per the transfer pricing rules prescribed under the Income tax act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions during year ended March 31, 2019.

m) The Company had entered into 'Development Agreement' and the 'Infrastructure Development and Service Agreement' with Silver Resort Hotel India Private Limited (hereinafter referred as 'Developer') on February 26, 2010 for development and operation of commercial property area located in Aerocity for a period upto May 2, 2036; further extendable to another 30 years. As per terms of agreement, Developer was required to pay the License fee and other charges to the Company on annual basis. On July 16, 2015, the Company has issued termination notice on account of failure by the Developer to pay the License Fees and other charges, required to be paid under the agreements executed between the Company and the Developer. Consequently, the Developer has invoked the arbitration process as per Infrastructure Development and Service Agreement.

The Arbitral Award was passed by the Hon'ble Arbitral Tribunal which was received by the Company on September 08, 2017. The favorable award passed in majority by Tribunal granting Rs. 115.89 crores award to DIAL and directing it to settle the award against security deposits of Rs. 192.88 crores lying with the Company and pay the balance Rs. 76.99 crores to the Developer. However, one of the arbitrators has passed the dissenting order granting award in favor of Developer amounting to Rs. 416.86 crores. Dissenting award granted by one of the arbitrators is not enforceable / binding on the parties, being the minority order /dissenting opinion.

Accordingly, DIAL has deposited payment of Rs.76.13 crore (net of recovery of arbitration cost of Rs. 0.86 crore) in the Hon'ble High Court of Delhi as per arbitration award.

Further, Silver resort has filed an appeal against the arbitration award before the Hon'ble High court. The matter was heard for arguments on April 26, 2018 and the judgment was pronounced on May 8, 2018 in favour of DIAL.

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Delhi International Airport Ltd. New Delhi

Pursuant to the above order, the Developer has preferred an appeal before Double Bench of Delhi High Court which was heard on July 4, 2018 and the matter is now restricted only to the question of non- payment of interest on the security deposit by DIAL to Developer; the next hearing is scheduled on August 7, 2019. Accordingly, the Company has appropriated and accounted for the remaining amount of deposit i.e. Rs. 116.75 crore, as per the arbitration award.

However, the Developer has filed an application for revision of order dated July 4, 2018 seeking refund of licenses fees for the remaining part of financial year from the date of termination of agreement, the application was heard on October 8, 2018 by Hon'ble Delhi High Court and was dismissed. As a matter of caution, the Company has filed a Caveat before Hon'ble Supreme Court in case Developer challenges the order dated October 8, 2018.

n) 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 all the information as asked by 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.

o) The Government of India announced Services Export from India Scheme (SEIS) under Foreign Trade Policy (FTP) 2015-20 under which the service provider of notified services is entitled to Duty Credit Scrips as a percentage of net foreign exchange (NFE) earned. These Scrips either can be used for payment of basic custom duty on imports or can be transferred/traded in the market.

Pursuant to above, during the previous year ended March 31, 2018, the Company has received SEIS scrips of Rs. 31.19 crore for financial year 2015-16, having validity till September 30, 2019. During the year ended March 31, 2019, the Company has also received SEIS scrips of Rs. 55.82 Crore for financial year 2016-17, having validity till October 21, 2020.

The Company has so far utilized/sold Rs. 14.52 crore (March 31, 2018: Rs. 0.44 crore) out of these scrips and considering the major expansion plans at the IGI airport, the Company is evaluating various options for utilization of remaining Scrips.

The Scrips received under SEIS are in nature of Government Grant and is similar to the Scrips received earlier under Served from India Scheme (SFIS) of Foreign Trade Policy 2010-15. The Company is of the view that as per the latest Arbitration Order dated December 27, 2018 in case of SFIS Scrip, the Income from SEIS Scrip is out of the purview of revenue definition as per OMDA. Accordingly, management believes that, no Annual Fee is payable as per the provisions of OMDA, and has not been provided in these standalone financial statements.

p) Standards issued but not yet effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind AS 116, Leases. The amendment rules are effective from reporting periods beginning on or after April 1, 2019. This standard replaces current guidance in Ind AS 17 and is a far reaching change in accounting by lessees in particular.

Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of standalone financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

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Ind AS 116 requires lessees to recognize a 'right-of-use asset' and a 'lease liability' for almost all leasing arrangements. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. The lessor still has to classify leases as either finance or operating.

Ind AS 116 is effective for the Company w.e.f April 01, 2019 using either one of the following two methods:

(a) Retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 116 (the full retrospective method); or

(b) Retrospectively with the cumulative effect of initially applying Ind AS 116 recognized at the date of initial application (April 01, 2019) and providing certain additional disclosures as defined in Ind AS 116 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on leases resulting from the application of Ind AS 116 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its standalone financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 116 related to leases and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

A reliable estimate of the quantitative impact of Ind AS 116 on the standalone financial statements will only be possible once the implementation project has been completed.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

The interpretation is effective for annual reporting periods beginning on or after 1 April 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date. Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

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Delhi International Airport Ltd. New Delhi दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड नई दिल्ली

Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to re measure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to re measure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 April 2019. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Company.

Annual improvement to Ind AS

Amendments to Ind AS 23: Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019. Since the Company's current practice is in line with these amendments, the Company does not expect any effect on its standalone financial statements.

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Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Notes to the standalone financial statements for the year ended March 31, 2019
(All amounts in Rupees Crore, except otherwise stated)

q) Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

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

Per Yogesh Midha
Partner
Membership No. 094941
Place: New Delhi
Date: May 02, 2019

S.R. BATLIBOI & ASSOCIATES LLP

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

Per Hitesh Kumar P
Partner
Membership No. 233734
Place : Bengaluru
Date: May 02, 2019

K.S. RAO & CO. Chartered Accountants BENGALURU

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

G.B.S. Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

Videh Kumar Jaipuriar
Chief Executive Officer

Hari Nagrani
Chief Financial Officer

Saurabh Jain

Saurabh Jain
Company Secretary
Place : New Delhi
Date: May 02, 2019

दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. New Delhi नई दिल्ली

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INDEPENDENT AUDITOR'S REPORT

To the Members of Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Standalone Ind AS Financial Statements

The Company's management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 the Companies (Indian Accounting Standards) Rules, 2015, 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 standalone 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 standalone 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.

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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 standalone 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 standalone 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 standalone 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 standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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, 2018, 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 standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-2" to this report;

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(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 standalone Ind AS financial statements – Refer Note 34 (II) to the standalone Ind AS financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Yogesh Midha
Partner
Membership Number: 094941
Place: New Delhi
Date : May 02, 2018

S.R. Batliboi & Associates LLP
New Delhi

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

per Hitesh Kumar P
Partner
Membership Number: 233734
Place: New Delhi
Date : May 02, 2018

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Annexure-1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Delhi International Airport Limited ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in fixed asset register are held in the name of the Company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) 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 from the public.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to aeronautical services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, excise duty, custom duty, value added tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

S.R. Batliboi & Associates LLP ★ New Delhi

K.S. RAO & CO. ★ Chartered Accountants ★ BENGALURU

(c) According to the information and explanations given to us, the dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute, are as follows*:

Name of the statute	Nature of Dues	Amount (Rs. in Crores)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Taxability of Passenger Service Fee (Security Component), Taxability of Upfront fee, capital work in progress disallowance on account of capital expenditure under section 14A of the Act., Disallowance under section 40(a)(ia) of the Act.	21.39	Assessment Year: 2007-08	Income Tax Appellate Tribunal (ITAT).
Income Tax Act, 1961	Taxability of Passenger Service Fee (Security Component), Disallowance on account of capital expenditure, Disallowance of payment of gratuity, Disallowance under section 40(a)(ia) of the Act, Disallowance of club expenses, Disallowance under Section 14A of the Act, Issue of SFIS Duty Credit Scrips.	42.90	Assessment Year: 2008-09	Income Tax Appellate Tribunal (ITAT)
Finance Act 1994	Service tax on Development Fees (DF) receipt.	131.89	March 2009 to September 2013.	Commissioner, Service tax.
Finance Act 1994	(i) Non Payment of Service Tax on License Fees / lease rentals.	1.56	Financial year 2006-07 to 2009-10	Commissioner, Service tax, New Delhi
Finance Act 1994	Non-payment of Service Tax on License Fees / lease rentals.	0.07	Financial year 2011-12 (Apr – June'2010)	Commissioner of Service Tax, New Delhi.
Finance Act 1994	Wrong availment of service tax on the payment made towards employee's medical insurance.	0.22	Financial year 2011-12.	Additional Commissioner of Service Tax, New Delhi.
Finance Act 1994	(i) Service tax on the supply of electricity and water	2.35	Financial year: 2009 -10 to 2012-13	Commissioner of Service tax
Finance Act 1994	Non-payment of service tax on Advance Development Costs ('ADC').	54.32	Financial year: 2010-11 to 2011-12	Commissioner of Service Tax

* Dispute under Income Tax Act 1961, wherein disallowances resulting in reduction in 'returned loss' as per return of income have not been considered for above disclosure. Tax impact of reduction in loss amounts to Rs. 55.81 crores.

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Bengaluru 560 023. India

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of secured notes for the purposes for which they were raised. The Company has not raised any fund by way of initial public offer or further public offer or term loan.

(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 managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(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 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 Number: 094941
Place: New Delhi
Date : May 02, 2018

S.R. Batliboi & Associates LLP * New Delhi

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

per Hitesh Kumar P
Partner
Membership Number: 233734
Place: New Delhi
Date : May 02, 2018

K.S. RAO & CO. Chartered Accountants BENGALURU

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
3rd & 6th Floor, Worldmark 1
IGI Airport Hospitality District, Aerocity
New Delhi 110 037. India

K. S. Rao & Co.
Chartered Accountants
No. 2, 7th Cross, B Street
Magadi Road
Bengaluru 560 023. India

ANNEXURE-2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF DELHI INTERNATIONAL AIRPORT LIMITED (FORMERLY KNOWN AS DELHI INTERNATIONAL AIRPORT 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")

We have audited the internal financial controls over financial reporting of Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 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, 2018, 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
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per Yogesh Midha
Partner
Membership Number: 094941
Place: New Delhi
Date : May 02, 2018

S.R. Batliboi & Associates LLP New Delhi

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

per Hitesh Kumar P
Partner
Membership Number: 233734
Place: New Delhi
Date : May 02, 2018

K.S. RAO & CO. Chartered Accountants BENGALURU

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Balance Sheet as at March 31, 2018
(All amounts in Rupees Crore, except otherwise stated)

	Notes	March 31, 2018	March 31, 2017
ASSETS			
(1) Non-current assets			
Property, plant and equipment	4	6,806.21	7,381.27
Capital work in progress	4	194.44	123.94
Intangible Assets	5	395.30	404.07
Investment in subsidiary, associates and joint ventures	6.1	289.37	181.04
Financial Assets			
(i) Investment	6.2	0.01	0.01
(ii) Loans	7	2.46	1.25
(ii) Other financial assets	8	1.20	0.22
Other non-current assets	9	56.28	91.29
		7,745.27	8,183.09
(2) Current assets			
Inventories	11	6.39	7.42
Financial Assets			
(i) Investments	6.3	2,584.46	2,184.38
(ii) Trade Receivables	12	525.13	898.88
(iii) Cash and cash equivalents	13	374.97	554.12
(iv) Bank balance other than cash and cash equivalents	14	91.27	46.00
(v) Loans	7	1.58	2.16
(vi) Other Financial assets	8	123.16	53.96
Other current assets	9	40.18	36.99
		3,747.14	3,783.91
Total Assets		11,492.41	11,967.00
EQUITY AND LIABILITIES			
(1) Equity			
Equity Share Capital	15	2,450.00	2,450.00
Other Equity			
(i) Retained earnings	16	422.57	575.49
(ii) Cash flow hedge reserve	16	(4.49)	(16.84)
		2,868.08	3,008.65
(2) Non-current liabilities			
Financial Liabilities			
(i) Borrowings	17	5,249.12	5,261.97
(ii) Other financial liabilities	18	323.02	298.31
Deferred revenue	19	1,577.23	1,781.31
Deferred tax liabilities (net)	10	224.87	292.04
Other non-current liabilities	20	102.57	112.95
Long term provisions	22	1.45	1.21
		7,478.26	7,747.79
(3) Current liabilities			
Financial Liabilities			
(i) Trade Payables	21		
-Total outstanding dues of micro enterprises and small enterprises		7.35	1.19
-Total outstanding dues of creditors other than micro enterprises and small enterprises		404.66	430.21
(ii) Other financial liabilities	18	454.82	381.38
Deferred revenue	19	85.94	86.18
Other current liabilities	20	162.52	226.29
Short term provisions	22	21.51	18.13
Liabilities for current tax (net)		9.27	67.18
		1,146.07	1,210.56
Total Liabilities		8,624.33	8,958.35
Total equity and liabilities		11,492.41	11,967.00
Summary of significant accounting policies	3		

The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 2, 2018.

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date : May 2, 2018

S.R. Batliboi & Associates LLP * New Delhi *

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No. : 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: New Delhi
Date : May 2, 2018

K.S. RAO & CO. Chartered Accountants BENGALURU

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

G.B.S Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

G Radha Krishna Babu
Chief Financial Officer

Saurabh Jain
Company Secretary

Place: New Delhi
Date : May 2, 2018

दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. * New Delhi * नई दिल्ली

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Profit and Loss for the year ended March 31, 2018
(All amounts in Rupees Crore, except otherwise stated)

Particulars	Notes	March 31, 2018	March 31, 2017
I REVENUE			
Revenue from operations	23	3,680.97	5,632.52
Other Income	24	361.87	306.99
Total Income (I)		4,042.84	5,939.51
II EXPENSES			
Annual fee to Airports Authority of India (AAI) [refer note 41 (i)]		1,761.47	2,634.84
Employee Benefits Expense	25	165.24	129.47
Depreciation and Amortization Expense	26	645.90	638.03
Finance Costs	27	579.15	527.25
Other Expenses	28	931.68	842.66
Total Expense (II)		4,083.44	4,772.25
III (Loss)/Profit before exceptional items and tax [(I)-(II)]		(40.60)	1,167.26
Exceptional items	29	-	40.80
IV (Loss)/Profit before tax		(40.60)	1,126.46
Current Tax	20	-	238.69
Adjustment of tax relating to earlier years	20	(4.88)	(1.88)
Deferred Tax (credit) / charge	20	(73.97)	303.69
V Total Tax (credit)/expense		(78.85)	540.50
VI Profit for the year (IV-V)		38.25	585.96
Other Comprehensive Income	30		
A Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurement gains on defined benefit plans		0.77	(1.11)
Income tax effect		(0.27)	0.38
B Items that will be reclassified to profit or loss in subsequent periods			
Net movement of cash flow hedges		18.88	(16.84)
Income tax effect		(6.53)	-
VII Total Other Comprehensive Income/(Loss) for the year (net of tax) (A+B)		12.85	(17.57)
VIII Total Comprehensive Income for the year (net of tax) (VI+VII)		51.10	568.39
IX Earnings per equity share: [nominal value of share Rs. 10 (March 31, 2017: Rs. 10)]			
(1) Basic	31	0.16	2.39
(2) Diluted	31	0.16	2.39
Summary of significant accounting policies	3		

The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 2, 2018.

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date: May 2, 2018

S.R. Batliboi & Associates LLP * New Delhi *

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No.: 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: New Delhi
Date: May 2, 2018

K.S. RAO & CO. ★ Chartered Accountants ★ BENGALURU

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

G.B.S Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

G Radha Krishna Babu
Chief Financial Officer

Saurabh Jain

Saurabh Jain
Company Secretary

Place: New Delhi
Date: May 2, 2018

दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. * New Delhi * नई दिल्ली

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Change in Equity as at March 31, 2018
(All amounts in Rupees Crore, except otherwise stated)

	Equity share capital	Reserves and Surplus	Item of OCI	Total equity
		Retained earnings	Cash flow hedge reserve	
Balance as at April 1, 2016	2,450.00	(9.74)	-	2,440.26
Profits for the year	-	585.96	-	585.96
Other comprehensive income (net of tax)	-	(0.73)	(16.84)	(17.57)
Balance as at March 31, 2017	2,450.00	575.49	(16.84)	3,008.65
Profits for the year	-	38.25	-	38.25
Other comprehensive income (net of tax)	-	0.50	12.35	12.85
Payment of dividends (refer note 16.1)	-	(159.25)	-	(159.25)
Dividend distribution tax (refer note 16.1)	-	(32.42)	-	(32.42)
Balance as at March 31, 2018	2,450.00	422.57	(4.49)	2,868.08

Summary of significant accounting policies (refer note 3)

The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 2, 2018.

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date : May 2, 2018

S.R. Batliboi & Associates LLP * New Delhi *

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No. : 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: New Delhi
Date : May 2, 2018

K.S. RAO & CO. Chartered Accountants BENGALURU

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

G.B.S Raju
Managing Director
DIN-00061686

K Narayana Rao
Whole Time Director
DIN-00016262

G Radha Krishna Babu
Chief Financial Officer

Saurabh Jain
Company Secretary

Place : New Delhi
Date : May 2, 2018

दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. * New Delhi * नई दिल्ली

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Cash Flows for the year ended March 31, 2018
(All amounts in Rupees Crore, except otherwise stated)

	Notes	March 31, 2018	March 31, 2017
Cash flow from operating activities			
(Loss)/Profit before tax		(40.60)	1,126.46
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization expenses		645.90	638.03
Provision for Bad debts / Bad Debts Written off		0.31	1.73
Interest income on deposits/current investment		(47.47)	(43.29)
Exchange differences unrealised (net)		(54.15)	(96.34)
Gain on sale of current investments-Mutual fund		(125.03)	(97.43)
Income from Duty credit scrips		(30.27)	-
Reversal of finance charges on cancellation of finance lease (refer note 32.1)		-	(7.01)
Loss on discard of Property Plant and Equipments		0.08	1.59
Dividend Income on non current investments carried at cost		(67.76)	(51.38)
Interest on Borrowings		346.88	426.57
Call spread option premium		153.65	40.70
Interest expenses on financial liability carried at amortised cost		74.41	49.87
Other borrowing costs		-	7.13
Rent expenses on financial assets carried at amortised cost		0.47	0.21
Loan prepayment charges [refer note 41 (l)]		-	40.80
Deferred income on financial liabilities carried at amorized cost		(79.60)	(63.80)
Fair value gain on financial instruments at fair value through profit or loss		(23.57)	(2.50)
Fair value gain on financial instruments (IRS) at fair value through profit or loss		-	(6.17)
		753.25	1,965.17
Working capital adjustment:			
(Decrease)/Increase in trade payables		(19.75)	40.66
Decrease in other non current liabilities		(10.38)	(33.67)
(Decrease)/Increase in other current liabilities		(63.76)	48.10
(Decrease)/Increase in non current deferred revenue		(124.09)	92.34
(Decrease)/Increase in current deferred revenue		(0.24)	4.13
(Decrease)/Increase in non current financial liabilities		(31.51)	9.17
Increase / (Decrease) in current financial liabilities		141.84	(6.21)
Decrease/(Increase) in trade receivables		373.44	(109.15)
Decrease/(Increase) in inventories		1.03	(0.24)
Decrease in other non current assets		0.04	0.44
(Increase) / Decrease in other current assets		(3.66)	13.33
(Increase) / Decrease in other current financial assets		(34.93)	17.59
Increase in other Non current financial assets		(0.97)	-
Increase / (Decrease) in non current loans		(0.82)	1.01
Increase in current loans		0.58	(3.91)
Increase in non current provisions		0.24	-
Increase in current provisions		4.15	2.79
Cash generated from operations		984.46	2,041.54
Direct taxes paid (net)		(17.93)	(195.00)
Net cash flow from operating activities (A)		966.53	1,846.54
Cash flows from investing activities			
Purchase of property plant and equipments, including CWIP and capital advances		(185.77)	(213.94)
Development fee (DF) realised		-	83.99
Purchase of non-current investments		(108.33)	(2.40)
Purchase of current investments		(14,874.91)	(14,212.84)
Sale/maturity of current investments		14,634.39	13,085.06
Dividend Income		67.76	51.38
Interest received		43.48	37.73
(Investment)/Redemption of Margin Money Deposit		(0.01)	42.07
Purchase of deposits with original maturity of more than three months		(186.27)	(47.61)
Proceeds from deposits with original maturity of more than three months		141.00	35.46
Net cash flow used in investing activities (B)		(468.66)	(1,141.10)

(The space has been intentionally left blank)

S.R. Batliboi & Associates LLP New Delhi

K.S. RAO & CO. Chartered Accountants BENGALURU

दिल्ली इन्टरनेशनल एयरपोर्ट लिमिटेड Delhi International Airport Ltd. New Delhi नई दिल्ली

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Cash Flows for the year ended March 31, 2018
(All amounts in Rupees Crore, except otherwise stated)

Cash flows from financing activities		
Proceeds from borrowings	-	3493.92
Repayment of borrowings	-	(3,633.44)
Final dividend paid	(159.25)	-
Dividend distribution tax	(32.42)	-
Option premium paid	(144.49)	(14.96)
Derivative IRS- Mark to maket-Breakage Cost	-	(8.17)
Other borrowing costs paid	-	(7.13)
Collection of interest on DF loans from airlines	-	0.87
Interest paid	(340.86)	(390.09)
Net cash flow used in financing activities (C)	(677.02)	(559.00)
Net (decrease)/increase in cash and cash equivalents (A + B + C)	(179.15)	146.45
Cash and cash equivalents at the beginning of the year	554.12	407.67
Cash and cash equivalents at the end of the year	374.97	554.12
Components of cash and cash equivalents		
Cash on hand	0.02	0.03
Cheques/ drafts on hand	0.48	4.73
With banks		
- on current account	110.91	44.36
- on deposit account	263.56	505.00
Total cash and cash equivalents (refer note 13)	374.97	554.12

Summary of significant accounting policies 3

Explanatory notes to statement of cashflows

1. The above cash flow statement has been compiled from and is based on the standalone balance sheet as at March 31, 2018 and the related standalone statement of profit and loss for the year ended on that date.

2 Cash and cash equivalents include Rs. 1.23 crore (March 31, 2017: Rs. 2.34 crore) pertaining to Marketing Fund, to be used for sales promotional activities.

3 Changes in liabilities arising from financing activities:-

Particulars	Liabilities arising from financing activities		Assets held to hedge long term borrowings
	Borrowings	Interest accrued on Borrowings	Derivative instrument- Cash flow hedge- call spread option
As at April 1, 2017	5,261.97	107.02	42.58
Cash flows	-	(340.86)	(144.49)
Non-cash changes			
Finance cost	7.71	339.17	153.65
Foreign exchange fluctuation	(20.56)	-	-
Change in Fair values	-	-	(52.71)
As at March 31, 2018	5,249.12	105.33	(0.97)

4 The accompanying notes are an integral part of these standalone financials statements and have been taken on record by the board of directors vide their meeting dated May 2, 2018

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

per Yogesh Midha
Partner
Membership no: 094941
Place: New Delhi
Date: May 2, 2018

As per our report of even date
For K.S. Rao & Co.
ICAI Firm Registration No. : 003109S
Chartered Accountants

per Hitesh Kumar P
Partner
Membership no: 233734
Place: New Delhi
Date. May 2, 2018

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

G.B.S Raju
Managing Director
DIN-00061686

K Narayana Rao
Whole Time Director
DIN-00016262

G Radha Krishna Babu
Chief Financial Officer

Saurabh Jain
Company Secretary

Place: New Delhi
Date: May 2, 2018

1. Corporate information

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ('DIAL' or 'the Company') is a Public Limited Company domiciled in India. It was incorporated as a Private Limited Company on March 1, 2006 under the provisions of the erstwhile Companies Act, 1956, (replaced with Companies Act 2013 with effect from April 1, 2014) and was converted into a Public Limited Company w.e.f. April 10, 2017. DIAL is into the business of 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.

2. (A) Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. However, the Company has adopted not to disclose Earnings before interest, tax, depreciation and amortization and exceptional items (EBITDA) as a separate line item in the standalone statement of profit or loss.

The standalone financial statements have been prepared on historical cost convention on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative Financial Instruments
- Certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

(B) 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 Control period of 5 years period (i.e. 2009 - 2014). The first control period of five years referred to above ended on March 31, 2014. DIAL vide appeal no 10/2012 had filed an appeal before Airport Economic Regulatory Authority Appellate Tribunal ("AERAAT") on certain disputed issues in the Tariff order of first control period No.03/2012-13. Subsequently, Hon'ble High Court of Delhi vide its final order dated January 22, 2015, against the writ petition filed by the Company in this matter, ordered that the tariff determined by AERA for the first control Period shall continue till the disposal of the appeals pending against the said Tariff Order, by AERAAT.

Subsequently, AERA also 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, DIAL filed an appeal with AERAAT against some of the matters of order No. 40/2015-16 on January 11, 2016.

Further, Ministry of Finance vide the notification dated May 26, 2017, Part XIV of Chapter VI of the Finance Act, 2017 directed the merger of Appellate Tribunal under the Airports Economic Regulatory Authority Act, 2008 ("AERA Act") i.e. AERAAT into Telecom Disputes Settlement and Appellate Tribunal (TDSAT).

The Hon'ble Supreme Court of India, on SLP filed by Air India, vide its judgement dated July 03, 2017, has vacated the order of Hon'ble High Court of Delhi and directed TDSAT to dispose off the appeals of DIAL in the next two months.

Accordingly, DIAL implemented the Tariff order No. 40/2015-16 dated December 08, 2015 with immediate effect i.e. from July 07, 2017 as per directions of Director General of Civil Aviation dated July 07, 2017.

DIAL's appeal no. 10/2012 with respect to first control period has been concluded along with the appeal of certain airlines. TDSAT vide its order dated April 23, 2018 has passed the order, which provides clarity on the issues which were pending for last six years and has laid down the principles to be followed by AERA in the third control period starting from April 1, 2019. The Company expects the uplift impact of the TDSAT order to reflect in the tariff determination by AERA for the next control period i.e. 2019 -2024. DIAL's appeal against the second control period shall be heard in due course.

Basis the profit earned over the previous five financial years, Company's business plans and cash projections prepared by the management for 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 standalone financial statements have continued to be prepared on a going concern basis.

3. Summary of significant accounting policies

a. Use of estimates

The preparation of the standalone financial statements inconformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financials statements have been disclosed in note 32. Accounting estimates could change from year to year. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the year in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

b. Current versus non-current classification

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

The company classifies all other assets 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

The company classifies all other liabilities as non-current.

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

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

c. Investments in Associates, Joint Ventures and Subsidiary

The Company has accounted for its investments in associates, joint ventures and subsidiary at cost.

d. 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.

Assets under installation or under construction as at the balance sheet date are shown as "Capital work-in-progress (CWIP)". However, CWIP relating to the development fund are being net off from the Development fee accrued (to the extent not utilized) and are not included in CWIP. Expenditure including finance charges directly relating to construction activity is capitalised.

Capital work in progress includes leasehold improvements under development as at the balance sheet date.

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

Collection charges on development fund (DF) are added to the property, plant and equipment and are being depreciated over the remaining useful life of the property, plant and equipment.

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 de-recognition 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.

Development fee from any regulatory authority are recognized when there is reasonable assurance that it will be received / utilized and the Company will comply with the conditions attached to them.

Development fee related to an asset, (net of direct amount incurred to earn aforesaid development fee) is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

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.

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(All amounts in Rupees Crore, except otherwise stated)

e. Depreciation on Property, Plant and Equipment

Depreciation on property, plant and equipment is calculated on a straight line basis using the useful lives prescribed under Schedule II to the Companies Act, 2013 except for 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 property, plant and equipment 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 property, plant and equipment 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
Roads – Other than RCC	10 years	5 years
Transformers/Power Sub-Stations (included in Plant and Machinery)	15 years	10 years
Electric Panels (included in Electrical Installations and Equipment)	15 years	10 years

The useful life of property, plant and equipment which are not as per schedule II of the Companies Act 2013, have been estimated by the management based on internal technical evaluation.

The Property, plant and equipment acquired under finance lease is depreciated over the asset's useful life; or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of lease term.

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has 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, interalia, 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, that have not been clearly mentioned in the Schedule II of the Companies Act, 2013 or may have a useful life justifiably different than that indicated in the Companies Act, 2013 in the specific context to the airport sector. Pursuant to above, the Authority has issued order no. 35/2017-18 on January 12, 2018 which is further amended on April 09, 2018, in the matter of Determination of Useful life of Airport Assets, which will be effective from April 01, 2018. Based on preliminary assessment, the management is of the view that useful lives considered by the Company for most of the assets except passenger related Furniture and Fixtures are in line with the useful life proposed by AERA in its order dated January 12, 2018, which is further amended on April 09, 2018.

Leasehold Improvements are improvements, betterments, or modifications of leased property which will benefit the company for the period of more than one year. The amount of leasehold improvements are capitalised and amortised over the period of lease of five years or useful life whichever is less.

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f. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. 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.

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 finite.

g. Amortisation of intangible assets

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

The Company amortises, upfront fee paid as airport concession rights and other costs paid to AAI referred to above are recognized and amortized over the initial and extended period of OMDA i.e. 60 years. Other intangible assets are amortised over the useful life of asset or six years, whichever is lower.

h. Government Grant and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that
(i) the Company will comply / have complied with the conditions attached to them, and
(ii) the grant / subsidy will be received.

When the grant/ subsidy relates to revenue, it is recognized under other income in the Statement of profit and loss in the period of receipts of such grant/ subsidy, at the amount expected to be realized.

i. Borrowing cost

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

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

j. Leases

The determination of whether an agreement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at fair value of the leased property on inception date or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (refer note 32.1).

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Income from operating lease is recognised on a straight-line basis over the term unless either:

- another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

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

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k. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes other directly associated costs in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. 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) fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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.

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m. Provisions, Contingent liabilities and Commitments

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

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 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 reporting date.

Provisions for onerous contracts are recognized when the expected benefits to be delivered by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

n. Contingent assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

o. Retirement and other Employee Benefits

Defined benefit plan

Retirement benefit in the form of provident fund is a defined benefit scheme. DIAL contributes a portion of contribution to DIAL Employees Provident Fund Trust ('the Trust'). DIAL has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate which is determined by actuary and accounted by the DIAL as provident fund cost.

Retirement benefit in the form of Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation, other than the contribution payable to the respective trusts.

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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.

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 a reduction in future payment or a cash refund.

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

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements 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 date that the Company recognises related restructuring costs.

ii) The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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p. 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.

I) 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.

The Company's financial liabilities include trade and other receivables, investments in mutual funds and commercial papers and derivative financial instruments.

Subsequent measurement

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

a) Financial assets at amortised cost
b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost: A 'Financial asset' 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.

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 other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12.

Financial assets at FVTPL: FVTPL is a residual category for financial assets. Any Financial asset, 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 Financial assets, 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'). Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

• The rights to receive cash flows from the asset have expired or

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

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

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

Impairment of financial assets

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

Financial assets measured at amortised cost e.g., deposits, trade receivables and bank balance.

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

II) Financial liabilities

Initial recognition and measurement

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 and derivative financial instruments.

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 respective carrying amounts is recognised in statement of Profit and Loss.

Offsetting of financial instruments

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

Subsequent measurement

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

Loans and borrowings

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

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

q. Derivative financial instruments and hedge accounting

Initial Recognition and subsequent measurement

The Company uses derivative financial instruments, such as call spread options and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;

c) Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as described below:

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

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

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

Presentation of derivative contracts in the financial statement

Derivative assets and liabilities recognized on the balance sheet are presented as current and non-current based on the classification of the underlying hedged item.

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r. Cash and cash equivalents

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

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

s. Foreign currencies

Functional Currency

The standalone financial statements are presented in Indian rupees (INR), which is also the Company's functional currency.

Transactions and Translations

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.

t. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

All assets and liabilities for which fair value is measured or disclosed in the standalone 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

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

The Company determines the policies and procedures for recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuers are involved for valuation of significant assets or liabilities such as derivative instruments.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes as mentioned below.

a) Disclosures for valuation methods, significant estimates and assumptions (note 37)

b) Quantitative disclosures of fair value measurement hierarchy (note 38)

c) Financial instruments (including those carried at amortised cost)

u. 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.

Income from services

Revenue from airport operations i.e. Aeronautical and Non Aeronautical operations are recognised on accrual basis, net of service tax/Goods and Service Tax (GST), 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. The main streams of non – aeronautical revenue includes duty free, retail , advertisement , food & beverages, cargo, ground handling, parking and land & space- rentals..

Land & Space- rentals pertains to granting right to use land and space primarily for catering to the need 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.

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Interest income

Interest income 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.

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

Dividends

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

Claims

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

v. Taxes

Tax expense comprises current tax and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with 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.

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ii) In respect of taxable temporary differences associated with investments in subsidiary, 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:

i) 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.
ii) In respect of deductible temporary differences associated with investments in subsidiary, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the 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.

Minimum Alternate Tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on 'Accounting for Credit Available in respect of Minimum Alternative Tax' under IT Act, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT credit entitlement'. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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Taxes, cess, duties such as sales tax/ value added tax/ service tax/goods and service tax etc. paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of taxes paid, except:

- When the tax incurred on a purchase of assets, goods or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

w. Operating segments

The Company has only one reportable operating segment, which is operation of airport and providing allied services. Accordingly, the amounts appearing in the standalone financial statements relate to the Company's single operating segment.

x. Proposed dividend

As per Ind AS –10, 'Events after the Reporting period', the Company disclose the dividend proposed by board of directors after the balance sheet date in the notes to these standalone financial statements.

y. Earnings per share

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

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

z. Corporate Social Responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

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4 Property, plant and equipments

	Buildings	Leasehold improvement	Bridges, Culverts, Bunders, etc.	Electrical Installations and Equipment	Roads-Other than RCC	Runways, Taxiways & Apron etc.	Plant and Machinery	Office Equipment	Computer and data processing units	Furniture and Fittings	Vehicles	Total	Capital work in progress (CWIP)
Gross block (at cost)													
As at April 1, 2016	4,412.95	-	396.58	1,240.09	213.61	2,181.08	2,305.83	21.58	265.18	203.19	10.33	11,250.44	63.87
Additions	19.67	7.47	-	29.17	4.46	12.21	20.23	0.86	11.69	34.32	2.45	142.33	60.07
Transfer of assets*	-	-	-	(263.89)	-	-	(21.92)	-	(202.38)	(11.46)	(0.12)	(499.77)	-
Adjustments [refer note (a) below]	(2.48)	-	-	(0.02)	(0.01)	-	(0.60)	(11.24)	(4.78)	(2.20)	(0.25)	(21.60)	-
Development fund (Collection Charges) [refer note 41 (a) (ii)]	0.64	-	0.03	0.10	0.03	0.15	0.33	-	-	0.02	-	1.30	-
As at March 31, 2017	4,430.78	7.47	396.61	1,005.45	218.09	2,193.44	2,303.87	11.20	69.71	223.87	12.41	10,872.90	123.94
Reclassification	2.14	-	-	(0.57)	4.45	-	(0.72)	-	-	(5.30)	-	-	-
Additions	8.52	2.36	0.32	14.56	1.78	9.30	7.22	0.23	14.85	11.88	1.25	72.27	70.50
Disposals	-	-	-	-	-	-	(0.15)	(0.04)	(2.09)	(0.04)	-	(2.32)	-
Adjustments [refer note (a) below]	(10.46)	-	-	(0.17)	-	-	(0.07)	-	-	-	-	(10.70)	-
As at March 31, 2018	4,430.98	9.83	396.93	1,019.27	224.32	2,202.74	2,310.15	11.39	82.47	230.41	13.66	10,932.15	194.44
Depreciation													
As at April 1, 2016	837.24	-	87.24	571.48	86.09	553.31	733.45	20.25	223.27	91.06	7.25	3,210.64	-
Transfer of assets	-	-	-	(138.97)	-	-	(5.21)	-	(179.00)	(5.18)	(0.09)	(328.45)	-
Charge for the year	148.16	0.91	13.28	118.94	31.08	92.43	192.14	0.62	5.65	24.33	1.09	628.63	-
Adjustments [refer note (a) below]	(0.67)	-	-	-	(0.01)	-	(0.35)	(11.23)	(4.70)	(1.96)	(0.27)	(19.19)	-
As at March 31, 2017	984.73	0.91	100.52	551.45	117.16	645.74	920.03	9.64	45.22	108.25	7.98	3,491.63	-
Reclassification	0.02	-	-	(0.01)	0.06	-	(0.01)	-	-	(0.06)	-	-	-
Charge for the year	145.68	2.33	13.31	120.76	31.57	94.45	192.26	0.51	7.15	27.38	1.15	636.55	-
Disposals	-	-	-	-	-	-	(0.08)	(0.04)	(2.09)	(0.03)	-	(2.24)	-
As at March 31, 2018	1,130.43	3.24	113.83	672.20	148.79	740.19	1,112.20	10.11	50.28	135.54	9.13	4,125.94	-
Net block													
As at March 31, 2017	3,446.05	6.56	296.09	454.00	100.93	1,547.70	1,383.84	1.56	24.49	115.62	4.43	7,381.27	123.94
As at March 31, 2018	3,300.55	6.59	283.10	347.07	75.53	1,462.55	1,197.95	1.28	32.19	94.87	4.53	6,806.21	194.44

a. Adjustments include amounts related to final settlement of the vendors related to construction of various capital assets.

b. Buildings include space given on operating lease:
Gross block Rs. 233.27 Crore (March 31, 2017: Rs. 215.64 Crore),
Depreciation charge for the year Rs. 7.75 Crore (March 31, 2017: Rs. 7.17 Crore),
Accumulated depreciation Rs. 60.12 Crore (March 31, 2017: Rs. 48.75 Crore),
Net book value Rs. 173.15 Crore (March 31, 2017: Rs. 166.89 Crore)

c. Property plant and equipment includes asset taken on finance lease as below:

	Electrical Installations and Equipment	Plant and Machinery	Computer and data processing units	Furniture and Fittings	Vehicles	Total
Gross block (at cost)						
As at March 31, 2016	263.89	21.92	202.34	11.46	0.12	499.77
Transfer of assets*	(263.89)	(21.92)	(202.39)	(11.46)	(0.12)	499.77
As at March 31, 2017	-	-	-	-	-	-
Transfer of assets*	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-
Depreciation						
As at March 31, 2016	138.97	5.21	179.00	5.18	0.09	328.44
Charge for the year	-	-	-	-	-	-
Transfer of assets*	(138.97)	(5.21)	(179.00)	(5.18)	(0.09)	(328.44)
At March 31, 2017	-	-	-	-	-	-
Transfer of assets*	-	-	-	-	-	-
At March 31, 2018	-	-	-	-	-	-
Net block						
As at March 31, 2017	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-

*During the financial year 2016-17, there is a modification in the terms of arrangement and as per the modified terms; this arrangement no longer contains an embedded lease. Accordingly Company has derecognised the assets and liabilities recognised under finance lease. (Also refer note 32.1)

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(All amounts in Rupees Crore, except otherwise stated)

5 Intangible assets

	Airport concessionaire rights	Computer software	Total
Gross block (at cost)			
At April 1, 2016	490.52	40.63	531.15
Additions	-	0.53	0.53
At March 31, 2017	490.52	41.16	531.68
Additions	-	**0.58**	**0.58**
At March 31, 2018	**490.52**	**41.74**	**532.26**
Amortisation			
At April 1, 2016	80.55	37.66	118.21
Charge for the year	8.20	1.20	9.40
At March 31, 2017	88.75	38.86	127.61
Charge for the year	**8.20**	**1.15**	**9.35**
At March 31, 2018	**96.95**	**40.01**	**136.96**
Net Block			
At March 31, 2017	401.77	2.30	404.07
At March 31, 2018	**393.57**	**1.73**	**395.30**

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(All amounts in Rupees Crore, except otherwise stated)

6.1 Investment in subsidiary, associates and joint ventures	**Non current**	
	March 31, 2018	**March 31, 2017**
Investments carried at cost		
Unquoted equity shares fully paid up		
Investment in subsidiary		
Delhi Aerotropolis Private Limited 100,000 shares of Rs 10 each (March 31, 2017 : 100,000 shares of Rs 10 each)	0.10	0.10
Investment in associates		
Celebi Delhi Cargo Terminal Management India Private Limited 29,120,000 shares of Rs. 10 each (March 31, 2017 : 29,120,000 shares of Rs. 10 each)	29.12	29.12
Delhi Duty Free Services Private Limited 39,920,000 shares of Rs. 10 each (March 31, 2017 : 39,920,000 shares of Rs. 10 each)	39.92	39.92
Delhi Airport Parking Services Private Limited 40,638,560 shares of Rs 10 each (March 31, 2017:40,638,560 shares of Rs 10 each)	40.64	40.64
Travel Food services (Delhi Terminal 3) Private Limited 5,600,000 shares of Rs. 10 each (March 31, 2017 : 5,600,000 shares of Rs. 10 each)	5.60	5.60
TIM Delhi Airport Advertising Private Limited 9,222,505 shares of Rs. 10 each (March 31, 2017 : 9,222,505 shares of Rs. 10 each)	9.22	9.22
Investment in joint ventures		
Delhi Aviation Services Private Limited 12,500,000 shares of Rs. 10 each (March 31, 2017 : 12,500,000 shares of Rs. 10 each)	12.50	12.50
Delhi Aviation Fuel Facility Private Limited 42,640,000 shares of Rs. 10 each (March 31, 2017 : 42,640,000 shares of Rs. 10 each)	42.64	42.64
Wipro Airport IT Services Limited 1,300,000 shares of Rs. 10 each (March 31, 2017 : 1,300,000 shares of Rs. 10 each)	1.30	1.30
GMR Bajoli Holi Hydropower Private Limited 108,334,241 shares of Rs. 10 each (March 31, 2017 : Nil)	108.33	-
	289.37	181.04
Aggregate book value of unquoted non-current investment	289.37	181.04

6.2 Other Investments

Carried at fair value through profit and loss		
East Delhi Waste Processing Company Private Limited 7,839 shares of Rs 10 each (March 31, 2017 :7,839 shares of Rs 10 each)	0.01	0.01
	0.01	0.01

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(All amounts in Rupees Crore, except otherwise stated)

6.3 Current Investments	**Current**	
	March 31, 2018	**March 31, 2017**
Investments carried at fair value through profit or loss		
Investment in mutual fund		
Unquoted Investments		
ICICI Prudential Liquid Regular Plan Growth	285.37	327.98
[11,130,257.38 units (March 31, 2017 : 13,656,817.68) of Rs. 100 each]		
Bank of Baroda Mutual Fund	35.10	75.05
[176,460.73 units (March 31, 2017 . 402,921.06) of Rs. 1000 each]		
Axis Liquid Fund Growth	175.42	175.10
[913,307.88 units (March 31, 2017 :973,867.89) of Rs. 1000 each]		
Birla Sunlife Cash Plus- Inst - Growth	517.92	408 63
[16,757,830.39 units (March 31, 2017 : 13,874,600.55) of Rs. 100 each]		
IDFC Cash Fund Growth Regular Plan	83.03	150.09
[394,752.88 units (March 31, 2017 : 761,522.75) of Rs 1000 each]		
HDFC Liquid Fund	-	200.13
[Nil (March 31, 2017: 6,25,480.62 units) of Rs. 10 each]		
DHFL Mutual Fund	150.31	-
[6,680,746.71 units (March 31, 2017 : Nil) of Rs. 100 each]		
Invesco Mutual Fund	150.32	-
[630,626.71 units (March 31, 2017 ; Nil) of Rs. 1000 each]		
Kotak Liquid Scheme	145.42	190 13
[413,959.05 units (March 31, 2017 . 577,802.97) of Rs. 1000 each]		
Reliance Mutual Fund	77.04	105 31
[7,593,237.26 units (March 31, 2017 : 7,728,843.10) of Rs. 1000 each]		
Sundaram Money Fund Regular - Growth	175.37	100.06
[48,059,856.01 units (March 31, 2017 . 29,264,666.72) of Rs. 10 each]		
SBI Premier Liquid Fund - Regular Plan -Growth	-	120.07
[Nil units (March 31, 2017 : 471,677.90) of Rs. 1000 each]		
DSP Mutual Fund	230.53	190.12
[931,807.72 units (March 31, 2017 ; 820,156.48) of Rs. 1000 each]		
LIC Nomura Liqud Fund	90.20	50.03
[287,655.12 units (March 31, 2017 : 170,270.79) of Rs. 1000 each]		
IDBI Mutual Fund	90.16	-
[487,216.23 units (March 31, 2017 · Nil) of Rs 1000 each]		
Investments carried at amortised cost		
Investment in Commercial Papers		
SREI Infrastructure Finance Limited	378.27	91.68
[8000 (March 31, 2017 · 2000) Units of Rs 500,000 each]		
	2,584.46	2,184.38
Aggregate book value of unquoted investments	2,584.46	2,184.38

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7. Loans

		Non current		Current	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Carried at amortised cost					
Security deposits					
Unsecured, considered good		2.46	1.25	1.58	2.16
	(A)	2.46	1.25	1.58	2.16
Advances					
Doubtful, to related parties [refer note 35]		2.82	2.82	-	-
Less: provision for doubtful advances		(2.82)	(2.82)	-	-
	(B)	-	-	-	-
Total (A+B)		2.46	1.25	1.58	2.16

8. Other Financial assets

	Non current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Derivative Instrument carried at fair value through OCI #				
Cash flow hedge- Call spread option	0.97	-	-	-
Carried at amortised cost				
Interest accrued on fixed deposits and others	-	-	19.18	15.19
Non-trade receivable	-	-	47.39	16.40
[net of provision of doubtful debts Rs 0.46 crores (March 31, 2017 Rs. 1.57 crores)]				
Unbilled revenue	-	-	9.11	5.66
Other recoverables from related parties [refer note 35]			17.65	16.71
Margin money deposit * (refer note 13)	0.23	0.22	-	-
Other receivable	-	-	29.83	-
Total other financial assets	1.20	0.22	123.16	53.96

#Financial assets at fair value reflect the change in fair value of call spread options, designated as cash flow hedges to hedge the future cash outflow in USD on settlement of foreign exchange borrowings of USD 811.35 million (Rs. 5301.36 Crore) [March 31, 2017 USD 602.60 million (Rs. 3,953.06 Crore)] on senior secured foreign currency notes.

* Rs 0.23 Crore (March 31, 2017: Rs. 0.22 Crore) against License fee to South Delhi Municipal Corporation.

9. Other assets

		Non current		Current	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Capital advances		4.60	4.47	-	-
	(A)	4.60	4.47	-	-
Advances other than capital advance					
Advance to suppliers		-	-	15.02	19.63
Advance to employees		-	-	-	0.09
Other advances		-	-	0.05	0.07
Less: provision for doubtful advances		-	-	(0.05)	(0.07)
	(B)	-	-	15.02	19.72
Others					
Prepaid expenses		5.83	5.87	6.52	5.02
Deposit with government authorities including paid under protest [refer note 34 II (c)]		-	-	4.07	4.10
Balance with statutory / government authorities		-	-	14.57	8.14
Advance Tax (net of provision for taxation Nil (March 31, 2017: Rs 155.78 crores))		45.85	80.95	-	-
	(C)	51.68	86.82	25.16	17.27
Total other assets (A+B+C)		56.28	91.29	40.18	36.99

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(Amount in Rupees Crore, unless otherwise stated)

10. Income tax

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:

	March 31, 2018	March 31, 2017
Current income tax:		
Current Tax	-	238.69
Adjustment of tax relating to earlier years	(4.88)	(1.88)
Deferred tax:		
Relating to origination and reversal of temporary differences	(73.97)	303.69
Income tax expense reported in the statement of profit or loss	(78.85)	540.50

<u>OCI Section</u>

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

	March 31, 2018	March 31, 2017
Re-measurement gains (losses) on defined benefit plans	(0.27)	0.38
Cash flow Hedge Reserve	(6.53)	-
Income tax charged to OCI	(6.80)	0.38

	March 31, 2018	March 31, 2017
Accounting profit before tax	(40.60)	1,126.46
Tax at the applicable tax rate of 34.94% (March 31, 2017: 34.61%)	(14.19)	389.84
Exempt income not included in calculation of tax	(23.68)	(17.78)
Assets capitalised in the Income Tax Act in current year but in the books in previous year	(22.13)	-
MAT adjustment	-	238.69
Impact of increment in tax rate	0.98	-
Other adjustments	(1.60)	2.09
Interest on delayed payment by customers (Unrealized)	-	(23.86)
Adjustments on which deferred tax is not created	(13.27)	(52.19)
Adjustment of tax relating to earlier years	(4.88)	(1.88)
Previously unrecognised tax losses used to reduce deffered tax expense	(11.24)	-
Tax on other Comprehensive income	6.80	0.38
<u>Tax effect of expenses that are not deductible in determining taxable profit:</u>		
Donation paid disallowed	4.74	3.60
Interest on delayed payment of Income Tax	(0.38)	1.60
At the effective income tax rate of 48% (March 31, 2017: 19%)	(78.85)	540.49
Total tax expense reported in the statement of profit and loss	(78.85)	540.50

Deferred tax:

	Balance sheet		Statement of profit or loss	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Deferred tax liability				
Accelerated depreciation for tax purposes	(972.74)	(1,015.37)	42.63	2.29
Derivative liability-mark to market loss on IRS	-	(4.96)	4.96	(9.92)
On account of upfront fees being amortized using EIR method	(18.26)	(20.93)	2.68	(2.74)
Fair value of investment in mutual fund	(11.71)	(3.44)	(8.27)	(0.87)
Cash Flow Hedge	(0.71)	-	(0.71)	-
	(1,003.42)	(1,044.70)	41.29	(11.24)
Deferred tax asset				
Unabsorbed depreciation	649.27	597.75	51.52	(270.09)
Others Disallowances	42.96	34.37	8.21	25.39
Unrealised forex loss on borrowings	10.06	17.26	(7.20)	17.26
Intangibles (Airport Concession rights)	66.71	69.96	(3.25)	(3.88)
Carry Forward Losses	-	-	-	(85.73)
Other borrowing cost to the extent not amortised	16.34	19.26	(2.92)	(2.76)
Marketing Fund Liablity	-	13.68	(13.68)	27.36
	785.34	752.28	32.68	(292.45)
Net deferred tax assets/(liabilities)	(218.08)	(292.42)	(73.97)	303.69

Reconciliations of net deferred tax liabilities / (assets)

	March 31, 2018	March 31, 2017
Opening balance as at beginning of the year	292.04	(11.27)
Tax income/(expense) during the period recognised in profit or loss	(73.97)	303.69
Tax income/(expense) during the period recognised in OCI	6.80	(0.38)
Closing balance as at March 31, 2018	224.87	292.04

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.

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11. Inventories

	March 31, 2018	March 31, 2017
(valued at lower of cost or net realizable value)		
Stores and spares	6.39	7.42
	6.39	7.42

12. Trade receivables

	Current	
	March 31, 2018	March 31, 2017
Trade receivables		
Related parties (refer note 35)	106.28	66.01
Others	418.85	832.87
	525.13	898.88
Break up for security details:		
Trade receivables		
Secured, considered good**	220.32	313.09
Unsecured, considered good	304.81	585.79
Unsecured, considered doubtful	3.23	2.66
	528.36	901.54
Less: Allowances for doubtful receivables	(3.23)	(2.66)
	525.13	898.88

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

Trade receivables includes -

	Current	
	March 31, 2018	March 31, 2017
Dues from entities in which the Company's non-executive director is a director		
Delhi Duty Free Services Private Limited	16.37	13.17
TIM Delhi Airport Advertising Private Limited	30.37	30.35
GMR Bajoli Holi Hydropower Private Limited	0.50	0.30

13 Cash and Cash Equivalent

		Non-current		Current	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Balances with Banks					
-On current accounts#		-	-	110.91	41.36
-Deposits with original maturity of less than three months*		-	-	263.56	505.00
Cheques / drafts on hand		-	-	0.48	4.73
Cash on hand		-	-	0.02	0.03
	(A)	-	-	374.97	554.12
Other bank balances					
- Margin money deposit*		0.23	0.22	-	-
	(B)	0.23	0.22	-	-
Amount disclosed under other non-current financial assets (refer note 8)		(0.23)	(0.22)	-	-
Total (A+B)		-	-	374.97	554.12

Cash and cash equivalents includes balance on current account with banks for Rs. 1.23 crore (March 31, 2017: Rs 2.34 crore) in respect of Marketing Fund

*Deposit with banks earns interest at floating rates based on daily bank deposit rates. 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 deposit rates.

At March 31, 2018, the Company has available Rs. 225.81 crore (March 31, 2017: Rs. 221.54 crore) of undrawn borrowing facilities for future operating activities.

14. Bank balances other than cash and cash equivalents

	March 31, 2018	March 31, 2017
Balances with banks:		
- Deposits with original maturity of more than three months but less than 12 months#	91.27	46.00
	91.27	46.00

Deposits with bank includes Rs. 49.32 crore (March 31, 2017: 46.00 crore) in respect of Marketing Fund.

Break up of financials assets carried at amortised cost and at fair value through profit and loss

		Non current		Current	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets carried at amortised cost					
Investment in commercial papers (refer note 6.3)		-	-	378.27	91.68
Trade Receivable (refer note 12)		-	-	525.13	898.88
Cash and cash equivalents (refer note 13)		-	-	374.97	554.12
Bank balance other than Cash and cash equivalents (refer note 14)		-	-	91.27	46.00
Loans (refer note 8)		2.46	1.25	1.58	2.16
Other financial assets (refer note 9)		1.20	0.22	123.16	53.96
	(A)	3.66	1.47	1,494.38	1,646.80
Financial assets caried at Fair value through profit or loss					
Investment in mutual funds (refer note 6.3)		-	-	2,206.19	2,092.70
Investments in Equity Shares (refer note 6.2)		0.01	0.01	-	-
	(B)	0.01	0.01	2,206.19	2,092.70
Total financial assets (A+B)		3.67	1.48	3,700.57	3,739.50

15 Equity Share Capital

	March 31, 2018	March 31, 2017
Authorised shares (No. in Crores)		
300 (March 31, 2017: 300) equity shares of Rs. 10 each	3,000	3,000
	3,000	3,000
Issued, subscribed and fully paid-up shares (No. in Crores)		
245 (March 31, 2017: 245) equity shares of Rs.10 each fully paid up	2,450	2,450
	2,450	2,450

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	March 31, 2018		March 31, 2017	
	No. Crore	(Rs. In Crores)	No. Crore	(Rs. In Crores)
At the beginning of the year	245	2,450	245	2,450
Issued during the year	-	-	-	-
Outstanding at the end of the year	245	2,450	245	2,450

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Further the shareholders have entered into share holders agreement whereby special rights have been assigned to the Airports Authority of India (AAI) in respect of appointment of the nominee director in the Board of Directors, approval of reserved Shareholders and Board matters by affirmative vote of the AAI. Further in case if any shareholder intends to the transfer its shares subject to restriction of lock in period in Operation, Management and Development Agreement between shareholders, other shareholders will have first right of refusal in accordance with the terms of the shareholders agreement.

c. Shares held by holding/ intermediate holding company and its subsidiary

Out of equity shares issued by the Company, shares held by its holding company, intermediate holding company and its subsidiary are as below:

Name of Shareholder	March 31, 2018	March 31, 2017
GMR Infrastructure Limited, the intermediate holding company		
100 (March 31, 2017: 100) equity share of Rs.10 each fully paid up	0.00	0.00
GMR Energy Limited, Subsidiary of the intermediate holding company		
100 (March 31, 2017: 100) equity share of Rs.10 each fully paid up	0.00	0.00
GMR Airports Limited along with Mr. Srinivas Bommidala	0.00	0.00
1 (March 31, 2017: 1) equity share of Rs.10 each fully paid up		
GMR Airports Limited along with Mr Grandhi Kiran Kumar	0.00	0.00
1 (March 31, 2017: 1) equity share of Rs.10 each fully paid up		
GMR Airports Limited, the holding company		
156.80 crore (March 31, 2017: 156.80 crore) equity share of Rs.10 each fully paid up	1,568	1,568

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

	March 31, 2018		March 31, 2017	
	Nunmbers	% holding in Class	Nunmbers	% Holding in Class
Equity shares of Rs. 10 each fully paid				
Airports Authority of India	63,70,00,000	26%	63,70,00,000	26%
GMR Airports Limited	1,56,79,99,798	64%	1,56,79,99,798	64%
Fraport AG Frankfurt Airport Services Worldwide	24,50,00,000	10%	24,50,00,000	10%
	2,44,99,99,798	100%	2,44,99,99,798	100%

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 legal and beneficial ownership of shares as at the balance sheet date.

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16 Other Equity

	March 31, 2018	March 31, 2017
Retained earnings		
Balance as per last financial statements	575.49	(9.74)
Net profit for the year	38.25	585.96
Re-measurement gains on defined benefit plans	0.50	(0.73)
Payment of dividends	(159.25)	-
Dividend distribution tax	(32.42)	-
Closing balance	422.57	575.49
Other items of Comprehensive Income		
Cash flow hedge reserve		
Balance as per last financial statements	(16.84)	-
Net Movement during the year	12.35	(16.84)
	(4.49)	(16.84)
	418.08	558.65

16.1 Distribution made and proposed on Equity shares:

	March 31, 2018	March 31, 2017
Cash dividends on equity shares declared and paid		
Final dividend on equity shares for the year ended on March 31, 2017: Rs. 0.65 per share	159.25	-
Dividend distribution tax (DDT) on final dividend	32.42	-
	191.67	-

Proposed dividends on Equity shares:	March 31, 2018	March 31, 2017
The Board proposed dividend after the balance sheet date:-		
Proposed dividend on equity shares for the year ended on March 31, 2017: Rs. 0.65 per share	-	159.25
Dividend distribution tax (DDT) on proposed dividend	-	32.42
	-	191.67

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31, 2017. This is subsequently approved in annual general meeting held on September 5, 2017.

16.2 Net dividend remitted in foreign exchange:

Year of remittance (ending on)	March 31, 2018	March 31, 2017
Period to which relates	April 1, 2016 to March 31, 2017	-
Number of non-resident shareholders	1	-
Number of equity shares of nominal value Rs.10 per share held on which dividend was due	24,50,00,000	-
Amount remitted in USD (in million)	0.25	
Amount remitted in INR (in crore)	15.93	-

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17 Borrowings

	Non - Current	
	March 31, 2018	March 31, 2017
Bonds		
6.125% (2022) senior secured foreign currency notes (Note-1)	1,857.93	1,859.25
6.125% (2026) senior secured foreign currency notes (Note-2)	3,391.19	3,402.72
	5,249.12	5,261.97

a. 6.125% Senior Secured Foreign Currency Notes (Note-1) of USD 284.35 million (March 31, 2017: USD 283.42 million), principal outstanding of USD 288.75 million (March 31, 2017: USD 288.75 million) from International capital market carrying a fixed interest rate of 6.125% p.a. plus applicable withholding tax. The Note-1 are due for repayment in February, 2022. The bonds are secured by first rank pari-passu charge on all the future revenues, receivables, Trust and Retention account, any other reserve, other bank accounts and insurance proceeds of the Company and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under OMDA.

b. 6.125% Senior Secured Foreign Currency Notes (Note-2) of USD 519.00 million (March 31, 2017. USD 518.70 million), principal outstanding of USD 522.60 million (March 31, 2017: USD 522.60 million) from International capital market carrying a fixed interest rate of 6.125% p.a. plus applicable withholding tax. The Note-2 are due for repayment in October 2026. The loan is secured by first rank pari-passu charge on all the future revenues, receivables, Trust and Retention account, any other reserve, other bank accounts and insurance proceeds of the Company and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under OMDA.

c. .With respect to note-1 and note-2, the Company has to follow Fixed Charge Coverage Ratio as provided under the Indenture for any additional indebtedness and other limitations. The Company has complied with the financial covenants prescribed in the financing documents and the Indenture.

18 Other Financial Liabilities

	Non Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial liabilities carried at fair value through OCI *				
Cash flow hedge; Call spread option	-	-	-	42.58
	-	-	-	42.58
Other financial liabilities at amortised cost				
Security Deposits from trade concessionaires- related parties [refer note 35]	-	148.75	-	1.37
Security Deposits from trade concessionaires- others	310.78	121.61	150.24	124.85
Security Deposits from commercial property developers	7.48	7.59	116.75	-
Earnest money deposits	-	-	2.51	4.50
Capital Creditors	-	-	23.63	49.25
Retention money	3.41	3.51	40.89	37.36
Liability for Voluntary retirement scheme	1.35	16.85	15.47	14.45
Interest accrued but not due on borrowings	-	-	105.33	107.02
Total other financial liabilities at amortised cost	323.02	298.31	454.82	338.80
Total other financial liabilities	323.02	298.31	454.82	381.38

***Financial liabilities at fair value through OCI**
Financial liabilities at fair value reflect the change in fair value of call spread options, designated as cash flow hedges to hedge the future cash outflow in USD on settlement of foreign exchange borrowings of USD 811.35 million (Rs. 5301.36 Crore) [March 31, 2017 USD 602.6 million (Rs. 3,953.06 Crore)] on Note-1 and Note-2.

19 Deferred Revenue

	Non Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Deferred income on financial liabilities carried at amorized cost	1,575.76	1,780.83	74.27	74.73
Unearned revenue	1.47	0.48	11.67	11.45
	1,577.23	1,781.31	85.94	86.18

Deferred income on financial liabilities carried at amorized cost

	March 31, 2018	March 31, 2017
At April 1	1,855.56	1,825.78
Deferred during the year	36.84	93.45
Reversed during the year	(163.16)	-
Released to the statement of profit and loss	(79.21)	(63.67)
	1,650.03	1,855.56

Unearned revenue

	March 31, 2018	March 31, 2017
At April 1	11.93	9.04
Deferred during the year	277.93	246.90
Released to the statement of profit and loss	(276.72)	(244.01)
	13.14	11.93

Deferred income on financial liabilities carried at amorized cost
Interest free security deposit received from concessionaire and commercial property developers (that are refundable in cash on completion of its term) are carried at amortised cost. Difference between the amortised value and transaction value of the security deposits received has been recognised as deferred revenue.

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(All amounts in Rupees Crore, except otherwise stated)

20 Other Liabilities

	Non Current		Current	
	March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Advances				
Advances from commercial property developers	92.72	95.60	48.15	94.74
Advance from customer	9.85	17.35	6.16	5.91
Others				
Marketing fund liability [refer note 41 (h)]	-	-	51.51	53.43
Tax deducted at source/Tax Collected at source payable	-	-	15.20	55.90
Goods & Service tax payable	-	-	1.72	-
Other statutory dues	-	-	1.66	2.79
Other liabilities	-	-	38.12	13.52
	102.57	112.95	162.52	226.29

21 Trade payables

	March 31, 2018	March 31, 2017
Trade Payable		
- Micro Enterprises and Small Enterprises	7.35	1.19
- Related parties [refer note 35]	204.58	214.44
- Others	200.08	215.77
	412.01	431.40

Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

	March 31, 2018	March 31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier:		
- Principal amount	7.35	1.19
- Interest thereon	-	-
The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	-	-

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 60-day terms.
Related parties payable are payable on demand once they get due.

For explanations on the Company's credit risk management processes, refer to Note 39.

22 Provisions

	Long term		Short term	
	March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Provision for employee benefits				
Provision for leave benefits	-	-	21.18	17.84
Provision for Gratuity (refer note 33)	1.45	1.21	-	-
Provision for superannuation	-	-	0.33	0.29
	1.45	1.21	21.51	18.13

Break up of financial liabilities

	Non Current		Current	
	March 31, 2018	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Financial liability carried at amortised cost				
Borrowings (refer note 17)	5,249.12	5,261.97	-	-
Trade Payables (refer note 21)	-	-	412.01	431.40
Other financial liabilities	323.02	298.31	454.82	338.80
Financial liabilities carried at fair value through OCI (refer note 37)				
Cash flow hedge- Call spread option	-	-	-	42.58
	5,572.14	5,560.28	866.83	812.78

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23. Revenue From Operations

	March 31, 2018	March 31, 2017
Sale of services		
Aeronautical (A)	1,705.48	3,939.82
Non - Aeronautical		
Duty free	378.42	342.52
Retail	133.30	99.37
Advertisement	170.98	142.24
Food & Beverages	134.66	111.51
Cargo	206.99	171.23
Ground Handling	124.40	113.18
Parking	25.89	19.23
Land & Space — Rentals	349.33	317.47
Others	274.84	211.72
Total Non -Aeronautical (B)	1,798.81	1,528.47
Other operating revenue		
Revenue from commercial property development (C)	176.68	164.23
TOTAL (A+B+C)	3,680.97	5,632.52

24. Other Income

	March 31, 2018	March 31, 2017
Interest income on financial asset carried at amortised cost		
Bank deposits and others	68.96	52.21
Security deposits given	0.39	0.14
Dividend Income on non-current investments carried at cost	67.76	51.38
Other non-operating income		
Gain on sale of financial asset carried at Fair value through profit and loss	-	-
Current investments-Mutual fund	125.03	97.43
Exchange difference (net)	53.26	96.34
Fair value gain on financial instruments (IRS) at fair value through profit or loss	-	6.17
Fair value gain on financial instruments at fair value through profit and loss*	23.57	2.50
Income from Duty credit scrips [refer note 41 (n)]	30.27	-
Miscellaneous income	0.63	0.82
	361.87	306.99

* Fair value gain on financial instrument at fair value through profit & loss relates to current investment in mutual funds.

25. Employee Benefits Expense

	March 31, 2018	March 31, 2017
Salaries, wages and bonus	147.11	115.88
Contribution to provident and other funds [refer note 33(a)]	10.48	8.75
Gratuity expenses [refer note 33 (b)]	3.01	1.24
Staff welfare expenses	4.64	3.60
	165.24	129.47

26. Depreciation and amortization expense

	March 31, 2018	March 31, 2017
Depreciation on Property, Plant and Equipment (refer note 4)	636.55	628.63
Amortization of Intangible assets (refer note 5)	9.35	9.40
	645.90	638.03

27. Finance Costs

	March 31, 2018	March 31, 2017
Interest on borrowings*	346.88	419.56
Call spread option premium	153.65	40.70
Interest expenses on financial liability carried at amortised cost	74.41	49.87
Other interest	1.41	9.99
Other borrowing costs		
-Bank charges	2.80	3.91
-Other cost	-	3.22
	579.15	527.25

*Includes reversal of finance charges under finance lease obligation of Nil (March 31, 2017 expenses of: Rs 7.01 crore) [refer note 34 I]

28. Other expenses

	March 31, 2018	March 31, 2017
Utility expenses	113.20	106.54
Repairs and maintenance		
Plant and machinery	108.27	95.20
Buildings	32.35	27.00
IT Systems	35.32	32.08
Others	10.46	9.14
Manpower hire charges	125.97	95.79
Airport Operator fees	171.87	151.05
Security related expenses	23.06	13.61
Information technology and related expenses	-	2.75
Insurance	6.63	7.16
Consumables	12.73	11.30
Professional and consultancy expenses	73.06	47.19
Travelling and conveyance	17.63	16.51
Office maintenance and other expenses	5.38	6.40
Rates and taxes	8.30	8.28
Rent (including lease rentals)	10.57	9.65
Advertising and sales promotion	11.18	11.01
Communication costs	2.09	1.70
Printing and stationery	1.51	0.98
Directors' sitting fees	0.27	0.32
Payment to auditors (refer note A below)	1.62	1.89
Provision for Bad debts / Bad Debts Written off	0.31	1.73
Corporate cost allocation	85.02	75.92
Collection charges (Net)	5.28	8.29
Loss on discard of Property, Plant and Equipment	0.08	1.59
Donations	2.42	2.89
CSR expenditure (refer note B below)	11.14	7.51
Marketing expenses	-	39.55
Expenses of commercial property development	49.47	43.13
Miscellaneous expenses	6.49	6.50
	931.68	842.66

A. Payment to Auditors (Included in other expenses above)

	March 31, 2018	March 31, 2017
As Auditor		
Audit fee	0.70	0.78
Tax audit fee	0.07	0.07
Other services		
- Other services (including certification fees)*	0.83	0.95
-Reimbursement of expenses	0.02	0.09
	1.62	1.89

* Professional fees of Nil (March 31, 2017: Rs. 0.62 crores) in connection with 6.125% of senior secured foriegn currency notes (2026) are amortised over the period of secured notes.

B. Details of CSR expenditure:

		March 31, 2018	March 31, 2017
a) Gross amount required to be spent by the Company during the year		11.70	8.38
(b) Amount spent during the year ended on March 31, 2018:	**In cash**	**Yet to be paid in cash**	**Total**
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	9.32	1.82	11.14
b) Amount spent during the year ended on March 31, 2017:	**In cash**	**Yet to be paid in cash**	**Total**
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	7.01	0.50	7.51

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(All amounts in Rupees Crore, except otherwise stated)

29. Exceptional items

	March 31, 2018	March 31, 2017
Loan prepayment charges [refer note 41(I)]	-	40.80
	-	40.80

30. Components of OCI

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

During the year ended March 31, 2018	March 31, 2018
Cash Flow Hedge Reserve	12.35
	12.35

During the year ended March 31, 2017	March 31, 2017
Cash Flow Hedge Reserve	(16.84)
	(16.84)

31. Earnings Per Share (EPS)

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

	March 31, 2018	March 31, 2017
Profit attributable to equity holders of the company	38.25	585.96
Weighted average number of equity shares used for Computing Earning Per Share (Basic & Diluted)	245.00	245.00
	245.00	245.00
Earning Per Share (Basic) (Rs)	0.16	2.39
Earning Per Share (Diluted) (Rs)	0.16	2.39
Face value per share (Rs)	10.00	10.00

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32. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone 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.

32.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Discounting rate

The Company has considered incremental borrowing rate of Airport sector as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost.

Non applicability of Service Concession Arrangement (SCA)

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. Under the agreement, AAI has granted exclusive right and authority to undertake some of the functions of the AAI being the functions of operation, maintenance, development, design, construction, upgradation, modernization, finance and management of the Airport and to perform services and activities at the airport constituting 'Aeronautical Services' and 'Non-Aeronautical Services'. For prices, aeronautical services are regulated, while the regulator has no control over determination of prices for Non-Aeronautical Services. The management of the Company conducted detailed analysis to determine applicability of Appendix A of Ind AS 11 and concluded that the same does not apply to DIAL. Company concession arrangement has significant non-regulated revenues, which are apparently not ancillary in nature, as these are important from DIAL, AAI and users/passengers perspective. Further, the regulated and non-regulated services are substantially interdependent and cannot be offered in isolation. The airport premise is being used both for providing regulated services (Aeronautical Services) and for providing non-regulated services (Non-aeronautical Services). Accordingly the management has concluded that SCA does not apply in its entirety to the Company.

Development Fund

The Airport Economic Regulatory Authority of India (AERA) had passed an order vide 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, December 28, 2012 and April 24, 2012 respectively, in respect of levy of Development fee (DF) at Delhi Airport. As per the facts of the matter, DIAL is collecting tax/levy for the purpose of bridging the funding gap i.e. essentially a viability gap funding made by AERA to meet the project cost. The amount of funding, its securitisation and utilisation is closely monitored by AERA. The DF collected is not in the nature of tariffs or charges to be collected from passengers for the purpose of concession, but a levy or tax that has been collected by DIAL on behalf of AAI and utilised for the expansion and up-gradation of the Airport. Accordingly, the management has concluded that DF is a levy or tax and has been used/ collected under a mechanism for building infrastructure that has been part of concession.

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Annual Fee to AAI

As per the Concession Agreement (OMDA) entered into with AAI in April 2006, the Company is required to pay to AAI annual fee (AF) each year at 45.99% on its projected revenue and same shall be payable in twelve equal monthly instalments (MAF), to be paid in each calendar month. As per Article 1.1 of Chapter I of OMDA, "Revenue" is defined to mean all pre-tax gross revenue of DIAL with certain specified exclusions.

Management of the Company is of the view that the certain income / credits arising on adoption of Ind-AS was not in contemplation of parties in April 2006 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent actual receipts from business operations, from any external sources and therefore, these incomes/ credits should not be treated as "Revenue" for calculation of MAF to AAI. Accordingly, the Company, basis above and Legal Opinion and discussions with consultants, has provided the monthly annual fee to AAI based on Revenue as per the Ind AS financial statements after adjusting such incomes/credits.

Leases: whether an arrangement contains a lease

Company in earlier years, had entered in to an IT service arrangement with a Wipro Airport IT Systems Limited (WAISL) to provide IT services at the Airport on its behalf. As per the agreement, Company pays or receives a variable charge to the WAISL depending upon the actual billing and subsistence level agreed. WAISL cannot offer such services to any other customer and it is not economically feasible for the WAISL to offer the level of services using any other equipment. Accordingly, although the arrangement is not in the legal form of lease, the Company concluded that the arrangement contains a lease of the IT equipment and other assets. The lease was classified as a finance lease at inception of the arrangement and payments were split into lease payments and payments related to the other elements based on their relative fair values. The imputed finance costs on the liability were determined based on incremental borrowing rate of interest.

However, in the financial year 2016-17, there is modification in the terms of arrangement and as per the modified terms; this arrangement no longer contains an embedded lease. Accordingly, the Company has derecognised the assets and liabilities recognised under finance lease.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounting cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

32.2 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 standalone 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.

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Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

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

Further details about gratuity obligations are given in Note 33.

Provision for Leave encashment

The present value of leave encashment is 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 discount rate, future salary increases, and withdrawal rates. Due to complexities involved in the valuation and its long term nature, provision for leave encashment is sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor 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 37, 38 and 39 for further disclosures.

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33. Retirement and other employee Benefit:-

Employee Benefit:-

a) Defined benefit plans

During the year ended March 31, 2018, the Company has recognised Rs. 10.48 crore (March 31, 2017: Rs. 8.75 crore) as an expenses and included in Employee benefits expense as under the following defined contribution plans.

	For the year ended March 31, 2018	For the year ended March 31, 2017
benefits (Employer's contribution to):		
Provident and other fund#	**7.02**	5.62
Superannuation fund*	**3.46**	3.13
Total	**10.48**	8.75

#Net of amount transferred to Capital work-in-progress ('CWIP') & CPD Rs. 0.11 Crore (March 31, 2017: Rs. 0.11 Crore)

*Net of amount transferred to CWIP & CPD Rs. 0.08 Crore (March 31, 2017: Rs. 0.07 Crore).

The Company makes contribution towards provident fund which is administered by the trustees. The rules of the Company's provident fund administered by a trust, require that if the board of the trustees are unable to pay interest at the rate declared by the government under para 60 of the Employees provident fund scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the Company has obtained actuarial valuation and based on the below provided assumption there is no cumulative deficiency at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

As per the requirement of Ind AS 19 of the Institute of Chartered Accountants of India, benefits involving employer established provident funds, which require interest shortfalls to be re-compensated, are to be considered as defined benefit plans. Based on the actuarial valuation and on the assumptions provided below there is no cumulative short-fall which has been provided in the financial statements.

Particulars	**March 31, 2018**	March 31, 2017
Plan assets at the year end, at fair value	**111.59**	94.27
Present value of benefit obligation at year end	**111.59**	94.27
Net (liability) recognized in the balance sheet	**-**	-

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	**March 31, 2018**	March 31, 2017
Discount rate	**7.60%**	7.10%
Fund rate	**9.30%**	9.50%
PFO rate	**8.55% for the next one year**	8.60% for the next one year
Withdrawal rate	**5%**	5%
Mortality	**Indian Assured Lives Mortality (2006-08) (modified)Ult ***	Indian Assured Lives Mortality (2006-08) (modified)Ult *

*As published by IRDA and adopted as Standard Mortality Table as recommended by Institute of Actuaries of India effective April 1, 2013.

(All amounts in Rupees Crore, except otherwise stated)

(b) Gratuity expense

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

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

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

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Current Service Cost	**1.51**	1.31
Past Service Cost	**1.53**	-
Net Interest Cost	**(0.03)**	(0.07)
Total	**3.01**	1.24

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

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Actuarial (gain)/loss due to DBO experience	**0.08**	(0.39)
Actuarial gain due to DBO financial assumptions changes	**(0.59)**	(0.69)
Actuarial gain arising during period	**(0.51)**	(1.08)
Return on plan assets greater than discount rate	**(0.26)**	(0.03)
Actuarial gains recognized in OCI	**(0.77)**	(1.11)

Balance Sheet

Particulars	**March 31, 2018**	March 31, 2017
Defined benefit obligation	**(16.39)**	(12.78)
Fair value of plan assets	**14.94**	11.57
Benefit liability	**(1.45)**	(1.21)

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

Particulars	March 31, 2018	March 31, 2017
Opening defined benefit obligation	**12.78**	10.66
Interest cost	**0.87**	0.78
Current service cost	**1.51**	1.31
Past Service Cost	**1.53**	-
Acquisition cost	**1.10**	0.24
Benefits paid (including transfer)	**(0.89)**	(1.29)
Actuarial (gain)/ losses on obligation-experience	**(0.51)**	1.08
Closing defined benefit obligation	**16.39**	12.78

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

Particulars	March 31, 2018	March 31, 2017
Opening fair value of plan assets	**11.57**	11.02
Acquisition Adjustment	**0.92**	-
Interest income on plan assets	**0.90**	0.85
Contributions by employer	**2.18**	1.02
Benefits paid (including transfer)	**(0.89)**	(1.29)
Return on plan assets greater/ (lesser) than discount rate	**0.26**	(0.03)
Closing fair value of plan assets	**14.94**	11.57

The Company expects to contribute Rs. 2.18 crore to gratuity fund during the year ended on March 31, 2019 (March 31, 2018: Rs. 1.01 crore).

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

Particulars	March 31, 2018	March 31, 2017
	(%)	(%)
Investments with insurer managed funds	**100**	100

Experience adjustments for the current and previous years are as follows:

Particulars	March 31, 2018	March 31, 2017
Defined benefit obligation	**(16.39)**	(12.78)
Plan assets	**14.94**	11.57
Funded status	**(1.45)**	(1.21)
Experience gain adjustment on plan liabilities	**(0.51)**	(1.08)
Experience gain adjustment on plan assets	**(0.26)**	(0.03)
Actuarial gain due to change in assumptions	-	-

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(All amounts in Rupees Crore, except otherwise stated)

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

Particulars	March 31, 2018	March 31, 2017
Discount rate (in %)	7.60%	7.10%
Salary Escalation (in %)	6.00%	6.00%
Expected rate of return on assets	7.60%	7.80%
Attrition rate (in %)	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

	March 31, 2018	March 31, 2017
Assumptions	Discount rate	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	(1.17)	(0.97)
Impact on defined benefit obligation due to decrease	1.34	1.12

Assumptions	Future Salary Increase	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	1.26	0.91
Impact on defined benefit obligation due to decrease	(1.15)	(0.85)

Assumptions	Attrition rate	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	0.14	0.12
Impact on defined benefit obligation due to decrease	(0.16)	(0.14)

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.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2017:10 years).

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34. Commitments and Contingencies

I. Leases

Operating lease: Company as lessee

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 0-5 years and are renewable upon agreement of both the Company and the lessor. There are no sub leases.

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

Particulars	March 31, 2018	March 31, 2017
Minimum Lease payment for the year (excluding taxes)	**10.57**	9.65
Minimum Lease Payments:		
Within one year	**2.69**	2.78
After one year but not more than five years	**2.18**	4.73
More than five years	-	-
Total future payments	**4.87**	7.51

II. Contingent liabilities not provided for:

	Particulars	March 31, 2018	March 31, 2017
(i)	In respect of Income tax matters *	**64.29**	67.95
(ii)	In respect of Indirect tax matters [refer note (e) & (f) below and other matters*]	**190.42**	190.68
(iii)	Claim against the Company not acknowledged as debt [refer (d) below and other matters*]	**41.47**	41.47
(iv)	In respect of other matters [refer (a) below]	**15.72**	7.86

*pertaining to various cases not included below

The Company has provided guarantee to an unrelated party for the performance in a contract. No liability is expected to arise.

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

a) During the year ended March 31, 2017, 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 airport area majorly consists of vacant land area which 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). However, based on same computation method as used for payment of property tax to South Delhi Municipal Corporation ('SDMC'), management has made payment of Rs. 1.15 crore towards property tax for financial year 2016-17 and requested DCB to withdraw its demand.

Company has also paid Rs. 1.15 crore for financial year 2017-18 based on same computation as of previous financial year. During the year ended March 31, 2018, DCB has raised provisional invoice on November 23, 2017 demanding property tax of Rs. 9.01 crore for the Financial Year 2017-18 along with arrears of Rs. 7.86 crore for 2016-17. Accordingly, The Company has disclosed remaining amount of Rs. 15.72 crore in respect of FY 2016-17 and FY 2017-18 as contingent liability.

The Company has obtained a legal opinion; wherein it has been opined that liability w.r.t. earlier years cannot be ruled out. As DCB has not raised any demand for earlier years, and the Company's application for adopting the same computation method as considered by SDMC, while arriving at the demand for the financial year 2016-17, is pending / under consideration by DCB, the amount of liability for earlier years is unascertainable; and therefore no provision has been considered necessary by the company against such demand in these standalone financial statements.

b) 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 May 04, 2018. Based on an internal assessment and aforesaid order of the Hon'ble Delhi 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 financial statements.

c) 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 March 31, 2018 (March 31, 2017: 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 Delhi 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 July 13, 2018.

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Further, MoCA has issued an order dated September 18, 2017, which is supplementary to the order dated February 18, 2014 stating the approximate amount of reversal to be made by the Company towards capital expenditure and interest thereon amounting to Rs. 295.58 crores and Rs. 368.19 crores respectively, subject to the order of the Hon'ble High court of Delhi.

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. 79.38 crore from April 1, 2014 till March 31, 2018 (March 31, 2017: Rs. 58.41 crore) towards the expenditure incurred on repair and maintenance of security equipment to the Statement of profit and loss which includes Rs. 20.97 crore during the year ended March 31, 2018 (March 31, 2017: Rs 22.79 crore).

d) 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. Till March 31, 2014, the Company had cumulatively utilized custom duty credit scrip amounting to Rs. 89.60 crore in lieu of payment of import duty in respect of import of fixed assets (including capital work in progress) and thus, recorded fixed assets (including capital work in progress) imported, at net amount (after excluding the amount of custom duty paid by using these scrips.

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 erstwhile Accounting Standard 12 – Accounting for Government Grants.

Accordingly, as allowed under para 15 of erstwhile Accounting Standard 12, 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.

Company had 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. Both the parties have appointed their arbitrators.

Arbitration tribunal in its hearing dated October 5, 2017 has passed the order framing the issues after hearing the contention of both the parties. The tribunal has ordered and recorded that the present case does not demand leading of oral evidence and the parties may be permitted to rely on any document on record for arguments and posted the matter for final arguments. The next date of hearing is yet to be notified by the Tribunal.

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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.

e) The Director General of Central Excise Intelligence, New Delhi had 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'.

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. Service tax liability on ADC, if any 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 by depositing Rs. 4.07 crore against the order dated May 02, 2016, the same has been shown under other loan and advances as Deposit with Government Authorities including paid under protest. The date of hearing is yet to be notified by the Tribunal.

The Company 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 financial statements.

f) The Commissioner of Service Tax, New Delhi had issued three Show Cause Notices (SCN) 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. Service tax liability, if any arises on DF, shall be decided by AERA, keeping in view the final pronouncement of the matter.

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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. The date of hearing is yet to be notified by the Tribunal.

Further, the management of the Company is of the view that no adjustments are required to be made to these financial statements.

III. **Financial guarantees-** The Company has not provided any financial guarantee other than performance guarantee on its own behalf, to any party.

IV. **Capital and Other Commitments:**

i. Capital Commitments:

At March 31, 2018, the Company has estimated amount of contracts remaining to be executed on capital account not provided for [net of advances of Rs. 4.01 crore (March 31, 2017: Rs. 4.96 crore)] Rs. 154.99 crore (March 31, 2017: Rs. 138.92 crore).

ii. 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. In respect of its equity investment in East Delhi Waste Processing Company Private Limited, the Company along with SELCO International Limited has to maintain minimum 51% shareholding for a period of 2 years from the commissioning of the project and thereafter minimum 26% shareholding for next 10 years. The project has been commissioned with effect from April 01, 2017.

iii. 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.

iv. In terms of Section 115JB of Income Tax Act, 1961, certain Ind AS adjustments at the Ind AS transition date to be included in book profits equally over a period of five years starting from the year of first time adoption of Ind AS i.e. FY 2016-17. Pursuant to above, the Company had made Ind AS adjustments amounting to Rs. 184.79 crore as on March 31, 2016 and included 1/5th of the same i.e. Rs. 36.96 crore while computing book profit for FY 2016-17 and FY 2017-18 and paid MAT accordingly. The remaining amount of Rs. 110.87 crore will be adjusted in the three subsequent years while computing book profit for MAT.

v. During previous year, the Company had entered into "Call spread Option" with various banks for hedging the repayment of 6.125% Senior secured notes (2026) of USD 522.60 mn, which is repayable in October 2026. Under this option, the Company has purchased a call option for USD 522.60 mn at a strike price of Rs. 66.85/USD and written a call option for USD 522.60 mn at a strike price of Rs. 101.86/USD at October 31, 2026. As per terms of the agreements, the Company is required to pay premium of Rs. 1,241.30 crore (starting from January 2017 to October 2026), which is payable on quarterly basis. The Company has paid Rs. 140.73 crore towards premium till March 31, 2018 and remaining balance of Rs. 1,100.57 crore is payable as at March 31, 2018 (March 31, 2017:Rs. 1,226.34 crore).

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vi. During the previous year, the Company had entered into "Call spread Option" with various banks for hedging the repayment of part of 6.125% Senior secured notes (2022) of USD 80 million (out of USD 288.75 million), which is repayable in February 2022. Under this option, the Company has purchased a call option for USD 80.00 million at a strike price of Rs. 68.00/USD and written a call option for USD 80 million at a strike price of Rs.85.00/USD at February, 2022. As per terms of the agreements, the Company is required to pay premium of Rs. 94.33 crore (starting from April 2017 to January 2022), payable on quarterly basis. The Company has paid Rs. 18.46 crore towards premium till March 31, 2018 and remaining balance of Rs. 75.87 crore is payable as at March 31, 2018 (March 31, 2017: Rs. 94.33 crore).

Further during the current year, the Company has purchased a call option for remaining USD 208.75 million at a strike price of Rs. 63.80/USD and written a call option for USD 208.75 million at a strike price of Rs.85.00/USD at February, 2022. As per terms of the agreements, the Company is required to pay premium of Rs. 198.34 crore (starting from January 2018 to January 2022), payable on quarterly basis. The Company has paid Rs. 0.26 crore towards premium till March 31, 2018 and remaining balance of Rs. 198.08 crore is payable as at March 31, 2018 (March 31, 2017: Nil).

With respect to Subsidiary, Joint ventures and associates:

vii. DIAL entered into a tripartite Master Service Agreement (MSA) with Wipro Airport IT Services Limited (WAISL) and WIPRO Limited. As per the agreement, DIAL is committed to pay annually, premium fees to WAISL or receive from WAISL a concession fee, determined and mutually agreed on the basis of estimated receivable and subsistence level (as defined in the said MSA further amended vide addendum number 17, dated April 5, 2018). During year ended March 31, 2018, the Company accounted for Rs. 45.26 crore towards such concession fee from WAISL and this is included in revenue from operations (March 31, 2017: Rs. 2.75 crore as premium fee and was included in other expenses). This agreement was further amended vide addendum number 17, dated April 5, 2018, in which Antariksh Softtech Private Limited has also become the party to the agreement.

Also in case of delay in collection of dues from customers by WAISL, the Company would fund the deficit on a temporary basis till the time WAISL collects the dues from such customers. Till March 31, 2018, the Company has funded Rs. 11.02 Crore (March 31, 2017: Rs. 11.09 crore) towards shortfall in collection from customers.

viii. 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.

ix. 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.

x. 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.

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xi. The following investments have been pledged by the Company towards borrowings by these companies:

Company Name	**March 31, 2018**		March 31, 2017	
	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	**1,680,000**	**16,800,000**	1,680,000	16,800,000

xii. In respect of the Company's investment in Joint Venture ('JV') entities and Associate Companies, other JV/ associate partners have the first right of refusal in case, any of the JV/ associate partners intend to sell its stake subject to other terms and conditions of respective JV/ associate agreements.

xiii. In respect of its equity investment in GMR Bajoli Holi Hydropower Private Limited ('Bajoli Holi'), the Company has to maintain minimum 17.33% of equity shareholding until the expiry of or early termination of power purchase agreement dated September 11, 2017 entered between the Company and the Bajoli Holi, expiring on May 03, 2036. The Company has invested Rs. 108.33 crore as Share Capital.

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35. Related Party

a) Names of related parties and description of relationship:

Description of relationship	Name of the related parties
Ultimate holding company	GMR Enterprises Private Limited[1]
Intermediate holding company	GMR Infrastructure Limited
Holding company	GMR Airports Limited
Subsidiary company	Delhi Aerotropolis Private Limited
Associate company	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
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[2] (formerly known as Kakinada SEZ Private Limited)
	GMR Warora Energy Limited
	GMR Pochanpalli Expressways Limited
	GMR Tambaram Tindivanam Expressways Limited
	GMR Consulting Services Limited
	GMR Energy Trading Limited
	GMR Vemagiri Power Generation Limited
	GMR Goa International Airport Limited
	GMR Sports Private Limited
	GMR Aero Technic Limited
	GMR Tuni Anakapalli Expressways Limited
Joint ventures (where transactions have taken place)	Delhi Aviation Services Private Limited
	Delhi Aviation Fuel Facility Private Limited
	Wipro Airport IT Services Limited
	GMR Bajoli Holi Hydropower Private Limited[3]

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CIN. U63033DL2006PLC146936
Notes to the standalone financial statements for the year ended March 31, 2018
(All amounts in Rupees Crore, except otherwise stated)

Description of relationship	Name of the related parties
Enterprises in respect of which the company is a joint venture	Airports Authority of India
	Fraport AG Frankfurt Airport Services Worldwide
Associate of member of a Group of which DIAL is a member	GMR Megawide Cebu Airport Corporation
Enterprises where significant influence of Key management Personnel or their relatives exists	GMR Varalaksmi Foundation
Post-employment benefit plan of the entity	DIAL Employee's provident fund trust
Key Management personnel	Mr. Srinivas Bommidala[4]- Managing Director
	Mr. Grandhi Kiran Kumar - Executive Director
	Mr. K. Narayana Rao - Whole Time Director
	Mr. R.S.S.L.N. Bhaskarudu - Independent Director
	Ms.Kameswari Vissa - Independent Director
	Mr. N.C. Sarabeswaran - Independent Director
	Mr. K.P. Rao - Non- Executive Director
	Mr. Matthias Engler- Non- Executive Director
	Mr. G. Subba Rao – Director
	Mr. S. Suresh - Director (AAI Nominee)
	Mr. A.K. Dutta - Director (AAI Nominee)
	Mr. G.B.S. Raju[4] – Director
	Mr. M. Ramachandran - Independent Director
Key Management personnel of holding company	Mr. G.M. Rao[5]

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.

3. W.e.f. from September 11, 2017, the Company has entered into a share subscription cum shareholder's agreement for acquisition of 17.33% of shareholding in GMR Bajoli Holi Hydropower Private Limited. The Company holds 20.85% of shareholding in GMR Bajoli Holi Hydropower Private Limited as at March 31, 2018. Pursuant to terms of the agreement, GMR Bajoli Holi Hydropower Private Limited has become a joint venture of the Company.

4. Mr. Srinivas Bommidala ceased to be the Managing Director of the Company w.e.f. end of business hours of March 31, 2018.Appointment of Mr. G.B.S. Raju as Managing Director in place of Mr. Srinivas Bommidala w.e.f. April 01, 2018.

5. W.e.f. April 01, 2018, Mr. G.M. Rao would be Executive Chairman of the company.

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(All amounts in Rupees Crore, except otherwise stated)

35 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2018	March 31, 2017
Investments in subsidiary, associates and Joint Ventures		
Investments in Unquoted Equity Share		
Subsidiary Company		
Delhi Aerotropolis Private Limited	0.10	0.10
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	29.12	29.12
Delhi Duty Free Services Private Limited	39.92	39.92
Travel Food services (Delhi Terminal 3) Private Limited	5.60	5.60
TIM Delhi Airport Advertising Private Limited	9.22	9.22
Delhi Airport Parking Services Private Limited	40.64	40.64
Joint Ventures		
Delhi Aviation Services Private Limited	12.50	12.50
Delhi Aviation Fuel Facility Private Limited	42.64	42.64
Wipro Airport IT Services Limited	1.30	1.30
GMR Bajoli Holi Hydropower Private Limited	108.33	-
Trade Receivables (including marketing fund)		
Intermediate holding company		
GMR Infrastructure Limited	0.36	0.47
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	0.07	0.04
Associate Companies		
Delhi Duty Free Services Private Limited	16.37	13.17
TIM Delhi Airport Advertising Private Limited	30.37	30.35
Delhi Airport Parking Services Private Limited	2.69	2.30
Travel Food Services (Delhi Terminal 3) Private Limited	0.86	1.02
Celebi Delhi Cargo Terminal Management India Private Limited	15.57	14.35
Wipro Airport IT Services Limited	37.35	-
Joint Ventures		
GMR Bajoli Holi Hydropower Private Limited	0.50	0.30
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.02	0.18
GMR Consulting Services Limited	-	1.26
GMR Chhattisgarh Energy Limited	-	1.21
GMR Warora Energy Limited	1.46	0.11
GMR Vemagiri Power Generation Limited	0.41	0.90
GMR Kamalanga Energy Limited	0.23	0.35
GMR Aero Technic Limited	0.03	-

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(All amounts in Rupees Crore, except otherwise stated)

35 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2018	March 31, 2017
Other Financial Assets - Current		
Unbilled revenue (including Utility recovery not billed)		
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	1.16	1.09
Other recoverables		
Subsidiary Company		
Delhi Aerotropolis Private Limited	0.06	0.14
Joint Ventures		
Delhi Aviation Services Private Limited	0.06	0.13
Delhi Aviation Fuel Facility Private Limited	0.15	0.15
Wipro Airport IT Services Limited	8.09	6.27
GMR Bajoli Holi Hydropower Private Limited	0.03	0.01
Associate Companies		
Delhi Airport Parking Services Private Limited	0.30	0.08
Travel Food Services (Delhi Terminal 3) Private Limited	0.05	0.17
Celebi Delhi Cargo Terminal Management India Private Limited	0.02	0.19
Delhi Duty Free Services Private Limited	0.06	0.05
TIM Delhi Airport Advertising Private Limited	0.10	0.32
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	6.80	7.03
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Consulting Services Limited	0.01	-
GMR Warora Energy Limited	0.01	-
Kakinada SEZ Limited	0.10	0.17
GMR Hyderabad International Airport Limited	0.13	0.23
GMR Male International Airport Private Limited	1.37	1.40
GMR Energy Limited	-	0.01
GMR GOA International Airport Limited	0.25	0.25
GMR Energy Trading Limited	0.18	-
GMR Pochanpalli Expressways Limited	0.01	-
Associate of member of a Group of which DIAL is a member		
GMR Megawide Cebu Airport Corporation	0.07	0.08

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(All amounts in Rupees Crore, except otherwise stated)

35 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2018	March 31, 2017
Reversal of Unbilled Revenue		
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	-	0.29
Delhi Airport Parking Services Private Limited	-	0.59
Non- Trade Receivables (including marketing fund)		
Intermediate holding company		
GMR Infrastructure Limited	0.12	0.05
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	3.38	0.71
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Consulting Services Limited	-	0.78
GMR Chhattisgarh Energy Limited	0.02	0.24
GMR Tambaram Tindivanam Expressways Limited	0.01	0.03
GMR Warora Energy Limited	0.23	0.10
GMR Kamalanga Energy Limited	0.22	0.02
GMR Aviation Private Limited	-	0.02
GMR Vemagiri Power Generation Limited	0.27	0.18
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	0.20	0.37
Celebi Delhi Cargo Terminal Management India Private Limited	0.10	0.58
Delhi Airport Parking Services Private Limited	0.33	0.16
TIM Delhi Airport Advertising Private Limited	0.21	0.23
Delhi Duty Free Services Private Limited	1.28	1.20
Joint Ventures		
Delhi Aviation Services Private Limited	0.91	0.74
Wipro Airport IT Services Limited	23.76	-
GMR Bajoli Holi Hydropower Private Limited	0.07	0.03
Loans - Advances- Non-Current		
Joint Ventures		
Wipro Airport IT Services Limited	2.82	2.82
Provision for Doubtful Advances		
Joint Ventures		
Wipro Airport IT Services Limited	2.82	2.82
Trade payable (including marketing fund)		
Intermediate holding company		
GMR Infrastructure Limited	1.93	11.88
Holding company		
GMR Airports Limited	44.43	8.93
Enterprises in respect of which the company is a joint venture		
Fraport AG Frankfurt Airport Services Worldwide	93.86	79.99
Airports Authority of India	62.31	113.31

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(All amounts in Rupees Crore, except otherwise stated)

35 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2018	March 31, 2017
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
Raxa Security Services Limited	1.50	2.77
GMR Energy Trading Limited	-	2.33
GMR Airport Developers Limited	0.36	-
GMR Vemagiri Power Generation Limited	0.02	-
GMR Sports Private Limited	0.01	-
GMR Tuni Anakapalli Expressways Limited	0.17	-
Other Financial Liabilities at amortised cost- Non-current		
Liability for Voluntary retirement scheme		
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	1.35	16.85
Other Financial Liabilities at amortised cost- Current		
Liability for voluntary retirement scheme		
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	15.47	14.45
Other Financial Liabilities at amortised cost- Current		
Earnest Money Deposit		
Joint Ventures		
GMR Bajoli Holi Hydropower Private Limited	-	0.05
Other Financial Liabilities at amortised cost- Current		
Security Deposits from trade concessionaires		
Associate Companies		
Delhi Duty Free Services Private Limited	1.10	1.19
Celebi Delhi Cargo Terminal Management India Private Limited	0.01	-
Delhi Airport Parking Services Private Limited	0.01	0.01
Joint Ventures		
Delhi Aviation Services Private Limited	0.09	0.06
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.11	-
Other Financial Liabilities at amortised cost- Non Current		
Security Deposits from trade concessionaires		
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	23.09	20.48
Delhi Aviation Services Private Limited	11.49	10.24
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	21.26	17.91
Delhi Airport Parking Services Private Limited	0.77	0.68
Delhi Duty Free Services Private Limited	102.69	89.73
TIM Delhi Airport Advertising Private Limited	9.07	7.91
Travel Food Services (Delhi Terminal 3) Private Limited	2.80	1.44

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(All amounts in Rupees Crore, except otherwise stated)

35 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2018	March 31, 2017
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	0.20	-
Deferred Revenue		
Unearned Revenue		
Associate Companies		
TIM Delhi Airport Advertising Private Limited	0.31	0.13
Delhi Airport Parking Services Private Limited	0.01	-
Travel Food Services (Delhi Terminal 3) Private Limited	0.25	-
Delhi Duty Free Services Private Limited	0.16	-
Celebi Delhi Cargo Terminal Management India Private Limited	0.56	-
Deferred Revenue		
Deferred Income on financial liabilities carried at amortised cost - Current		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.15	0.15
Delhi Duty Free Services Private Limited	12.99	12.70
Celebi Delhi Cargo Terminal Management India Private Limited	5.51	5.12
TIM Delhi Airport Advertising Private Limited	1.60	1.60
Travel Food Services (Delhi Terminal 3) Private Limited	0.47	0.15
Joint Ventures	-	
Delhi Aviation Fuel Facility Private Limited	6.39	6.30
Delhi Aviation Services Private Limited	1.02	1.02
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	0.03	-
Deferred Income on financial liabilities carried at amortised cost - Non-Current		
Associate Companies		
Delhi Airport Parking Services Private Limited	1.86	2.01
Delhi Duty Free Services Private Limited	82.74	93.99
Celebi Delhi Cargo Terminal Management India Private Limited	87.56	86.60
TIM Delhi Airport Advertising Private Limited	17.72	19.49
Travel Food Services (Delhi Terminal 3) Private Limited	3.04	0.39
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	105.49	110.62
Delhi Aviation Services Private Limited	1.38	2.41
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	-	0.09
GMR Aero Technic Limited	0.03	-

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35 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	March 31, 2018	March 31, 2017
Other liabilities-Current		
Advances from customer		
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	0.31	-
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Tambaram Tindivanam Expressways Limited	0.47	-

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(All amounts in Rupees Crore, except otherwise stated)

35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Non-current investments		
Investment made in Equity Share		
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	-	2.40
Joint Ventures		
GMR Bajoli Holi Hydropower Private Limited	108.33	-
Security Deposits from trade concessionaires		
Security Deposits Received		
Associate Companies		
Delhi Airport Parking Services Private Limited	-	0.29
Celebi Delhi Cargo Terminal Management India Private Limited	7.95	-
Delhi Duty Free Services Private Limited	3.97	0.67
Travel Food Services (Delhi Terminal 3) Private Limited	4.33	-
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	-	10.64
Delhi Aviation Services Private Limited	0.04	-
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aero Technic Limited	0.25	-
Security Deposits Refunded		
Associate Companies		
Delhi Duty Free Services Private Limited	0.12	0.30
Marketing Fund Billed		
Associate Companies		
Delhi Duty Free Services Private Limited	11.21	10.35
Travel Food Services (Delhi Terminal 3) Private Limited	0.86	0.67
Delhi Airport Parking Services Private Limited	0.01	0.01
Marketing Fund Utilised		
Associate Companies		
Delhi Duty Free Services Private Limited	10.87	1.72
TIM Delhi Airport Advertising Private Limited	0.36	0.46
Travel Food Services (Delhi Terminal 3) Private Limited	0.05	0.03
Utilization of advance from commercial property developers		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	2.63	1.76
Raxa Security Services Limited	-	1.15

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(All amounts in Rupees Crore, except otherwise stated)

35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Post-employment benefit plan of the entity		
Contribution to PF trust		
DIAL Employee's provident fund trust	12.52	10.33
Dividend Paid		
Holding company		
GMR Airports Limited	101.92	-
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	41.41	-
Fraport AG Frankfurt Airport Services Worldwide	15.92	-
Non-aeronautical revenue		
Intermediate holding company		
GMR Infrastructure Limited	2.61	2.43
Joint Venture		
Delhi Aviation Fuel Facility Private Limited	18.43	17.15
Delhi Aviation Services Private Limited	8.22	6.78
Wipro Airport IT Services Limited	45.26	-
GMR Bajoli Holi Hydropower Private Limited	1.69	0.79
Associate Companies		
TIM Delhi Airport Advertising Private Limited	171.28	142.24
Celebi Delhi Cargo Terminal Management India Private Limited	189.45	151.72
Travel Food Services (Delhi Terminal 3) Private Limited	22.17	16.39
Delhi Duty Free Services Private Limited	363.59	331.91
Delhi Airport Parking Services Private Limited	25.81	18.50
Fellow subsidiaries (including subsidiary companies of the ultimate Holding company)		
GMR Aviation Private Limited	0.06	0.05
GMR Chhattisgarh Energy Limited	-	1.05
GMR Consulting Services Limited	-	1.05
GMR Tambaram Tindivanam Expressways Limited	2.60	2.43
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	1.69	1.84
GMR Vemagiri Power Generation Limited	1.69	0.79
GMR Kamalanga Energy Limited	1.69	0.79
GMR Aero Technic Limited	0.03	-
Non-Aeronautical - Income on Security deposits		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.15	0.21
TIM Delhi Airport Advertising Private Limited	1.63	1.62
Delhi Duty Free Services Private Limited	13.09	12.91
Celebi Delhi Cargo Terminal Management India Private Limited	5.55	5.22
Travel Food Services (Delhi Terminal 3) Private Limited	0.38	0.15

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(All amounts in Rupees Crore, except otherwise stated)

35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	4.49	8.69
Delhi Aviation Services Private Limited	1.03	1.03
Aeronautical Revenue		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.19	0.27
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	0.09	0.11
Other Income		
Dividend Income on Non-current Investments		
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	8.53	14.07
Delhi Aviation Services Private Limited	5.00	2.50
Associate Companies		
Delhi Duty Free Services Private Limited	32.93	23.55
TIM Delhi Airport Advertising Private Limited	9.68	9.22
Delhi Airport Parking Services Private Limited	10.16	2.03
Celebi Delhi Cargo Terminal Management India Private Limited	1.46	-
Interest Income on Financial Assets carried at amortised cost		
Joint Ventures		
Delhi Aviation Services Private Limited	-	0.19
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	2.62	0.97
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Tambaram Tindivanam Expressways Limited	-	0.01
Remuneration to key managerial personnel		
Short-term employee benefits		
Mr. Grandhi Kiran Kumar	3.94	2.72
Mr. Srinivas Bommidala	3.94	2.72
Mr. K. Narayana Rao	1.60	1.32

*Managerial remuneration excludes provision for gratuity and compensated absences, since these are provided on the basis of an actuarial valuation for the Company as a whole.

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35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Annual Fee		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	1,761.47	2,634.84
Finance cost		
Other cost - Interest on Revenue share		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	2.49	4.87
Other Interest		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	-	0.16
Finance Cost- Interest expense on financial liablity carried at amortised cost		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.08	0.12
TIM Delhi Airport Advertising Private Limited	0.99	0.86
Delhi Duty Free Services Private Limited	11.16	9.85
Celebi Delhi Cargo Terminal Management India Private Limited	2.31	1.96
Travel Food Services (Delhi Terminal 3) Private Limited	0.19	0.16
Joint Ventures		
Delhi Aviation Fuel Facility Private Limited	2.04	2.79
Delhi Aviation Services Private Limited	1.25	1.12
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	2.65	4.16
Reversal of finance cost- Interest on borrowings		
Joint ventures		
Wipro Airport IT Services Limited	-	7.01
CSR activities/Donations		
Enterprises where significant influence of key Management personnel or their relative exists		
GMR Varalakshmi Foundation	5.42	6.14
Consultancy fees paid		
Enterprises in respect of which the Company is a joint venture		
Fraport AG Frankfurt Airport Services Worldwide	-	0.07
Airports Authority of India	-	0.12

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35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Manpower hire charges		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	45.11	40.20
Airport Operator fees		
Enterprises in respect of which the Company is a joint venture		
Fraport AG Frankfurt Airport Services Worldwide	171.87	151.05
Corporate Cost Allocation		
Intermediate Holding company		
GMR Infrastructure Limited	20.89	37.90
Holding company		
GMR Airports Limited	64.12	38.03
Travelling & Conveyance- Chartering Cost		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	4.28	3.67
Meetings and Seminars		
Holding company		
GMR Airports Limited	0.20	-
Security related expenses		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
Raxa Security Services Limited	22.47	15.70
Information technology and related expenses		
Joint Ventures		
Wipro Airport IT Services Limited	-	2.75
Repair and Maintenance - IT System		
Joint Ventures		
Wipro Airport IT Services Limited	0.19	0.08
Utility Expenses		
Electricity charges		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Energy Trading Limited	31.83	3.32

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35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Electricity charges recovered		
Intermediate holding company		
GMR Infrastructure Limited	0.12	0.12
Joint Ventures		
Delhi Aviation Services Private Limited	12.87	12.10
GMR Bajoli Holi Hydropower Private Limited	0.16	0.02
Associate Companies		
Delhi Airport Parking Services Private Limited	1.86	1.76
Celebi Delhi Cargo Terminal Management India Private Limited	10.94	14.61
TIM Delhi Airport Advertising Private Limited	3.28	3.23
Travel Food Services (Delhi Terminal 3) Private Limited	3.12	3.15
Delhi Duty Free Services Private Limited	1.97	2.51
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.01	0.01
GMR Chhattisgarh Energy Limited	-	0.18
GMR Warora Energy Limited	0.27	0.28
GMR Tambaram Tindivanam Expressways Limited	0.12	0.12
GMR Consulting Services Limited	-	0.33
GMR Vemagiri Power Generation Limited	0.29	0.16
GMR Kamalanga Energy Limited	0.18	0.02
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	17.07	15.93
Water charges recovered		
Joint Ventures		
Delhi Aviation Services Private Limited	0.11	0.11
GMR Bajoli Holi Hydropower Private Limited	0.02	0.01
Associate Companies		
Delhi Airport Parking Services Private Limited	0.41	0.43
Travel Food Services (Delhi Terminal 3) Private Limited	0.39	0.35
Celebi Delhi Cargo Terminal Management India Private Limited	1.27	1.18
Delhi Duty Free Services Private Limited	0.02	0.02
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Chhattisgarh Energy Limited	-	0.01
GMR Warora Energy Limited	0.01	0.01
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	-	0.61
Water charges recoverable written off		
Enterprises in respect of which the Company is a joint venture		
Airport Authority of India	-	0.99

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35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Directors' sitting fees		
Key management personnel		
Mr.R.S.S.L.N. Bhaskarudu	0.06	0.06
Ms. Kameswari Vissa	0.05	0.05
Mr. K.P. Rao	-	0.02
Mr. N.C. Sarabeswaran	0.05	0.05
Mr. G. Subba Rao	0.03	0.03
Mr. G.B.S. Raju	0.01	0.01
Mr. Matthias Engler	-	0.02
Mr. S. Suresh	0.01	0.02
Mr. A.K. Dutta	0.01	0.01
Mr. M. Ramachandran	0.05	0.02
Key Management personnel of holding company		
Mr. G.M. Rao	0.01	0.01
Recovery of Collection Charges		
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	3.07	-
Expenses incurred by Company on behalf of related parties		
Intermediate Holding company		
GMR Infrastructure Limited	0.02	0.01
Holding company		
GMR Airports Limited	4.74	6.19
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India		
Joint Ventures		
Delhi Aviation Services Private Limited	0.60	0.46
Wipro Airport IT Services Limited	20.14	-
GMR Bajoli Holi Hydropower Private Limited	0.01	0.01
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	0.54	0.43
TIM Delhi Airport Advertising Private Limited	0.64	0.61
Delhi Airport Parking Services Private Limited	0.57	0.54
Travel Food Services (Delhi Terminal 3) Private Limited	0.45	0.42
Delhi Duty Free Services Private Limited	0.35	0.31
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	0.01	0.03
GMR Tuni Anakapalli Expressways Limited	0.02	0.01
GMR Pochanpalli Expressways Limited	0.04	0.01
GMR Consulting Services Limited	0.01	-
Raxa Security Services Limited	0.30	1.07
Kakinada SEZ Limited	0.08	0.10
GMR Hyderabad International Airport Limited	-	0.14
GMR Energy Trading Limited	0.02	0.01

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35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	March 31, 2018	March 31, 2017
Expenses incurred by related parties on behalf of Company		
Intermediate Holding company		
GMR Infrastructure Limited	0.02	-
Holding company		
GMR Airports Limited	0.18	0.47
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	0.10	0.06
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Hyderabad International Airport Limited	-	0.04
GMR Sports Private Limited	-	0.01

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(All amounts in Rupees Crore, except otherwise stated)

35 (d) Interest in significant investment in subsidiary, joint ventures and associates:

Name of Joint Venture	Relationship	Ownership interest	Date of incorporation	Country of incorporation
Delhi Aerotropolis Private Limited	Subsidiary	100.00%	May 22, 2007	India
Celebi Delhi Cargo Terminal Management India Private Limited	Associate	26.00%	June 18, 2009	India
Delhi Duty Free Services Private Limited	Associate	49.90%	July 07, 2009	India
Delhi Airport Parking Services Private Limited	Associate	49.90%	February 11, 2010	India
Travel Food Services (Delhi Terminal 3) Private Limited	Associate	40.00%	December 04, 2009	India
TIM Delhi Airport Advertising Private Limited	Associate	49.90%	June 01, 2010	India
GMR Bajoli Holi Hydropower Private Limited	Joint Venture	20.85%	September 11, 2017	India
Delhi Aviation Fuel Facility Private Limited	Joint Venture	26.00%	August 11, 2009	India
Delhi Aviation Services Private Limited	Joint Venture	50.00%	June 28, 2007	India
Wipro Airport IT Services Limited	Joint Venture	26.00%	October 22, 2009	India

Terms and Condition of transaction with related parties:

Outstanding balances at the year-end are secured/ unsecured and settlement occurs in cash. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties:

The commitments in respect of related parties are provided in note 34(IV) above, forming part of these financial statements.

Transactions with key management personnel

The transaction with key management personnel includes the payment of directors sitting fees and managerial remuneration which are provided in note 35(c) above. There are no other transactions with Key management personnel.

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36. Segment Information

The Company has only one reportable business segment, which is operation of airport and providing allied services and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

Major customers: Revenue from one customer of the Company is approximately Rs. 376.68 crore of the Company's total revenues (March 31, 2017: Revenue from two customers of the company is approximately Rs. 1,473.48 crore of the company's total revenues)

37. Fair Values

The carrying amount of all financial assets and liabilities (except for investment of mutual funds and certain assets and liabilities, i.e. "Instruments carried at fair value") appearing in the financial statements is reasonable approximation of fair values. Such investments carried at fair value are disclosed below:

Particulars	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Financial assets				
Investment in mutual fund	**2,206.19**	2,092.72	**2,206.19**	2,092.72
Derivative asset effective hedges	**0.97**	-	**0.97**	-
Total	**2,207.16**	2,092.72	**2,207.16**	2,092.72
Financial liabilities				
Derivative liability effective hedges	-	42.58	-	42.58
Total	-	42.58	-	42.58

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 assumption 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. Derivatives are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The 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. As at March 31, 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

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38. Fair 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 March 31, 2018:

	Fair value measurement using				
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Investment in mutual fund	March 31, 2018	2,206.19	2,206.19	-	-
Cash flow hedges-Call spread option	March 31, 2018	0.97	-	0.97	-
Total		2,207.16	2,206.19	0.97	-

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

	Fair value measurement using				
	Date of valuation	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
			(Level 1)	(Level 2)	(Level 3)
Assets at fair value					
Investment in mutual funds	March 31, 2017	2,092.70	2,092.70	-	-
Liabilities measured at fair value					
Cash flow hedges-Call spread option	March 31, 2017	42.58	-	42.58	-

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

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39. Risk Management

Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents 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 of interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

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

The sensitivity analyses 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 March 31, 2018.

The analyses 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 analysis for the contingent consideration liability is provided in Note 34.

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

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary at March 31, 2018 for the effects of the assumed changes of the underlying risk.

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 is not exposed to risk of changes in market interest rates as the borrowings of the company are at fixed rate of interest.

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from banks.

Cash flow hedges

Foreign exchange call spread options measured at fair value through OCI are designated as hedging instruments in cash flow hedges to hedge the USD INR conversion rate volatility with reference to the cash outflows on settlement of its borrowings designated in USD.

The fair value of foreign exchange call spread option varies with the changes in foreign exchange rates and repayment of future premium.

Particulars	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency call spread options designated as hedging instruments	0.97	-	-	(42.58)

As at March 31, 2018, for call spread options of USD 602.60 million, the USD spot rate is below the USD call option strike price and hence not covered in hedge relationship in respect of hedge instruments. However, prospective testing is done and concluded to be effective. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

For call spread options of Rs. 208.75 million, taken during the year, the USD spot rate is above the USD call option strike price. Accordingly, an amount of Rs. 33.82 crores has been released from Cash flow hedge reserve to Statement of Profit and Loss to neutralize the impact of Foreign exchange loss included in Statement of Profit and Loss.

As on March 31, 2017, the USD spot rate was below the USD call option strike price and hence not covered in hedge relationship in respect of hedge instruments. However, prospective testing was done and concluded to be effective. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss. There was no re-classification to profit or loss during the previous year for gains or losses included in Statement of Profit and Loss.

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(All amounts in Rupees Crore, except otherwise stated)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency 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 liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and Interest rate swap. The Company's exposure to foreign currency changes for all other currencies is not material.

	March 31, 2018	March 31, 2017
	Impact on profit before tax	
USD Sensitivity		
INR/USD- Increase by 5%	(6.53)	(73.83)
INR/USD- decrease by 5%	6.53	73.83
EURO Sensitivity		
INR/EURO- Increase by 5%	(0.13)	(0.14)
INR/EURO- decrease by 5%	0.13	0.14
GBP Sensitivity		
INR/GBP Increase by 5%	(0.16)	-
INR/GBP- decrease by 5%	0.16	-

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, bank loans and finance leases. None of the Company's debt will mature in less than one year at March 31, 2018 (March 31, 2017: Nil) 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 table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2018						
Borrowings	-	-	-	**1,886.69**	**3,414.67**	**5,301.36**
Trade payables	-	**412.01**	-	-	-	**412.01**
Other financial liabilities	**236.38**	**142.26**	**76.82**	**186.13**	**2,124.70**	**2,766.29**
Total	**236.38**	**554.27**	**76.82**	**2,072.82**	**5,539.37**	**8,479.66**
As at March 31, 2017						
Borrowings	-	-	-	1,894.20	3,428.26	5,322.46
Trade and other payables	-	431.44	-	-	-	431.44
Other financial liabilities	61.94	202.06	81.83	179.53	2,300.85	2,826.21
Total	61.94	633.50	81.83	2,073.73	5,729.11	8,580.11

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Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is 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 Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any services to major customers are generally covered by bank guarantee or other forms of credit assurance.

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company's senior management on regular basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts of Trade Receivables.

Collateral

As at March 31, 2018 the security provided to bond holders and working capital facilities is as below;

(i) A first ranking pari passu charge/ assignment of all insurance policies, contractors' guarantees and liquidated damages to the maximum extent permissible under the OMDA and the Escrow Account Agreement;
(ii) A first ranking pari passu charge/assignment of all the rights; titles, permits, approvals and interests of the Borrower in, to and in respect of the Project Documents, in accordance with and to the maximum extent permitted under the OMDA and the Escrow Account Agreement;
(iii) A first ranking pari passu charge on all the revenues / receivables of the Borrower (excluding dues to the Authority) subject to the provisions of the Escrow Account Agreement and the OMDA.

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40. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company. 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 total debt divided by total equity plus total debt. The Company's policy is to keep the gearing ratio below 80%, which is reviewed at end of each financial year.

	March 31, 2018	March 31, 2017
Borrowings	5,249.12	5,261.97
Total debts (A)	5,249.12	5,261.97
Share Capital	2,450.00	2,450.00
Other Equity	418.08	558.65
Total Equity (B)	2,868.08	3,008.65
Total equity and total debt (C=A+B)	8,117.20	8,270.62
Gearing ratio (%) (A/C)	64.67%	63.62%

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. 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 March 31, 2018 and March 31, 2017.

41. Other Disclosures

a) **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, December 28, 2012 and April 24, 2012 respectively**

(i). 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 March 31, 2018. DF amounting to Rs. 350 crore (March 31, 2017: Rs. 350 crore) has been adjusted against the expenditure on construction of ATC tower incurred till March 31, 2018.

The total expenditure incurred on construction of ATC tower is Rs. 398.62 crore till March 31, 2018 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.

As per the approval in DIAL Board Meeting held on May 11, 2017, the Company has written a letter to AAI for reimbursement of additional expense. However, pending acceptance by AAI, additional amount of Rs. 48.62 crore is shown under Capital Work in Progress (CWIP) as at March 31, 2018 (March 31, 2017: Rs. 43.07 crores).

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(ii). The Airport Economic Regulatory Authority of India (AERA) had passed an order vide Order No 30/2012-13 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 i.e April 30, 2016 to reconcile and close the account, and to arrive at the over recovery / under recovery of ADF. However, the same has not yet been finalized. This over / under recovery will be accounted for on final reconciliation of ADF pending with AAI. However, DIAL has collected the DF receivable in full and settled the DF loan on May 28, 2016.

b) The Company has a receivable of Rs.262.36 crore as at March 31, 2018 (March 31, 2017: Rs. 567.47 crores) (including unbilled revenue) from Air India Limited and its subsidiaries namely Indian Airlines Limited, Airline Allied Services Limited and Air India Express Limited collectively referred as 'Air India'. During the year, Air India Limited has made a bullet payment of Rs. 173 crores; in addition to payment received through Airport Enhancement and Financing Service Agreement ('Financing Service Agreement') with International Air Transport Association ('IATA'). In view of latest payment received, continuing Financing Service Agreement with IATA for recovery of dues from Air India and considering the fact that Air India being a government enterprise/ undertaking, the Company considers its dues from Air India as good and fully recoverable.

c). **Particulars of un-hedged and un-discounted foreign currency exposure as at the Balance sheet date are as under:**

	March 31, 2018			March 31, 2017		
Particulars	**Amount (Rs. In Crore)**	**Currency**	**Foreign Currency in Crore**	Amount (Rs. In Crore)	Currency	Foreign Currency in Crore
Other current Financial Liabilities	**33.36**	**USD**	**0.51**	107.02	USD	1.62
Trade Payable	**2.66**	**EUR**	**0.03**	2.64	EUR	0.04
	3.15	**GBP**	**0.03**	0.17	GBP	0.00
	0.04	**SGD**	**0.00**	0.03	SGD	0.00
	-	**MYR**	**-**	0.01	MYR	0.00
	116.51	**USD**	**1.78**	15.70	USD	0.25
Borrowings	**-**	**USD**	**-**	1,369.40	USD	20.88
Trade Receivable	**16.37**	**USD**	**0.25**	13.17	USD	0.20
Non-Trade Receivables	**1.19**	**USD**	**0.02**	1.06	USD	0.02
Advance to suppliers	**1.44**	**USD**	**0.02**	1.46	USD	0.02

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(All amounts in Rupees Crore, except otherwise stated)

Closing exchange rates in Rs:

Currency	March 31, 2018	March 31, 2017
EUR	**80.81**	69.29
GBP	**92.28**	80.90
SGD	**49.82**	46.41
MYR	**-**	14.65
USD	**65.34**	65.60

d) Additional information :

i) Earnings in foreign currency (On accrual basis, excluding service tax/GST)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Non-Aeronautical Services (Revenue from concessionaires)	**356.51**	325.10
Aeronautical Services (Revenue from airlines)	**192.18**	782.02
Total	**548.69**	1,107.12

ii) CIF value of imports (On accrual basis)

Particulars	**For the year ended March 31, 2018**	For the year ended March 31, 2017
Import of capital goods	**12.83**	13.27
Import of stores and spares	**2.65**	4.05
Total	**15.48**	17.32

iii) Expenditure in foreign currency (On accrual basis)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on borrowings (including exceptional items)	**336.43**	253.89
Professional and consultancy expenses	**9.63**	1.44
Finance costs	**4.12**	26.63
Other expenses	**17.27**	13.27
Travelling and Conveyance	**0.02**	1.27
Total	**367.47**	296.50

iv) Consumption of stores and spares during the year:

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	%	**Amount**	%	Amount
Imported	**10.39**	**2.41**	15.99	4.15
Indigenous	**89.61**	**20.79**	84.01	21.79
Total	**100**	**23.20**	100	25.94

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

f) These financial statements of the Company do not include billing to airlines for DF by the Company. As per the Management, DIAL's responsibility is restricted only to the billing on behalf of Airports Authority of India (AAI) in accordance with provisions of AAI (Major Airports) Development Fee Rules, 2011 and DF SOP.

g) The Company has received advance development costs of Rs. 660.06 crore (March 31, 2017: Rs. 660.06 crore) from various Developers at Commercial Property District towards facilitating the development of 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 March 31, 2018, the Company has incurred development expenditure of Rs. 519.19 crore (March 31, 2017: Rs. 469.72 crore) which has been adjusted against the aforesaid advance and balance amount of Rs. 140.87 crore (March 31, 2017: Rs. 190.34 crore) is disclosed under other liabilities.

h) 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. As at March 31, 2018, the Company has billed Rs 116.62 crore (March 31, 2017: Rs. 92.48 crore) towards such Marketing Fund and has incurred expenditure amounting to Rs. 65.11 crore (March 31, 2017: Rs. 39.05 crore) (net of income on temporary investments) till March 31, 2018 from the amount so collected. The balance amount of Rs. 51.51 crore pending utilization as at March 31, 2018 (March 31, 2017:Rs.53.43 crore); as marketing fund billing and utilization was not forming part of marketing fund) against such sales promotion activities is included under "Other current liabilities" as specific fund to be used for the purposes to be approved by the Marketing fund committee constituted for this purpose.

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i) The Company is of the view that certain income/ credits arising on adoption of Ind-AS were not in contemplation of parties in April 2006 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent receipts from business operations from any external sources and therefore, these incomes/credits should not form part of "Revenue" as defined in OMDA for the purpose of calculating monthly annual fee (MAF) payable to AAI. Accordingly, the Company, based on legal opinion and discussions with consultants, has provided the MAF to AAI based on Revenue as per the Ind AS financial statements after adjusting such incomes/credits. Detail of such incomes / credits are as under:

Description	Incomes forming part of	For the year ended March 31, 2018	For the year ended March 31, 2017
Construction income from commercial property developers	Other operating income	49.47	43.13
Discounting on fair valuation of deposits taken from commercial property developers	Other operating income	26.67	25.91
Discounting on fair valuation of deposits taken from concessionaires	Sale of services – Non Aeronautical	52.54	37.75
Discounting on fair valuation of deposits given	Other income	0.39	0.14
Unrealised foreign exchange difference on borrowings	Other income	53.26	96.34
Reversal of Fair value of financial instruments Interest Rate Swap on actual settlement	Other income	-	6.17

j) 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 has presented its report before Rajya Sabha on August 17, 2012 wherein they have 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 Loksabha vide its Ninety fourth report in February 2014.

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.

k) As per the transfer pricing rules prescribed under the Income tax act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions during year ended March 31, 2018.

l) During the previous year ended March 31, 2017, the Company had refinanced its existing external commercial borrowings of USD 83.92 million and rupee term loans of Rs. 2,928.20 crore outstanding as at October 20, 2016; by issuance of 6.125% senior secured notes (2026) of USD 522.60 million. As a result of such refinancing, the Company had incurred the following costs:

The prepayment charges of Rs. 40.80 crore had been paid to various erstwhile lenders on prepayment of existing external commercial borrowings and rupee term loans outstanding as on the date of repayment / prepayment.

The above amount of Rs. 40.80 crore had been disclosed as "Exceptional Items" in the Statement of profit and loss.

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In addition to above, Interest Rate Swap (IRS) which was outstanding on the existing external commercial borrowings was cancelled, resulting in breakage cost of Rs. 8.17 crore, had been adjusted from fair valuation loss of IRS' provided in earlier years and had been disclosed under 'other income' in the Statement of profit and loss.

m) The Company had entered into 'Development Agreement' and the 'Infrastructure Development and Service Agreement' with Silver Resort Hotel India Private Limited (hereinafter referred as 'Developer') on February 26, 2010 for development and operation of commercial property area located in Aerocity for a period of 30 years; further extendable to another 30 years. As per term of agreements, Developer was required to pay the License fee and other charges to the Company on annual basis. On July 16, 2015, the Company has issued termination notice on account of failure by the Developer to pay the License Fees and other charges, required to be paid under the agreements executed between the Company and the Developer. Consequently, the Developer has invoked the arbitration process as per Infrastructure Development and Service Agreement.

The Arbitral Award was passed by the Hon'ble Arbitral Tribunal which was received by the Company on September 08, 2017. The favorable award passed in majority by Tribunal granting Rs. 115.89 crores award to DIAL and directing it to settle the award against security deposits of Rs. 192.88 crores lying with the Company and pay the balance Rs. 76.99 crores to the Developer. However, one of the arbitrators has passed the dissenting order granting award in favor of Developer amounting to Rs. 416.86 crores. Dissenting award granted by one of the arbitrators is not enforceable / binding on the parties, being the minority order /dissenting opinion.

Accordingly, DIAL has deposited payment of Rs.76.13 crore (net of recovery of arbitration cost of Rs. 0.86 crore) in the Hon'ble High Court of Delhi as per arbitration award.

Further, both the parties have their respective rights to challenge the Arbitral Award before the Hon'ble High court of Delhi as per Section 34 of the Arbitration and Conciliation Act, 1996 ("Arbitration Act"), within 90 days from the date of receipt of award order. Consequently, Silver resort has filed an appeal against the arbitration award before the Hon'ble High court. The matter was heard for arguments on April 26, 2018 and the judgment is reserved.

n) 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 all the information as asked by 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.

o) The Government of India announced Services Export from India Scheme (SEIS) under Foreign Trade Policy (FTP) 2015-20 under which the service provider of notified services is entitled to Duty Credit Scrips as a percentage of net foreign exchange earned. These Scrips either can be used for payment of basic custom duty on imports or can be transferred/traded in the market.

Pursuant to above, during the year ended March 31, 2018, the Company has received SEIS scrips of Rs. 31.14 crore, having validity till September 30, 2019. The Company has so far utilized Rs 0.44 crore out of these scrips. Considering the major expansion plans at the IGI airport, the Company is evaluating various options for utilization of these Scrips. The Company has accounted the amount utilized and remaining scrips of Rs. 30.70 crore at fair value of Rs. 29.83 crore (97% of face value of the scrips) as "Other Incomes" in the Statement of Profit and Loss.

The Scrips received under SEIS are in nature of Government Grant and is similar to the Scrips received earlier under Served from India Scheme (SFIS) of Foreign Trade Policy 2010-15; which is presently under litigation with respect to Annual Fee payable towards AAI/ on the same.

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(All amounts in Rupees Crore, except otherwise stated)

Further, based on the legal opinion obtained, the Government Grants are not part of "Revenue" under OMDA. Accordingly, Management believes that, no Annual Fee is payable as per the provisions of OMDA, and has not been provided in the standalone financial statements.

p) As per notification number G.S.R.308(E) dated March 30, 2017, the Ministry of Corporate Affairs the central government have made amendment to schedule III of Companies Act 2013, requiring every company to disclose the details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016.

The required details for the company are provided in the table below:

(Amount in Rupees)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,289,000	16,460	1,305,460
(+) Permitted receipts#	1,262,000	1,487,519	2,749,519
(-) Permitted payments	-	(340,287)	(340,287)
(-) Amount deposited in Banks	(2,546,000)	(1,071,576)	(3,617,576)
Closing cash in hand as on 30.12.2016*	**5,000**	**92,116**	**97,116**

includes SBNs of Rs. 518,500 received by the Company through Lost and Found section at airport terminals.

includes SBNs of Rs. 203,000 received by the Company through non-scheduled airlines.

*Rs. 5000 of SBN's as on 30.12.2016 were stale which could not be deposited in bank and accordingly written off later during the previous year.

q) Standards issued but not yet effective

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

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

Ind AS 115- Revenue from Contracts with Customers

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

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The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company for the annual period beginning on or after April 1, 2018 and permits two possible methods of transition:

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

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

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

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

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

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

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any major impact on the company as the company has no major deductible temporary differences or assets that are in the scope of the amendments.

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

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

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

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

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

The Appendix is effective for annual periods beginning on or after April 1, 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its financial statements.

r) Audited figures as at and for the year ended March 31, 2017 were audited by another firm along with M/s S.R. Batliboi & Associates LLP.

s) Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

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

Per Yogesh Midha
Partner
Membership No. 094941
Place: New Delhi
Date: May 2, 2018

S.R. Batliboi & Associates LLP * New Delhi *

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

Per Hitesh Kumar P
Partner
Membership No. 233734
Place : New Delhi
Date: May 2, 2018

K.S. RAO & CO. Chartered Accountants BENGALURU

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

G.B.S. Raju
Managing Director
DIN-00061686

K. Narayana Rao
Whole Time Director
DIN-00016262

G Radha Krishna Babu
Chief Financial Officer

Saurabh Jain

Saurabh Jain
Company Secretary

Place : New Delhi
Date: May 2, 2018

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Bengaluru 560 001. India

INDEPENDENT AUDITOR'S REPORT

To the Members of Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Delhi International Airport Limited (formerly known as Delhi International Airport 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 standalone 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. 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone Ind AS financial statements.

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants
3rd & 6th Floor, Worldmark 1
IGI Airport Hospitality District, Aerocity
New Delhi 110 037. India

Brahmayya & Co.
Chartered Accountants
10/2, Khivraj Mansion
Kasturba Road
Bengaluru 560 001. India

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 standalone 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;

(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 standalone Ind AS financial statements – Refer Note 34(II) to the standalone Ind AS financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

BRAHMAYYA & CO. Chartered Accountants BENGALURU

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iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as to the holding and dealings in Specified Bank Notes during the period from November 8, 2016 and December 30, 2016. However, as stated in Note 42 (e) to the standalone Ind AS financial statements amounts aggregating to Rs. 203,000 as represented to us by the management have been received from the transactions which are not permitted.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

per Yogesh Midha
Partner
Membership No.: 094941

Place: Manila
Date : May 11, 2017

S.R. Batliboi & Associates LLP * New Delhi *

For Brahmayya & Co.,
Firm registration number: 000515S
Chartered Accountants

per G Srinivas
Partner
Membership No.: 86761

Place: New Delhi
Date : May 11, 2017

BRAHMAYYA & CO. Chartered Accountants * BENGALURU *

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Annexure-1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date
Re: Delhi International Airport Limited (Formerly known as Delhi International Airport Private Limited) ("the Company")

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) During the year Management has conducted physical verification of fixed Assets. The discrepancies identified during such physical verification between physical inventory and books records; have been properly dealt with in the books of accounts.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties included in fixed asset register are held in the name of the Company.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

(iii) (a) 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 from the public and hence not commented upon.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to aeronautical services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, custom duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in case of payment of service tax, advance income tax and provident fund in few cases.

(b) According to the information and explanations given to us, there are no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, custom duty, value added tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the dues of income tax, sales-tax, service tax, customs duty, value added tax and cess which have not been deposited on account of any dispute, are as follows*:

BRAHMAYYA & CO. Chartered Accountants BENGALURU

S.R. Batliboi & Associates LLP New Delhi

Name of the statute	Nature of Dues	Amount (Rs. in Crores)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Taxability of Passenger Service Fee (Security Component), Disallowance on account of capital expenditure, Disallowance of payment of gratuity, Disallowance under section 40(a)(ia) of the Act, Disallowance of club expenses, Disallowance under Section 14A of the Act, Issue of SFIS Duty Credit Scrips.	3.66	Assessment Year: 2008-09	Commissioner of Income Tax (CIT) Appeals.
Finance Act 1994	Service tax on Development Fees (DF) receipt.	263.78	March 2009 to September 2013.	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Finance Act 1994	i) Non payment of Service tax under reverse charge mechanism for the alleged 'Management or Business Consultants'. ii) Wrong and Excess Utilization of CENVAT credit iii) Non Payment of Service Tax on License Fees / lease rentals.	35.44	Financial year 2006-07 to 2009-10	Commissioner, Service tax, New Delhi
Finance Act 1994	Non-payment of Service Tax on License Fees / lease rentals.	7.74	Financial year 2011-12 (Apr – June'2010)	Commissioner of Service Tax, New Delhi.
Finance Act 1994	Wrong availment of service tax on the payment made towards employee's medical insurance.	0.22	Financial year 2011-12.	Commissioner of Service Tax (Appeal), New Delhi.
Finance Act 1994	i) Service tax on the supply of electricity and water ii) Denial of CENVAT on Central Industrial Security Force (CISF) related expenses.	25.22	Financial year: 2009 -10 to 2012-13	Commissioner of Service tax
Finance Act 1994	Non-payment of service tax on Advance Development Costs ('ADC').	108.62	Financial year: 2010-11 to 2011-12	CESTAT

* Dispute under Income Tax Act 1961, wherein disallowances resulting in reduction in 'returned loss' as per return of income have not been considered for above disclosure. Tax impact of reduction in loss amounts to Rs. 50.17 crores.

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and bank. The Company did not have any outstanding dues in respect of debenture holders during the year.

BRAHMAYYA & CO. Chartered Accountants BENGALURU

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S.R. BATLIBOI & ASSOCIATES LLP Chartered Accountants 3rd & 6th Floor, Worldmark 1 IGI Airport Hospitality District, Aerocity New Delhi 110 037. India	**Brahmayya & Co.** Chartered Accountants 10/2, Khivraj Mansion Kasturba Road Bengaluru 560 001. India

(ix) Based on our 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 and on an overall examination of the balance sheet, we report that monies raised by way of debt instruments in the nature of secured notes were applied for the purposes for which they were raised. The Company has not raised any funds by way of initial public offer or further public offer or term loan.

(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) Based on our 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 the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(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) Based on our 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, 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. (Refer note 35 of the financial statements)

(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 not commented upon.

(xv) Based on our 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, 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	**For Brahmayya & Co.,** Firm Registration Number: 000515S Chartered Accountants
S.R. Batliboi & Associates New Delhi	
per Yogesh Midha **Partner** Membership Number: 94941 Place: Manila Date: May 11, 2017	**per G Srinivas** **Partner** Membership Number: 86761 Place: New Delhi Date : May 11, 2017

BRAHMAYYA & CO. Chartered Accountants BENGALURU

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ANNEXURE-2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND-AS FINANCIAL STATEMENTS OF DELHI INTERNATIONAL AIRPORT LIMITED LIMTED (FORMERLY KNOWN AS DELHI INTERNATIONAL AIRPORT 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 International Airport Limited (Formerly known as Delhi International Airport Private Limited)

We have audited the internal financial controls over financial reporting of Delhi International Airport Limited (Formerly known as Delhi International Airport Private Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind-AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

BRAHMAYYA & CO. Chartered Accountants BENGALURU

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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
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants

per Yogesh Midha
Partner
Membership Number: 94941
Place: Manila
Date: May 11, 2017

S.R. Batliboi & Associates LLP * New Delhi *

For Brahmayya & Co.,
Firm Registration Number: 000515S
Chartered Accountants

per G Srinivas
Partner
Membership Number: 86761
Place: New Delhi
Date : May 11, 2017

BRAHMAYYA & CO. Chartered Accountants * BENGALURU *

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Balance Sheet as at March 31, 2017
(All amounts in Rupees Crore, except otherwise stated)

	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
(1) Non-current assets				
Property, plant and equipment	4	7,381.27	8,039.80	8,592.39
Capital work in progress	4	123.94	63.87	50.65
Intangible Assets	5	404.07	412.94	433.50
Investment in subsidiaries, associates & joint ventures	6.1	181.05	138.01	138.01
Financial Assets				
(i) Loans	7	1.25	2.25	1.84
(ii) Other financial assets	8	-	-	106.35
Other non-current assets	9	91.29	97.36	88.90
Deferred tax assets (net)	10	-	11.27	-
		8,182.87	8,765.50	9,411.64
(2) Current assets				
Inventories	11	7.42	7.19	7.73
Financial Assets				
(i) Investments	6.2	2,184.38	956.66	247.14
(ii) Trade Receivables	12	898.88	791.46	654.65
(iii) Cash and cash equivalents	13	554.12	407.67	119.59
(iv) Bank balance other than cash and cash equivalents	14	46.22	76.14	200.57
(iv) Loans	7	18.87	14.96	13.57
(v) Other Financial assets	8	37.25	133.48	541.84
Other current assets	9	36.99	50.32	49.63
		3,784.13	2,437.88	1,834.72
Assets classified as held for sale	6.2	-	40.64	40.64
		3,784.13	2,478.52	1,875.36
Total Assets		11,967.00	11,244.02	11,287.00
EQUITY AND LIABILITIES				
(1) Equity				
Equity Share Capital	15	2,450.00	2,450.00	2,450.00
Other Equity				
(i) Retained earnings	16	576.22	(9.83)	(514.09)
(ii) Cash flow hedge reserve	16	(16.84)	-	-
(iii) Re-measurement gains on defined benefit plans	16	(0.73)	0.09	-
		3,008.65	2,440.26	1,935.91
(2) Non-current liabilities				
Financial Liabilities				
(i) Borrowings	17	5,261.97	5,393.16	5,542.90
(ii) Other financial liabilities	18	298.31	309.26	326.18
Deferred revenue	19	1,781.31	1,752.77	1,785.43
Deferred tax liabilities (net)	10	292.04	-	-
Other non-current liabilities	20	112.95	146.62	208.20
		7,746.58	7,601.81	7,862.71
(3) Current liabilities				
Financial Liabilities				
(i) Trade Payables	21	431.40	390.38	425.64
(ii) Other financial liabilities	18	381.38	507.21	748.59
Deferred revenue	19	86.18	82.05	82.44
Other current liabilities	20	226.29	182.33	207.54
Provisions	22	19.34	15.44	14.90
Liabilities for current tax (net)		67.18	24.54	9.27
		1,211.77	1,201.95	1,488.38
Total Liabilities		8,958.35	8,803.76	9,351.09
Total Equity and Liabilities		11,967.00	11,244.02	11,287.00
Summary of significant accounting policies	3			

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

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

per Yogesh Midha
Partner
Membership no: 94941
Place: Manila
Date: May 11, 2017

S.R. Batliboi & Associates LLP New Delhi

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

per G. Srinivas
Partner
Membership no: 86761
Place: NEW DELHI
Date: MAY 11, 2017.

BRAHMAYYA & CO. Chartered Accountants BENGALURU

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

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: May 11, 2017

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Profit and Loss for the year ended March 31, 2017
(All amounts in Rupees Crore, except otherwise stated)

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
I REVENUE			
Revenue From Operations	23	5,624.23	5,152.00
Other Income	24	306.99	161.44
Total Income (I)		5,931.22	5,313.44
II EXPENSES			
Annual fee to Airports Authority of India (AAI)		2,634.84	2,304.15
Employee Benefits Expense	25	129.47	125.48
Other Expenses	26	834.37	923.06
Total expenses (II)		3,598.68	3,352.69
III Earnings before interest, tax, depreciation and amortisation and exceptional items (EBIDTA) [I-II]		2,332.54	1,960.75
Finance Costs	27	527.25	632.24
Depreciation and amortization expense	28	638.03	703.57
Profit before tax and exceptional items		1,167.26	624.94
IV Exceptional Items [refer note 42 (o)]	29	40.80	-
V Profit before tax (III-IV)		1,126.46	624.94
Tax expense:			
(1) Current Tax		238.69	129.07
(2) Adjustment of tax relating to earlier years		(1.88)	-
(3) MAT credit entitlement for earlier years written off		-	2.93
(4) Deferred Tax charge		303.69	(11.32)
VI Total Tax expense		540.50	120.68
VII Profit for the year (V-VI)		585.96	504.26
Other Comprehensive Income	30		
A Items that will not be reclassified to profit or loss in subsequent years			
Re-measurement gains (losses) on defined benefit plans		(1.11)	0.14
Income tax effect		0.38	(0.05)
B Items that will be reclassified to profit or loss in subsequent years			
Net movement of cash flow hedges		(16.84)	-
Income tax effect			
VIII Total Other Comprehensive Income for the year (net of tax)		(17.57)	0.09
IX Total Comprehensive Income for the year (net of tax) (VII+VIII)		568.39	504.35
X Earnings per equity share:			
(1) Basic	31	2.32	2.06
(2) Diluted	31	2.32	2.06
Summary of significant accounting policies	3		

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

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

per **Yogesh Midha**
Partner
Membership no: 94941
Place: Manila
Date: May 11, 2017

S.R. Batliboi & Associates LLP New Delhi

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

per **G. Srinivas**
Partner
Membership no: 86761
Place: NEW DELHI
Date: MAY 11, 2017

BRAHMAYYA & CO. Chartered Accountants BENGALURU

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

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: May 11, 2017

Delhi International Airport Ltd New Delhi

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Statement of Change in Equity
(All amounts in Rupees Crore, except otherwise stated)

	Equity share capital	Items of OCI				Total equity
		Retained earnings	Cash flow hedge reserve (net of tax)	Remeasurement of Net Defined benefit plan(net of tax)	Total	
Balance as at April 1, 2015	2,450.00	(514.09)	-	-	(514.09)	1,935.91
Profit for the year	-	504.26	-	-	504.26	504.26
Other comprehensive income	-	-	-	0.09	0.09	0.09
Balance as at March 31, 2016	2,450.00	(9.83)	-	0.09	(9.74)	2,440.26
Profit for the year	-	585.96		-	585.96	585.96
Other comprehensive income	-	-	(16.84)	(0.73)	(17.57)	(17.57)
Balance as at March 31, 2017	2,450.00	576.13	(16.84)	(0.64)	558.65	3,008.65

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

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

per Yogesh Midha
Partner
Membership no: 94941
Place: Manila
Date: May 11, 2017

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

per G. Srinivas
Partner
Membership no: 86761
Place: NEW DELHI
Date: MAY 11, 2017.

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

Srinivas Bommidala
Managing Director
DIN-00061464

K. Narayana Rao
Whole Time Director
DIN-00016262

Radhakrishna Babu G.
Chief Financial Officer

Saurabh Jain
Company Secretary

Place: New Delhi
Date: May 11, 2017

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Standalone Cash Flow Statement for the year ended March 31, 2017
(All amounts in Rupees Crore, except otherwise stated)

	Notes	March 31, 2017	March 31, 2016
Cash flow from operating activities			
Profit before tax		1,126.46	624.94
Adjustment to reconcile profit before tax to net cash flows			
Depreciation and amortization expenses		638.83	703.57
Provision for Bad debts / Bad Debts Written off		1.73	0.03
Provision for Doubtful advances / Advances Written off		-	0.43
Interest income on deposits/current investment		(43.29)	(27.10)
Exchange differences unrealised (net)		(96.34)	138.18
Net gain on sale of current investments-Mutual fund		(97.43)	(47.99)
Reversal of finance charges on Cancellation of finance lease (refer note 32.1)		(7.01)	-
Profit on Sale of property plant and equipments		-	-
Loss on discard of property plant and equipments		1.59	0.13
Dividend income on non current investments carried at cost		(51.38)	(35.52)
Interest on Borrowings		426.57	511.28
Interest on prepayment of Borrowing [refer note 42 (e)]		40.88	-
Call spread option premium		40.70	-
Other borrowing costs		7.13	7.83
Deferred income on financial liabilities carried at amorised cost		(63.80)	(83.13)
Interest expenses on financial liability carried at amortised cost		49.87	45.03
Rent expenses on financial assets carried at amortised cost		0.21	0.31
Other interest		9.99	68.10
Fair valuation gain on Investments		(2.50)	(6.94)
Fair value gain on financial instruments (IRS) at fair value through profit or loss		(6.17)	4.24
		1,975.16	1,900.39
Working capital adjustment:			
Increase / (Decrease) in trade payables		40.66	(35.71)
(Decrease) in other non current liabilities		(33.67)	(61.58)
Increase in other current liabilities		48.10	11.81
Increase in non current deferred revenue		92.34	50.47
Increase / (Decrease) in current deferred revenue		4.13	(0.39)
Increase in non current financial liabilities		9.17	3.48
(Decrease) in current financial liabilities		(6.21)	(3.52)
(Increase) in trade receivables		(109.15)	(137.13)
(Increase) / Decrease in inventories		(0.24)	0.54
Decrease in other non current assets		0.44	0.50
Decrease / (Increase) in other current assets		13.33	(0.89)
Decrease in other current financial assets		17.59	39.05
Decrease / (Increase) in non current loans		1.01	(0.41)
Increase in current loans		(3.91)	(1.39)
Decrease in current provisions		2.79	0.54
Cash generated from operations		2,051.53	1,768.76
Direct taxes paid (net)		(195.00)	(117.02)
Net cash flow from operating activities (A)		1,856.53	1,651.74
Cash flows from investing activities			
Purchase of property plant and equipments, including CWIP and capital advances		(213.94)	(209.66)
Development fee (DF) realised		83.99	413.37
Proceeds from sale of property plant and equipments		-	-
Purchase of investment in associate		(2.40)	-
Purchase of current investments		(14,212.84)	(12,145.62)
Sale of current investments		13,085.86	11,491.01
Dividend Income		51.38	35.52
Interest received		37.73	23.89
Redemption / (investment) of Margin Money Deposit		42.07	(11.45)
Deposits with original maturity of more than three months		(12.15)	135.88
Net cash flow used in investing activities (B)		(1,141.10)	(267.06)
Cash flows from financing activities			
Proceeds from borrowings		3,493.92	-
Repayment of borrowings		(3,633.44)	(578.38)
Option premium paid		(14.96)	-
Derivative IRS- Mark to maket-Breakage Cost		(8.17)	-
Other borrowing costs paid		(7.13)	(7.83)
Collection of interest on DF loans from airlines		0.87	39.15
Interest paid		(400.08)	(549.54)
Net cash flow used in financing activities (C)		(568.99)	(1,096.60)
Net increase in cash and cash equivalents (A + B + C)		146.45	288.08
Cash and cash equivalents at the beginning of the period		407.67	119.59
Cash and cash equivalents at the end of the period		554.12	407.67
Components of cash and cash equivalents			
Cash on hand		0.03	0.04
Cheques/ drafts on hand		4.73	15.78
With banks			
- on current account		44.36	41.85
- on deposit account		505.00	350.00
Total cash and cash equivalents (Note 13)		554.12	407.67
Summary of significant accounting policies	3		

Explanatory notes annexed
1. Cash and cash equivalents includes balance on current account with banks for Rs. 2.34 Crore (March 31, 2016: Nil; April 1, 2015: Nil) in respect of Marketing Fund.

2. The accompanying notes are an integral part of these Standalone Financials Statements and have been taken on record by the board of directors vide their meeting dated May 11, 2017.

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

per Yogesh Midha
Partner
Membership no: 94941
Place: Manila
Date: May 11, 2017

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

per G. Srinivas
Partner
Membership no: 86761
Place: NEW DELHI
Date: MAY 11, 2017

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

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: May 11, 2017

1. Corporate information

Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited) ('DIAL' or 'the Company') is a Public Limited Company domiciled in India. It was incorporated as a Private Limited Company on March 1, 2006 under the provisions of the erstwhile Companies Act, 1956, (replaced with Companies Act 2013 with effect from April 1, 2014) and was converted into a Public Limited Company w.e.f. April 10, 2017. DIAL is into the business of 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.

The standalone financial statements were authorised for issue in accordance with a resolution of the directors passed in the Board Meeting held on May 11, 2017.

2. (A) Basis of preparation

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

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. For all periods up to and including the year ended March 31, 2016, the Company had prepared its standalone financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These standalone financial statements for the year ended March 31, 2017 are the first such financial statements which the Company has prepared in accordance with Ind AS. Refer to note 41 for information on how the Company adopted Ind AS.

The standalone financial statements have been prepared on historical cost convention on an accrual basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative Financial Instruments
- Certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

(B) 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 Control period of 5 years period (i.e. 2009 - 2014). The first control period of five years referred to above ended on March 31, 2014.

DIAL had filed an appeal before AERAAT on certain disputed issues in the Tariff order of First Control period (2009-2014), DIAL 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.

Subsequently AERA 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 pending before AERAAT. As per AERA order for second control period, tariff for aeronautical revenue will be reduced by 89.40% of the existing tariff (i.e. tariff as per the first control period).

DIAL has also filed an appeal with AERAAT against the AERA order No. 40/2015-16 dated December 08, 2015 (issued on December 10, 2015) for second control period on January 11, 2016. In view of above petitions pending on the implementation of AERA order for Second Control Period, the said order could not 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.

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. The tariff matters were listed for hearing by AERAAT on October 17, 2016; however, as extension for members of AERAAT was not approved till date, the matter was further adjourned till the next communication by AERAAT.

Tribunal has now been reconstituted. In February, 2017, Air India filed an SLP with Hon'ble Supreme Court for implementation of tariff order issued by AERA and Hon'ble Supreme Court only has given direction to AERAAT to dispose off the Tariff appeals within 2 months i.e. by April 2017. In compliance of the aforesaid Supreme Court order Tribunal has decided to hear Tariff appeals on priority. The Tariff appeal filed against the AERA order no 03/2012-13 are being heard and would be concluded in due course.

Basis the profit earned over the last five financial years and the Company's business plans and cash projections prepared by the management for the next one year considering the appropriate reduction in the existing tariff, 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. Significant Accounting Policies

Change in accounting estimate

The Company amortized upfront fee and other costs paid to Airport Authority of India ('AAI') over the initial period of OMDA i.e. 30 years.

However, the concession period can be extended for additional term of 30 years, on satisfaction of certain conditions attached to such renewal as contained in OMDA. The Company has accordingly taken the view that it shall avail full concession period i.e. 60 years as provided in OMDA. Accordingly, the Company has revisited and revised the estimate for amortizing the upfront fees and other cost paid to AAI over the initial and extended period of OMDA i.e 60 years, prospectively.

Had the Company continued to use the earlier estimate of amortizing the intangible assets, its standalone financial statements for the year would have been impacted as below:

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Amortization for the current period would have been higher by Rs. 12.01 crores. Profit before tax for the current period would have been lower by Rs. 12.01 crores and intangible assets would have been lower by Rs. 12.01 crores.

a. Use of estimates

The preparation of the standalone financial statements inconformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the standalone financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financials statements have been disclosed in note 32. Accounting estimates could change from year to year. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the standalone financial statements in the year in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

b. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when 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

The company classifies all other assets 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

The company classifies all other liabilities as non-current.

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

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

c. Investments in associates, Joint ventures and subsidiary

The company has accounted for its investments in associates joint ventures and subsidiaries at cost.

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Investments in subsidiaries, associates and joint ventures held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

d. Non-current assets held for sale:

The Company classifies non-current assets held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset.
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale to owners are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

e. 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 improvements under development as at the balance sheet date.

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

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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.

Development fee from any regulatory authority are recognized when there is reasonable assurance that it will be received / utilized and the Company will comply with the conditions attached to them.

(All amounts in Rupees Crores, except otherwise stated)

Development fee related to an asset, (net of direct amount incurred to earn aforesaid development fee) is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

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.

f. Depreciation on Property, Plant and Equipment

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.
The Property, plant and equipment acquired under finance lease is depreciated over the asset's useful life; or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Company will obtain ownership at the end of lease term..

On June 12, 2014, the Airport Economic Regulatory Authority ("the Authority") has 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, interalia, 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.

Leasehold Improvements are improvements, betterments, or modifications of leased property which will benefit the company for the period of more than one year. The amount of leasehold improvements are capitalised and amortised over the period of lease.

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g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

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.

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 finite.

h. Amortisation of intangible assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

The Company amortises, upfront fee paid as airport concession rights and other costs paid to AAI referred to above are recognized and amortized over the initial and extended period of OMDA i.e. 60 years. Other intangible assets are amortised over the useful life of asset or six years whichever is lower.

i. Borrowing cost

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

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

j. Leases

The determination of whether an agreement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangement entered into prior to April 1, 2015, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

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Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at fair value of the leased property on inception date or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs (refer note 32.1).

Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Income from operating lease is recognised on a straight-line basis over the term unless either:

- another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

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

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k. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes other directly associated costs in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

l. 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) fair value less cost of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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.

m. Provisions, Contingent liabilities and Commitments

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

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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 reporting date.

Provisions for onerous contracts are recognized when the expected benefits to be delivered by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established the Company recognizes any impairment loss on the assets associated with that contract.

n. Contingent assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

o. Retirement and other Employee Benefits

Defined benefit plan

Retirement benefit in the form of provident fund is a defined benefit scheme. DIAL contributes a portion of contribution to DIAL Employees Provident Fund Trust ('the Trust'). DIAL has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate which is determined by actuary and accounted by the DIAL as provident fund cost.

Retirement benefit in the form of Superannuation Fund and Employee State Insurance are defined contribution schemes and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. The Company has no obligation, other than the contribution payable to the respective trusts.

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.

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

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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 a reduction in future payment or a cash refund.

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

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

The date of the plan amendment or curtailment, and date that the Company recognises related restructuring costs.
The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

p. 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.

I) 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.

Subsequent measurement

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

a) Financial assets at amortised cost

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b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost: A 'Financial asset' 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.

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 other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 12.

Financial assets at FVTPL: FVTPL is a residual category for financial assets. Any Financial asset, 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 Financial assets, 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'). Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Profit and Loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

• The rights to receive cash flows from the asset have expired or

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

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

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

Impairment of financial assets

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

Financial assets measured at amortised cost e.g., deposits, trade receivables and bank balance.

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

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

II) Financial liabilities

Initial recognition and measurement

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 and derivative financial instruments.

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 respective carrying amounts is recognised in statement of Profit and Loss.

Offsetting of financial instruments

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

Subsequent measurement

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

Loans and borrowings

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

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

q. Derivative financial instruments and hedge accounting

Initial Recognition and subsequent measurement

The Company uses derivative financial instruments, such as call spread options and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively.

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

s. Foreign currencies

Functional Currency

The standalone financial statements are presented in Indian rupees (INR), which is also the Company's functional currency.

Transactions and Translations

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.

t. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

All assets and liabilities for which fair value is measured or disclosed in the standalone 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.

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

The Company determines the policies and procedures for recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuers are involved for valuation of significant assets or liabilities such as derivative instruments.

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

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

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

a) Disclosures for valuation methods, significant estimates and assumptions (note 37)

b) Quantitative disclosures of fair value measurement hierarchy (note 38)

c) Financial instruments (including those carried at amortised cost)

u. 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.

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.

Management Fee

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

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Interest income

Interest income 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.

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

Dividends

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

Claims

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

v. Taxes

Tax expense comprises current tax and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with 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.

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

- 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
- 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:

- 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the 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.

Minimum Alternate Tax ('MAT') paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on 'Accounting for Credit Available in respect of Minimum Alternative Tax' under IT Act, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT credit entitlement'. The Company reviews the 'MAT credit entitlement' asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

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Taxes, cess, duties such as sales tax/ value added tax/ service tax etc. paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of taxes paid, except:

- When the tax incurred on a purchase of assets, goods or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

w. Operating segments

The Company has only one reportable operating segment, which is operation of airport and providing allied services. Accordingly, the amounts appearing in the standalone financial statements relate to the Company's single operating segment.

x. Proposed dividend

As per Ind AS –10, 'Events after the Reporting period', the Company disclose the dividend proposed by board of directors after the balance sheet date in the notes to these standalone financial statements.

y. Earnings per share

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

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

z. Corporate Social Responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

za. Measurement of Earnings before interest, tax, depreciation and amortisation (EBITDA)

The company presents EBITDA as a separate line item on the face of statement of Profit and Loss, but including other income as separate line item on the face of statement of Profit and Loss.

The Company measures EBITDA on the basis of profit from the continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

zb. Recent accounting pronouncements

1 Standards issued but not yet effective

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'. These amendments are in accordance with recent amendments made by international accounting standard board (IASB) to IAS 7, 'Statement of Cash Flows'. The amendments are applicable to the Company from April 1, 2017.

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Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provides disclosure that enable user of standalone financials statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of reconciliation between 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 amendments and the effect of the standalone financial statement is being evaluated.

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4 Property, plant and equipments

	Buildings	Leasehold Improvement	Bridges, Culverts, Bunders,etc.	Electrical Installations and Equipment	Roads-Other than RCC	Runways, Taxiways & Apron etc.	Plant and Machinery	Office Equipment	Computer and data processing units	Furniture and Fittings	Vehicles	Total	Capital work in progress (CWIP)
Gross block (at cost)													
As at April 1, 2015	4,370.15	-	396.47	1,209.61	213.33	2,166.59	2,279.93	21.00	250.68	184.29	29.49	11,121.54	50.65
Reclassification (refer note (a) below)	14.60	-	-	22.27	-	-	(17.97)	-	-	-	(18.90)	-	-
Additions	26.10	-	-	7.82	0.74	13.92	42.98	0.58	14.50	18.82	0.09	125.55	13.22
Disposals	-	-	-	-	-	-	(0.31)	-	-	-	(0.33)	(0.64)	-
Adjustments	(0.36)	-	-	-	(0.57)	-	(0.09)	-	-	-	-	(1.02)	-
Development fund (Collection Charges) [Refer note 42 (a) (ii)]	2.46	-	0.11	0.39	0.11	0.57	1.29	-	-	0.08	-	5.01	-
As at March 31, 2016	4,412.95	-	396.58	1,240.09	213.61	2,181.08	2,305.83	21.58	265.18	203.19	10.35	11,250.44	63.87
Additions	19.67	7.47	-	29.17	4.46	12.21	20.23	0.86	11.69	34.32	2.45	142.53	60.07
Transfer of assets	-	-	-	(263.89)	-	-	(21.92)	-	(202.38)	(11.46)	(0.12)	(499.77)	
Adjustments	(2.48)	-	-	(0.02)	(0.01)	-	(0.60)	(11.24)	(4.78)	(2.20)	(0.27)	(21.60)	
Development fund (Collection Charges) [Refer note 42 (a) (ii)]	0.64	-	0.03	0.10	0.03	0.15	0.33	-	-	0.02	-	1.30	
As at March 31, 2017	4,430.78	7.47	396.61	1,005.45	218.09	2,193.44	2,303.87	11.20	69.71	223.87	12.41	10,872.90	123.94
Depreciation													
As at April 1, 2015	685.40	-	73.96	423.14	54.98	460.32	542.08	19.38	182.79	67.60	19.50	2,529.15	-
Charge for the year	148.15	-	13.28	143.37	31.11	92.99	185.48	0.87	40.48	23.46	2.76	681.95	-
Disposals	-	-	-	-	-	-	(0.13)	-	-	-	(0.33)	(0.46)	-
Reclassification (refer note (a) below)	3.69	-	-	4.97	-	-	6.02	-	-	-	(14.68)	-	-
As at March 31, 2016	837.24	-	87.24	571.48	86.09	553.31	733.45	20.25	223.27	91.06	7.25	3,210.64	-
Transfer of assets	-	-	-	(138.97)	-	-	(5.21)	-	(179.00)	(5.18)	(0.09)	(328.45)	
Charge for the year	148.16	0.91	13.28	118.94	31.08	92.43	192.14	0.62	5.65	24.33	1.09	628.63	-
Disposals	(0.67)	-	-	(0.00)	(0.01)	-	(0.35)	(11.23)	(4.70)	(1.96)	(0.27)	(19.19)	
At March 31, 2017	984.73	0.91	100.52	551.45	117.16	645.74	920.83	9.64	45.22	108.25	7.98	3,491.63	-
Net block					-								
As at April 1, 2015*	3,684.75	-	322.51	786.47	158.35	1,706.27	1,737.85	1.62	67.89	116.69	9.99	8,592.39	50.65
As at March 31, 2016	3,575.71	-	309.34	668.61	127.52	1,627.77	1,572.38	1.33	41.91	112.13	3.10	8,039.80	63.87
As at March 31, 2017	3,446.05	6.56	296.09	454.00	108.93	1,547.70	1,383.84	1.56	24.49	115.62	4.43	7,381.27	123.94

* Considered as deemed cost as per para D7AA of Ind AS 101 (Refer note 41.1).

a. Pursuant to the Schedule II of the Companies Act, 2013, the Company has reclassified some of its assets to new categories.

b. Buildings include space given on operating lease:
Gross block Rs. 215.64 Crore (March 31, 2016: Rs. 210.09 Crore; April 01, 2015: Rs. 208.55 Crore),
Depreciation charge for the year Rs. 7.17 Crore (March 31, 2016: Rs. 6.99 Crore),
Accumulated depreciation Rs. 48.75 Crore (March 31, 2016: Rs. 40.17 Crore; April 01, 2015:Rs. 33.18 Crore),
Net book value Rs. 166.89 Crore (March 31, 2016: Rs. 169.92 Crore; April 01, 2015:Rs. 175.37 Crore)

c. Property plant and equipment includes asset taken on finance lease as below:

	Electrical Installations and Equipment	Plant and Machinery	Computer and data processing units	Furniture and Fittings	Vehicles	Total
Gross block (at cost)						
As at April 1, 2015	263.89	21.92	202.38	11.46	0.12	499.77
Additions	-	-	-	-	-	-
As at March 31, 2016	263.89	21.92	202.38	11.46	0.12	499.77
Additions	-	-	-	-	-	-
Transfer of assets*	(263.89)	(21.92)	(202.38)	(11.46)	(0.12)	499.77
As at March 31, 2017	-	-	-	-	-	-
Depreciation						
As at April 1, 2015	112.54	3.67	143.90	3.81	0.07	263.99
Charge for the year	26.43	1.54	35.10	1.36	0.02	64.45
As at March 31, 2016	138.97	5.21	179.00	5.18	0.09	328.44
Charge for the year	-	-	-	-	-	-
Transfer of assets*	(138.97)	(5.21)	(179.00)	(5.18)	(0.09)	(328.44)
At March 31, 2017	-	-	-	-	-	-
Net block						
As at March 31, 2016	124.93	16.72	23.38	6.29	0.04	171.33
As at March 31, 2017	-	-	-	-	-	-

*During the financial year 2016-17, there is a modification in the terms of arrangement and as per the modified terms; this arrangement no longer contains an embedded lease. Accordingly Company has derecognised the assets and liabilities recognised under finance lease. (Also refer note 32.1)

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(All amounts in Rupees Crore, except otherwise stated)

5 Intangible assets

	Airport concessionaire rights	Computer software	Total
Cost			
At April 1, 2015	490.52	39.57	530.09
Additions	-	1.06	1.06
At March 31, 2016	490.52	40.63	531.15
Additions	-	0.53	0.53
At March 31, 2017	**490.52**	**41.16**	**531.68**
Amortisation			
At April 1, 2015	60.05	36.54	96.59
Charge for the year	20.50	1.12	21.62
At March 31, 2016	80.55	37.66	118.21
Charge for the year	8.20	1.20	9.40
At March 31, 2017	**88.75**	**38.86**	**127.61**
Net Block			
At April 1, 2015*	430.47	3.03	433.50
At March 31, 2016	409.97	2.97	412.94
At March 31, 2017	401.77	2.30	404.07

* Considered as deemed cost as per para D7AA of Ind AS 101 (Refer note 41.1).

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(All amounts in Rupees Crore, except otherwise stated)

6.1 Investment in subsidiaries, associates & joint ventures

	Non current		
	March 31, 2017	March 31, 2016	April 1, 2015
Investments carried at cost			
Unquoted equity shares fully paid up			
Investment in subsidiary			
Delhi Aerotropolis Private Limited 100,000 shares of Rs 10 each (March 31, 2016 : 100,000 shares of Rs 10 each, April 1, 2015 : 100,000 shares of Rs 10 each)	0.10	0.10	0.10
Investment in associates			
East Delhi Waste Processing Company Private Limited 7,839 shares of Rs 10 each (March 31, 2016 :7,839 shares of Rs 10 each, April 1, 2015 :7,839 shares of Rs 10 each)	0.01	0.01	0.01
Celebi Delhi Cargo Terminal Management India Private Limited 2,91,20,000 shares of Rs. 10 each (March 31, 2016 : 29,120,000 shares of Rs. 10 each, April 1, 2015 : 2,91,20,000 shares of Rs. 10 each)	29.12	29.12	29.12
Delhi Duty Free Services Private Limited 39,920,000 shares of Rs. 10 each (March 31, 2016 : 39,920,000 shares of Rs. 10 each, April 1, 2015 : 39,920,000 shares of Rs. 10 each)	39.92	39.92	39.92
Delhi Airport Parking Services Private Limited (refer note 6.2) 40,638,560 shares of Rs 10 each (March 31, 2016: Nil, April 1, 2015: Nil)	40.64	-	-
Travel Food services (Delhi Terminal 3) Private Limited 5,600,000 shares of Rs. 10 each (March 31, 2016 : 3,200,000 shares of Rs. 10 each, April 1, 2015 : 3,200,000 shares of Rs. 10 each)	5.60	3.20	3.20
TIM Delhi Airport Advertising Private Limited 9,222,505 shares of Rs. 10 each (March 31, 2016 : 9,222,505 shares of Rs. 10 each, April 1, 2015 : 9,222,505 shares of Rs. 10 each)	9.22	9.22	9.22
Investment in joint ventures			
Delhi Aviation Services Private Limited 12,500,000 shares of Rs. 10 each (March 31, 2016 : 12,500,000 shares of Rs. 10 each, April 1, 2015 : 12,500,000 shares of Rs. 10 each)	12.50	12.50	12.50
Delhi Aviation Fuel Facility Private Limited 42,640,000 shares of Rs. 10 each (March 31, 2016 : 42,640,000 shares of Rs. 10 each, April 1, 2015 : 42,640,000 shares of Rs. 10 each)	42.64	42.64	42.64
Wipro Airport IT Services Limited 1,300,000 shares of Rs. 10 each (March 31, 2016 : 1,300,000 shares of Rs. 10 each, April 1, 2015 : 1,300,000 shares of Rs. 10 each)	1.30	1.30	1.30
	181.05	138.01	138.01
Aggregate book value of unquoted non-current investment	181.05	138.01	138.01

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6.2 Current Investments

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Investments carried at fair value through profit or loss			
Investment in mutual fund			
Unquoted investments			
ICICI Prudential Liquid Regular Plan Growth [1,36,56,817.68 units (March 31, 2016 :10,534,675.60, April 1, 2015 : [1,230,627.04) of Rs. 100 each]	327.98	235.82	25.46
Bank of Baroda Mutual Fund [4,02,921.06 units (March 31, 2016 : Nil, April 1, 2015: 250,204.70) of Rs. 1000 each]	75.05	-	40.09
Axis Liquid Fund Growth [9,73,867.89 units (March 31, 2016 :797,658.28, April 1, 2015 : 578,845.39) of Rs. 1000 each]	175.10	133.67	89.65
Birla Sunlife Cash Plus- Inst - Growth [1,38,74,600.55 units (March 31, 2016 : 2,359,115.02, April 1, 2015 Nil) of Rs. 100 each]	408.63	57.28	-
IDFC Cash Fund Growth Regular Plan (7,61,522.75 units (March 31, 2016 :54,713.55, April 1, 2015 : 259,782.04) of Rs. 1000 each]	150.09	10.06	44.14
HDFC Liquid Fund (6,25,480.62 units (March 31, 2016 : 381,494.63, April 1, 2015 Nil) of Rs. 1000 each]	200.13	113.86	-
Kotak Liquid Scheme [5,77,802.97 units (March 31, 2016 : 204,511.87, April 1, 2015 Nil) of Rs. 1000 each]	190.13	62.77	-
Reliance Mutual Fund (77,28,843.10 units (March 31, 2016 : Nil, April 1, 2015 Nil) of Rs. 1000 each]	105.31	-	-
Sundaram Money Fund Regular – Growth [2,92,64,666.72 units (March 31, 2016 : 12,525,663.49, April 1, 2015 3,974,724.83) of Rs. 1000 each]	100.06	39.91	11.71
SBI Premier Liquid Fund - REGULAR PLAN -Growth [4,71,677.90 units (March 31, 2016 : 823,193.45, April 1, 2015: 91,131.37) of Rs. 1000 each]	120.07	195.60	20.01
DSP Mutual Fund (8,20,156.48 units (March 31, 2016 : 155,806.74, April 1, 2015 Nil) of Rs. 1000 each]	190.12	33.68	-
LIC Nomura Liqud Fund [1,70,270.79 units (March 31, 2016 : Nil, April 1, 2015 Nil) of Rs. 1000 each]	50.03	-	-
Tata Liquid Fund Plan A - Growth (Nil units (March 31, 2016 : Nil, April 1, 2015 62,345.08) of Rs. 1000 each]			16.08
Commercial Papers			
SREI Infrastructure Finance Limited [2000 units (March 31, 2016 : 1500, April 1, 2015 Nil) of Rs. 500000 each]	91.68	74.01	-
	2,184.38	956.66	247.14
Assets held for sale (at lower of carrying amount and fair value less costs to sell) [Refer Note 37, 38]			
Delhi Airport Parking Services Private Limited* [Nil shares (March 31, 2016;40,638,560 shares of 10 each, April 1, 2015: 40,638,560) of 10 each]	-	40.64	40.64
Total Assets classified as held for sale	-	40.64	40.64
Aggregate book value of unquoted investments	2,174.44	949.22	246.64
Aggregate book value of unquoted current investments	-	40.64	40.64
Aggregate market value of unquoted current investments in mutual funds	2,184.38	956.66	247.14

* As at March 31, 2017, management has assessed that the investment does not meet the criteria for classification as held for sale as per Ind AS 105 as sales is not highly probable i.e. it is not expected to qualify for recognition as a completed sale within one year from the reporting date. Such change in classification does not have any impact for the period including the prior period presented.

7. Loans

	Non current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Carried at amortised cost						
Security deposits						
Unsecured, considered good to others	1.25	2.25	1.84	2.16	0.24	0.38
	1.25	2.25	1.84	2.16	0.24	0.38
Advances						
Unsecured, considered good to related parties (refer note 35)	-	-	-	16.71	14.72	13.19
Doubtful, to related parties	2.82	2.82	2.82	-	-	-
Less: provision for doubtful advances	(2.82)	(2.82)	(2.82)	-	-	-
	-	-	-	16.71	14.72	13.19
Total	1.25	2.25	1.84	18.87	14.96	13.57

8. Other Financial assets

	Non current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Carried at amortised cost						
Development fund receivable [refer note 42 (a) (ii)]	-	-	106.35	-	83.99	456.20
Interest accrued on fixed deposits and others	-	-	-	15.19	9.63	6.42
Non-trade receivable [Net of Provision of Doubtful Debts Rs. 1.57 Crore (March 31, 2016 : Rs. 1.23 Crore and April 1, 2015: Rs. 3.40 crore)]	-	-	-	16.40	14.14	24.67
Unbilled revenue	-	-	-	5.66	25.72	54.55
Total other financial assets	-	-	106.35	37.25	133.48	541.84

9. Other assets

		Non current			Current		
		March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances		4.47	10.93	2.26	-	-	-
	(A)	4.47	10.93	2.26	-	-	-
Advances other than capital advance							
Advance to suppliers		-	-	-	23.70	12.81	9.65
Advance to employees					0.09	0.07	0.11
Other advances		-	-	-	0.45	0.45	0.65
Less: provision for doubtful advances		-	-	-	(0.45)	(0.45)	(0.65)
	(B)	-	-	-	23.79	12.88	9.76
Others							
Prepaid expenses		5.87	6.31	6.81	5.02	5.16	5.75
Deposit with government authorities including paid under protest [refer note 34 II (a)]		-	-	-	0.03	30.66	30.66
MAT credit entitlement		-	-	2.93	-	-	-
Service Tax Refund Receivable		-	-	-	0.73	-	-
CENVAT Receivable (Net)		-	-	-	7.42	1.26	3.46
Gratuity fund balance (net) [refer note 33]						0.36	
Advance Tax [net of provision for taxation Rs. 155.78 Crore (March 31, 2016: Rs. 93.80 Crore, April 1, 2015: Nil)]		80.95	80.12	76.90			
	(C)	86.82	86.43	86.64	13.20	37.44	39.87
Total other assets (A+B+C)		91.29	97.36	88.90	36.99	50.32	49.63

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(Amount in Rupees Crore, unless otherwise stated)

10. Income tax

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

	March 31, 2017	March 31, 2016
Accounting profit before tax	1,126.46	624.94
Tax at the applicable tax rate of 34.61% (March 31, 2016: 34.61%)	389.85	216.28
Tax effect of income that are not taxable in determining taxable profit:		
Exempt income not included in calculation of tax	(17.78)	(12.29)
Tax effect of expenses that are not deductible in determining taxable profit:		
Donation paid disallowed	3.60	1.60
Interest on delayed payment of Income Tax	1.60	0.28
Utilisation of previously unrecognised tax losses	-	(197.84)
MAT adjustment	238.69	129.07
Other adjustments	2.09	(0.61)
Previously unrecognised tax losses used to reduce deferred tax expense	-	(40.12)
Interest on delayed payment by customers (Unrealized)	(23.86)	-
Adjustments on which deferred tax is not created	(52.19)	21.43
Adjustment of tax relating to earlier years	(1.88)	-
MAT credit entitlement for earlier years written off	-	2.93
Tax effects on re-measurement gains (losses) on defined benefit plans	0.38	(0.05)
At the effective income tax rate of 48% (March 31, 2016: 19%)	540.50	120.68
Total tax expense reported in the statement of profit and loss	540.50	120.68

Deferred tax:

	Balance sheet			Statement of profit or loss	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Deferred tax liability					
Accelerated depreciation for tax purposes	(1,015.37)	(1,017.66)	(1,001.27)	2.29	(16.39)
Marketing Fund Liablity	-	(13.68)	-	13.68	(13.68)
Derivative liability-mark to market loss on IRS	(4.96)	-	-	(4.96)	-
On account of upfront fees being amortized using EIR method	(20.93)	(18.19)	-	(2.74)	(18.19)
Fair value of investment in mutual fund	(3.44)	(2.57)	-	(0.87)	(2.57)
	(1,044.70)	(1,052.10)	(1,001.27)	7.40	(50.83)
Deferred tax asset					
Unabsorbed depreciation	597.75	867.84	890.85	(270.09)	(23.01)
Others Disallowances	34.37	9.03	8.37	25.39	0.66
Unrealised forex loss on borrowings	17.26	-	-	17.26	-
Intangibles (Airport Concession rights)	69.96	73.84	77.73	(3.88)	(3.89)
Carry Forward Losses	-	85.73	24.32	(85.73)	61.41
Derivative liability-mark to market loss on IRS	-	4.96	-	(4.96)	4.96
Other borrowing cost to the extent not amortised	19.26	22.02	-	(2.76)	22.02
Marketing Fund Liablity	13.68	-	-	13.68	-
	752.28	1,063.42	1,001.27	(311.09)	62.15
Net deferred tax assets/(liabilities)	(292.42)	11.32	-	303.69	(11.32)

Reconciliations of net deferred tax liabilities / (assets)

	March 31, 2017	March 31, 2016
Opening balance as at beginning of the year	(11.27)	-
Tax income/(expense) during the period recognised in profit or loss	303.69	(11.32)
Tax income/(expense) during the period recognised in OCI	(0.38)	0.05
Closing balance as at March 31. 2017	292.04	(11.27)

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.

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11. Inventories

	March 31, 2017	March 31, 2016	April 1, 2015
(valued at lower of cost or net realizable value)			
Stores and spares	7.42	7.19	7.73
	7.42	7.19	7.73

12. Trade receivables

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Trade receivables			
Related parties	66.01	56.82	31.83
Others	832.87	734.64	622.82
	898.88	791.46	654.65
Break up for security details:			
Trade receivables			
Secured, considered good**	313.09	268.78	248.56
Unsecured, considered good	585.79	522.68	406.09
Unsecured, considered doubtful	2.66	1.38	8.03
	901.54	792.84	662.68
Less: Allowances for doubtful receivables	(2.66)	(1.38)	(8.03)
	898.88	791.46	654.65

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

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.

13 Cash and Cash Equivalent

	March 31, 2017	March 31, 2016	April 1, 2015
-Balances with Banks			
-On current accounts#	44.36	41.85	76.17
-Deposits with original maturity of less than three months*	505.00	350.00	38.11
Cheques / drafts on hand	4.73	15.78	5.28
Cash on hand	0.03	0.04	0.03
	554.12	407.67	119.59

Cash and cash equivalents includes balance on current account with banks for Rs. 2.34 Crore (March 31, 2016: Nil; April 1, 2015:Nil) in respect of Marketing Fund.

*Deposit with banks earns interest at floating rates based on daily bank deposit rates. 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 deposit rates.

At March 31, 2017, the Company has available Rs. 221.54 crore (March 31, 2016: Rs. 297.96 crore, April 1, 2015: Rs. 300.39 crore) of undrawn borrowing facilities for future operating activities.

14. Bank balances other than cash and cash equivalents

	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks:			
– Margin money deposit*	0.22	42.29	30.84
– Deposits with original maturity of more than three months but less than 12 months#	46.00	33.85	169.73
	46.22	76.14	200.57

* Rs. Nil (March 31, 2016 Rs. 42.09 Crore and April 1, 2015: Rs. 30.62 Crore) against Debt Service Reserve Account (DSRA) as per financing agreement.
Rs 0.22 Crore (March 31, 2016: Rs. 0.20 Crore and April 1,2015: Rs. 0.22 Crore) against License fee to South Delhi Municipal Corporation.

Deposits with bank includes Rs. 46.00 Crore (March 31, 2016: Nil and April 1, 2015: Nil) in respect of Marketing Fund.

Break up of financials assets carried at amortised cost and at fair value through profit and loss

	Non current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial assets carried at amortised cost						
Loans	1.25	2.25	1.84	18.87	14.96	13.57
Trade Receivable (refer note 12)	-	-	-	898.88	791.46	654.65
Other financial assets			106.35	37.25	133.48	541.84
Cash and cash equivalents (refer note 13)	-	-	-	554.12	407.67	119.59
Bank balance other than Cash and cash equivalents (refer note 14)	-	-	-	46.22	76.14	200.57
(A)	1.25	2.25	108.19	1,555.34	1,423.71	1,530.22
Financial assets caried at Fair value through profit or loss						
Investment in mutual funds				2,184.38	956.66	[illegible]
(B)	-	[illegible]	-	2,184.38	956.66	[illegible]
Total financial assets (A+B)	[illegible]	[illegible]	108.19	3,739.72	2,380.37	[illegible]

15 Equity Share Capital

	March 31, 2017	March 31, 2016	April 1, 2015
Authorised shares (No. in Crores)			
300 (March 31, 2016: 300, April 1, 2015: 300) equity shares of Rs. 10 each	3,000	3,000	3,000
	3,000	3,000	3,000
Issued, subscribed and fully paid-up shares (No. in Crores)			
245 (March 31, 2016: 245, April 1, 2015: 245) equity shares of Rs.10 each fully paid up	2,450	2,450	2,450
	2,450	2,450	2,450

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	March 31, 2017		March 31, 2016	
	No. Crore	(Rs. In Crores)	No. Crore	(Rs. In Crores)
At the beginning of the year	245	2,450	245	2,450
Issued during the year	-	-	-	-
Outstanding at the end of the year	245	2,450	245	2,450

b. Terms/Rights Attached to equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Further the shareholders have entered into share holders agreement whereby special rights have been assigned to the Airports Authority of India (AAI) in respect of appointment of the nominee director in the Board of Directors, approval of reserved Shareholders and Board matters by affirmative vote of the AAI. Further in case if any shareholder intends to the transfer its shares subject to restriction of lock in period in Operation, Management and Development

c. Shares held by holding/ intermediate holding company and its subsidiaries

Out of equity shares issued by the Company, shares held by its holding company, intermediate holding company and its subsidiaries are as below:

Name of Shareholder	March 31, 2017	March 31, 2016
GMR Infrastructure Limited, the intermediate holding company		
100 (March 31, 2016: 100) equity shares of Rs.10 each fully paid up	0.00	0.00
GMR Energy Limited, Subsidiary of the intermediate holding company		
100 (March 31, 2016: 100) equity shares of Rs.10 each fully paid up	0.00	0.00
GMR Airports Limited along with Mr. Srinivas Bommidala	0.00	-
1 (March 31, 2016: Nil) equity share of Rs.10 each fully paid up		
GMR Airports Limited along with Mr Grandhi Kiran Kumar	0.00	-
1 (March 31, 2016: Nil) equity share of Rs.10 each fully paid up		
GMR Airports Limited, the holding company		
156.80 Crore (March 31, 2016: 156.80 Crore) equity shares of Rs.10 each fully paid up	1,568	1,568

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

	March 31, 2017		March 31, 2016	
	Nunmbers	% holding in Class	Nunmbers	% Holding in Class
Equity shares of Rs. 10 each fully paid				
Airports Authority of India	637,000,000	26%	637,000,000	26%
GMR Airports Limited	1,567,999,798	64%	1,567,999,800	64%
Fraport AG Frankfurt Airport Services Worldwide	245,000,000	10%	245,000,000	10%
	2,449,999,798	100%	2,449,999,800	100%

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 legal ownership of shares as at the balance sheet date.

16 Other Equity

	March 31, 2017	March 31, 2016
Retained earnings		
Balance as per last financial statements	(9.74)	(514.09)
Add: Net profit for the year	585.96	504.26
Closing balance	576.22	(9.83)
Other Items of Comprehensive Income		
Cash flow hedge reserve [refer note 42 (p)]	(16.84)	-
Re-measurement gains on defined benefit plans	(0.73)	0.09
	(17.57)	0.09
	558.65	(9.74)

16.1 Proposed dividends on Equity shares: [refer note: 42 (q)]

	March 31, 2017	March 31, 2016
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended on March 31, 2017: Rs. 0.65 per share	159.25	
Dividend distribution tax (DDT) on proposed dividend	32.41	
	191.66	

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New Delhi

17 Borrowings

	Non - Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Secured loan						
Rupee term loans from: [refer note 42 (o)]						
Banks	-	2,117.38	1,106.42	-	49.96	2.48
Banks (against development fee)	-	-	89.06	-	84.00	456.20
Financial Institution	-	771.83	1,854.74	-	21.98	4.71
Foreign currency term loans:						
Banks	-	536.73	537.60	-	32.49	28.95
6.125% (2022) senior secured foreign currency notes	1,859.25	1,886.63	1,776.73	-	-	-
6.125% (2026) senior secured foreign currency notes	3,402.72	-	-	-	-	-
Finance lease Obligation :						
Obligation under finance leases (Refer note 34 I)	-	80.59	178.35	-	97.76	87.67
	5,261.97	5,393.16	5,542.90	-	286.19	580.01
Amount disclosed under the head "other current financial liabilities" (refer note 18)					(286.19)	(580.01)
Net amount	5,261.97	5,393.16	5,542.90	-	-	-

a. Rupee Term Loan (RTL) of Rs.Nil (March 31, 2016: Rs. 2,167.34 Crore, April 1, 2015: Rs.1,108.90 Crore), principal outstanding of Rs. Nil (March 31, 2016 Rs. 2,170.37 Crore, April 1, 2015: Rs.1,112.30 Crore) from Banks carries interest at Base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate during the period ranging from 10.65% to 11.00% p.a. (March 31, 2016: 10.65% to 11.75% per annum, April 1, 2015: 11.50% to 11.75% per annum).

b. Rupee Term Loan (RTL) of Rs. Nil (March 31, 2016: Rs.793.81 Crore, April 1, 2015: Rs.1859.45 Crore), principal outstanding of Rs. Nil (March 31, 2016 Rs. 794 Crore, April 1, 2015: Rs.1,859.67 Crore) from financial institutions carries interest at Base rate plus agreed spread, which is subject to reset at the end of agreed interval. The interest rate during the period ranging from 10.10% to 10.50% p.a. (March 31,2016: 10.50% to 10.70% p.a, April 1,2015: 10.70% to 11.50% p.a).

c. Foreign currency term loan of USD Nil (March 31, 2016 : USD 85.25 million, April 1, 2015.: USD 89.84 million), principal outstanding of Rs. Nil (March 31, 2016 : USD 86.45 million, April 1, 2015 : USD 91.24 million) carries interest at 6 months LIBOR plus agreed spread of 480 bps.

d. Rupee Term Loan (RTL) for principal outstanding of Rs.2,921.20 Crore and foreign currency term loan for outstanding of USD 83.92 Million as on October, 2016 have been refinanced in November,2016 with the proceeds of 6.125% (2026) Senior Secured Foreign Currency Notes (Notes) of USD 522.60 million (March 31, 2016: Nil, April 1, 2015: Nil) from International capital market carrying a fixed interest rate of 6.125% p.a. plus applicable withholding tax. The Notes are due for repayment in October, 2026. The loan is secured by first rank pari-passu charge on all the future revenues, receivables, Trust and Retention account, any other reserve, other bank accounts and insurance proceeds of the Company and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under OMDA.

e. 6.125% Senior Secured Foreign Currency Notes (Notes) of USD 283.42 million (March 31, 2016: USD 282.56 million, April 1, 2015: USD 281.75 million) , principal outstanding of USD 288.75 million (March 31, 2016: USD 288.75 million, April 1, 2015: USD 288.75 million) from International capital market carrying a fixed interest rate of 6.125% p.a. plus applicable withholding tax. The Notes are due for repayment in February, 2022. The loan is secured by first rank pari-passu charge on all the future revenues, receivables, Trust and Retention account, any other reserve, other bank accounts and insurance proceeds of the Company and all the rights, titles, interests, permits in respect of the project documents as detailed in the lenders agreements, to the extent permissible under OMDA.

f. Rupee Term Loan against Development Fees (DF) receipts from banks carries interest at fixed rate of Interest of 11.50% p.a. (March 31, 2016: 11.95% per annum). The loan is repayable from collection of DF receipts and repayment commitments are as per the loan agreement. The aforesaid loan was secured by pari passu first charge on DF receipts by the company. The loan has been fully repaid during the year ended March 31, 2017.

g. "Finance lease obligation" on account of IT and other assets is secured by hypothetication of these assets. The interest rate implicit in the lease is 10.11% to 10.55%. The finance lease obligation has been settled in full.

h. Financing Documents entered into with respect to Rupee Term Loan, Foreign Currency Loan from bank require certain financial covenants such as Debt Service Coverage Ratio, Debt to Equity Ratio etc, to be complied with. In respect of Rupee Term Loan and Foreign Currency Loan from bank, any failure to comply with any of the said financial covenants could lead to Event of Default under the Financing Documents. The Rupee Term loan and the Foreign Currency Loan from bank have been entirely refinanced with Foreign currency Notes, 2026 in October, 2016. With respect to Foreign Currency Notes 2022/2026, the Company has to follow Fixed Charge Coverage Ratio as provided under the Indenture for any additional indebtedness and other limitations. The Company has complied with the financial covenants prescribed in the financing documents and the Indenture.

18. Other Financial Liabilities

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial liabilities carried at fair value through OCI						
Cash flow hedge; Call spread option	-	-	-	42.58	-	-
	-	-	-	42.58	-	-
Financial liabilities carried at fair value through profit and loss						
Derivative not designated as hedge; Interest rate swap (refer note 37)	-	-	-	-	14.34	10.10
Total financial liabilities at Fair value through Profit and Loss	-	-	-	-	14.34	10.10
Other financial liabilities at amortised cost						
Security Deposits from trade concessionaires- related parties	148.75	132.01	115.97	1.37	0.73	0.46
Security Deposits from trade concessionaires- others	121.61	130.38	143.60	124.85	82.43	41.57
Security Deposits from commercial property developers	7.59	6.39	5.73	-	-	-
Earnest money deposits	-	-	-	4.50	3.90	3.53
Capital Creditors	0.00	6.73	12.77	49.25	36.91	36.25
Retention money - Non-trade	3.51	2.46	3.38	37.36	40.39	38.95
Liability for Voluntary retirement scheme	16.85	31.29	44.73	14.45	13.46	12.65
Current maturities of long term borrowings (refer note 17)	-	-	-	-	188.43	492.34
Current maturities of finance lease obligation (refer note 17)				-	97.76	87.67
Interest accrued but not due on borrowings	-	-	-	107.82	28.86	25.07
Total other financial liabilities at amortised cost	298.31	309.26	326.18	338.80	492.87	738.49
Total other financial liabilities	298.31	309.26	326.18	381.38	507.21	748.59

Financial liabilities at fair value through OCI

Financial liabilities at fair value reflect the change in fair value of call spread options, designated as cash flow hedges to hedge the future cash outflow in USD on settlement of foreign exchange borrowings of USD 602.6 million (Rs. 3,953.06 Crore) on senior secured foreign currency notes.

Financial liabilities at fair value through profit and loss

Interest rate swap of USD Nil (March 31, 2016: USD 86.45 million) [1.94% p.a. on notional amount payable semiannually and receive USD 6 months LIBOR, semi-annually] were effective from June 30, 2015.

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(All amounts in Rupees Crore, except otherwise stated)

19. Deferred Revenue

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Deferred income on financial liabilities carried at amorized cost	1,780.83	1,752.21	1,784.02	74.73	73.57	73.19
Unearned revenue	0.48	0.56	1.41	11.45	8.48	9.25
	1,781.31	1,752.77	1,785.43	86.18	82.05	82.44

Deferred income on financial liabilities carried at amorized cost

	March 31, 2017	March 31, 2016	April 1, 2015
At April 1	1,825.78	1,857.21	1,857.21
Deferred during the year	93.45	51.50	-
Released to the statement of profit and loss	(63.66)	(82.93)	-
	1,855.57	1,825.78	1,857.21

Unearned revenue

	March 31, 2017	March 31, 2016	April 1, 2015
At April 1	9.04	10.66	10.66
Deferred during the year	246.90	213.51	
Released to the statement of profit and loss	(244.01)	(215.13)	
	11.93	9.04	10.66

Deferred income on financial liabilities carried at amorized cost
Interest free security deposit received from concessionaire and commercial property developers (that are refundable in cash on completion of its term) are carried at amortised cost under Ind AS. Difference between the amortised value and transaction value of the security deposits received has been recognised as deferred revenue.

20. Other Liabilities

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Advances						
Advances from commercial property developers	95.60	121.77	175.85	94.74	104.75	95.66
Advance from customer	17.35	24.85	32.35	5.91	7.01	15.81
Others						
Development Fee Accrued (to the extent of not utilized) [refer note 42 (a) (ii)]	-	-	-	-	4.15	41.17
Other liabilities	-	-	-	13.52	19.21	16.22
Marketing fund liability [refer note 42 (i)]	-	-	-	53.43	-	-
Tax deducted at source/Tax Collected at source payable	-	-	-	55.90	43.25	33.85
Other statutory dues	-	-	-	2.79	3.96	4.83
	112.95	146.62	208.20	226.29	182.33	207.54

21 Trade payables

	31 March 2017	31 March 2016	1 April 2015
Trade Payable			
- Micro, Small and Medium Enterprises	1.19	0.67	1.02
- Related parties	214.44	151.43	117.67
- Others	215.77	238.28	306.95
	431.40	390.38	425.64

Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2006".

	March 31, 2017	March 31, 2016	April 1, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier:			
- Principal amount	1.19	0.67	1.02
- Interest thereon	-	-	-
The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day.	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-	-
The amount of interest accrued and remaining unpaid	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	-	-	-

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are normally settled on 60-day terms.
Related parties payable are payable on demand once they get due.

For explanations on the Company's credit risk management processes, refer to Note 39.

22. Provisions

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Provision for employee benefits (refer note 33)			
Provision for leave benefits	17.84	15.17	14.29
Provision for Gratuity	1.21	-	0.61
Provision for superannuation	0.29	0.27	-
	19.34	15.44	14.90

Break up of financial liabilities

	Non Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial liability carried at amortised cost						
Borrowings (refer note 17)	5,261.97	5,393.16	5,542.90	-	-	-
Trade Payables (refer note 21)	-	-	-	431.40	390.38	425.64
Other financial liabilities	298.31	309.26	326.18	338.80	492.87	738.49
Financial liabilities carried at fair value through profit and loss (refer note 37)	-	-	-	-	14.34	10.10
Financial liabilities carried at fair value through OCI (refer note 37)	-	-	-	42.58	-	-
	5,560.28	5,702.42	5,869.08	812.78	897.59	1,174.23

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(All amounts in Rupees Crore, except otherwise stated)

23. Revenue From Operations

	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of services		
Aeronautical	3,931.53	3,407.58
Non - Aeronautical (refer note 42 j)	1,528.47	1,579.52
Other operating revenue		
Revenue from commercial property development (refer note 42 j)	164.23	164.90
	5,624.23	5,152.00

24. Other Income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on financial asset carried at amortised cost		
Bank deposits and others	52.21	70.57
Security deposits given (refer note 42 j)	0.14	0.20
Dividend Income on non-current investments carried at cost	51.38	35.52
Other non-operating income		
Gain on sale of financial asset carried at Fair value through profit and loss		
- Current investments-Mutual fund	97.43	47.99
Exchange difference (net) [refer note 42 j]	96.34	-
Fair value gain on financial instruments (IRS) at fair value through profit or loss (refer note 42 j)	6.17	-
Fair value gain on financial instruments at fair value through profit and loss*	2.50	6.94
Miscellaneous income	0.82	0.22
	306.99	161.44

* Fair value gain on financial instrument at fair value through profit & loss relates to current investment in mutual funds.

25. Employee Benefits Expense

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	115.88	111.32
Contribution to provident and other funds (refer note 33)	8.75	8.39
Gratuity expenses [refer note 33 (b)]	1.24	1.36
Staff welfare expenses	3.60	4.41
	129.47	125.48

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26. Other expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Utility expenses	106.54	121.66
Repairs and maintenance		
Plant and machinery	95.20	83.82
Buildings	27.00	32.78
IT Systems	32.08	28.95
Others	9.14	6.00
Manpower hire charges	95.79	85.58
Airport Operator fees	151.05	128.68
Security expenses	13.61	9.89
Information technology and related expenses	2.75	46.27
Insurance	7.16	9.15
Consumables	11.30	8.85
Professional and consultancy expenses	47.19	48.76
Travelling and conveyance	16.51	14.15
Office maintenance and other expenses	6.40	4.33
Rates and taxes	8.28	8.32
Rent (including lease rentals)	9.65	9.99
Advertising and sales promotion	11.01	8.09
Communication costs	1.70	1.62
Printing and stationery	0.98	1.33
Directors' sitting fees	0.32	0.26
Payment to auditors (refer note A below)	1.89	2.16
Fair value loss on financial instruments (IRS) at fair value through profit or loss	-	4.24
Provision for Bad debts / Bad Debts Written off	1.73	0.03
Provision for Doubtful advances / Advances Written off	-	0.43
Exchange difference (net)	-	138.19
Corporate cost allocation	75.92	54.20
Loss on discard of Property, Plant and Equipment	1.59	0.13
Donations	2.89	1.51
CSR expenditure (refer note B below)	7.51	4.21
Marketing expenses	39.55	7.96
Expenses of commercial property development	43.13	44.99
Miscellaneous expenses	6.50	6.53
	834.37	923.06

A. Payment to Auditors (Included in other expenses above)

	For the year ended March 31, 2017	For the year ended March 31, 2016
As Auditor		
Audit fee	0.78	0.51
Tax audit fee	0.07	0.07
Other services		
- Other services (including certification fees)*	0.95	1.35
-Reimbursement of expenses	0.09	0.23
	1.89	2.16

* Professional fees of Rs 0.62 Crore (March 31, 2016: Rs. Nil) in connection with 6.125% of senior secured foriegn currency notes (2026) are amortised over the period of secured notes.

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B. Details of CSR expenditure:

	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Gross amount required to be spent by the Company during the year	8.38	4.63

(b) Amount spent during the year ending on 31st March, 2017:	**In cash**	**Yet to be paid in cash**	**Total**
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	7.01	0.50	7.51

b) Amount spent during the year ending on 31st March, 2016:	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	0.44	-	0.44
ii) On purposes other than (i) above	3.62	0.15	3.77

27. Finance Costs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on borrowings*	419.56	511.28
Call spread option premium	40.70	-
Other interest	9.99	68.10
Other borrowing costs		
-Bank charges	3.91	2.42
-Other cost	3.22	5.41
-Interest expenses on financial liability carried at amortised cost	49.87	45.03
	527.25	632.24

*Includes reversal of finance charges under finance lease obligation of Rs 7.01 crore (March 31, 2016 expenses of: Rs 24.73 crore) [refer note 34 I].

28. Depreciation and amortization expense

	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation on Property, Plant and Equipment	628.63	681.95
Amortization of intangible assets	9.40	21.62
	638.03	703.57

29. Exceptional items

	For the year ended March 31, 2017	For the year ended March 31, 2016
Loan prepayment charges [refer note 42 (o)]	40.80	-
	40.80	-

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(All amounts in Rupees Crore, except otherwise stated)

30. Components of OCI

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

During the year ended March 31, 2017	**For the year ended March 31, 2017**
Re-measurement gains (losses) on defined benefit plans	(0.73)
Cash Flow Hedge Reserve	(16.84)
	(17.57)

During the year ended March 31, 2016	For the year ended March 31, 2016
Re-measurement gains (losses) on defined benefit plans	0.09
	0.09

31. 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 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.

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

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit attributable to equity holders of the company	568.39	504.35
Profit attributable to equity holders of the parent for basic earnings	568.39	504.35
Weighted average number of equity shares used for computing Earning Per Share (Basic) & Diluted	245.00	245.00
	245.00	245.00
Earning Per Share (Basic) (Rs)	2.32	2.06
Earning Per Share (Diluted) (Rs)	2.32	2.06
Face value per share (Rs)	10.00	10.00

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32. Significant accounting judgements, estimates and assumptions

The preparation of the Company's standalone 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.

32.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Discounting rate

The Company has considered incremental borrowing rate of Airport sector as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost.

Non applicability of Service Concession Arrangement (SCA)

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. Under the agreement, AAI has granted exclusive right and authority to undertake some of the functions of the AAI being the functions of operation, maintenance, development, design, construction, upgradation, modernization, finance and management of the Airport and to perform services and activities at the airport constituting 'Aeronautical Services' and 'Non-Aeronautical Services'. For prices, aeronautical services are regulated, while the regulator has no control over determination of prices for Non-Aeronautical Services. The management of the Company conducted detailed analysis to determine applicability of Appendix A of Ind AS 11 and concluded that the same does not apply to DIAL. Company concession arrangement has significant non-regulated revenues, which are apparently not ancillary in nature, as these are important from DIAL, AAI and users/passengers perspective. Further, the regulated and non-regulated services are substantially interdependent and cannot be offered in isolation. The airport premise is being used both for providing regulated services (Aeronautical Services) and for providing non-regulated services (Non-aeronautical Services). Accordingly the management has concluded that SCA does not apply in its entirety to the Company.

Development Fund

The Airport Economic Regulatory Authority of India (AERA) had passed an order vide 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, December 28, 2012 and April 24, 2012 respectively, in respect of levy of Development fee (DF) at Delhi Airport. As per the facts of the matter, DIAL is collecting tax/levy for the purpose of bridging the funding gap i.e. essentially a viability gap funding made by AERA to meet the project cost. The amount of funding, its securitisation and utilisation is closely monitored by AERA. The DF collected is not in the nature of tariffs or charges to be collected from passengers for the purpose of concession, but a levy or tax that has been collected by DIAL on behalf of AAI and utilised for the expansion and up-gradation of the Airport. Accordingly, the management has concluded that DF is a levy or tax and has been used/ collected under a mechanism for building infrastructure that has been part of concession.

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Annual Fee to AAI

As per the Concession Agreement (OMDA) entered into with AAI in April 2006, the Company is required to pay to AAI annual fee (AF) each year at 45.99% on its projected revenue and same shall be payable in twelve equal monthly instalments (MAF), to be paid in each calendar month. As per Article 1.1 of Chapter I of OMDA, "Revenue" is defined to mean all pre-tax revenue of DIAL with certain specified exclusions.

Management of the Company is of the view that the certain income / credits arising on adoption of Ind-AS was not in contemplation of parties in April 2006 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent actual receipts from business operations, from any external sources and therefore, these incomes/ credits should not be treated as "Revenue" for calculation of MAF to AAI. Accordingly, the Company, basis above and Legal Opinion and discussions with consultants, has provided the monthly annual fee to AAI based on Revenue as per the Ind AS financial statements after adjusting such incomes/credits.

Leases: whether an arrangement contains a lease

Company in earlier years, had entered in to an IT service arrangement with a Wipro Airport IT Systems Limited (WAISL) to provide IT services at the Airport on its behalf. As per the agreement, Company pays or receives a variable charge to the WAISL depending upon the actual billing and subsistence level agreed. WAISL cannot offer such services to any other customer and it is not economically feasible for the WAISL to offer the level of services using any other equipment. Accordingly, although the arrangement is not in the legal form of lease, the Company concluded that the arrangement contains a lease of the IT equipment and other assets. The lease was classified as a finance lease at inception of the arrangement and payments were split into lease payments and payments related to the other elements based on their relative fair values. The imputed finance costs on the liability were determined based on incremental borrowing rate of interest.

However, in the financial year 2016-17, there is modification in the terms of arrangement and as per the modified terms; this arrangement no longer contains an embedded lease. Accordingly Company has derecognised the assets and liabilities recognised under finance lease.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounting cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

32.2 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 standalone 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.

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Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

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

Further details about gratuity obligations are given in Note 33.

Provision for Leave encashment

The present value of leave encashment is 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 discount rate, future salary increases, and withdrawal rates. Due to complexities involved in the valuation and its long term nature, provision for leave encashment is sensitive to changes in these assumptions. All assumptions are reviewed at each balance sheet date.

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor 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 37, 38 and 39 for further disclosures.

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Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;

c) ~~Hedges of a net investment in a foreign operation.~~

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges that meet the strict criteria for hedge accounting are accounted for as described below:

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

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

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

r. 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.

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33. Retirement and other employee Benefit:-

Employee Benefit:-

a) Defined benefit plans

During the year ended March 31, 2017, the Company has recognised Rs. 9.03 crore (March 31, 2016: Rs. 8.61 crore) as an expenses and included in Employee benefits expense as under the following defined contribution plans.

	For the year ended March 31, 2017	For the year ended March 31, 2016
benefits (Employer's contribution to):		
Provident and other fund#	5.73	5.51
Superannuation fund*	3.20	3.10
Total	**8.93**	8.61

#Transfer to CWIP & CPD Rs. 0.11 Crore (March 31, 2016: Rs. 0.14 Crore)

*Transfer to Capital work-in-progress ('CWIP') & CPD Rs. 0.07 Crore (March 31, 2016: Rs.0.09 Crore).

The Company makes contribution towards provident fund which is administered by the trustees. The rules of the Company's provident fund administered by a trust, require that if the board of the trustees are unable to pay interest at the rate declared by the government under para 60 of the Employees provident fund scheme, 1972 for the reason that the return on investment is less for any other reason, then the deficiency shall be made good by the Company making interest shortfall a defined benefit plan. Accordingly, the Company has obtained actuarial valuation and based on the below provided assumption there is no cumulative deficiency at the balance sheet date. Hence, the liability is restricted towards monthly contributions only.

As per the requirement of Ind AS 19 of the Institute of Chartered Accountants of India, benefits involving employer established provident funds, which require interest shortfalls to be re-compensated, are to be considered as defined benefit plans. Based on the actuarial valuation and on the assumptions provided below there is no cumulative short-fall which has been provided in the financial statements.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Plan assets at the year end, at fair value	94.27	82.23	76.41
Present value of benefit obligation at year end	94.27	82.23	76.41
Net (liability) recognized in the balance sheet	-	-	-

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All amounts in Rupees Crore, except otherwise stated)

Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	7.10%	7.80%	7.80%
Fund rate	9.50%	9.30%	9.30%
PFO rate	8.60% for the next one year	8.75% for the next one year and 8.60% thereafter	8.75% for the next one year and 8.60% thereafter
Withdrawal rate	5%	5%	5%
Mortality	Indian Assured Lives Mortality (2006-08) (modified)Ult *	Indian Assured Lives Mortality (2006-08) (modified)Ult *	Indian Assured Lives Mortality (2006-08) (modified)Ult *

*As published by IRDA and adopted as Standard Mortality Table as recommended by Institute of Actuaries of India effective April 1, 2013.

(b) Gratuity expense

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

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

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current Service Cost	1.31	1.41
Net Interest Cost	(0.07)	(0.04)

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

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Actuarial (gain)/loss due to DBO experience	0.39	(0.09)
Actuarial (gain)/loss due to DBO assumption changes	0.69	-
Actuarial (gain)/loss arising during period	1.08	(0.09)
Return on plan assets (greater)/less than discount rate	0.03	(0.05)
Actuarial (gains)/ losses recognized in OCI	1.11	(0.14)

Balance Sheet

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Defined benefit obligation	**(12.78)**	(10.66)	(9.92)
Fair value of plan assets	**11.57**	11.02	9.31
Plan asset / (liability)	**(1.21)**	0.36	(0.61)

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening defined benefit obligation	**10.66**	9.92	7.23
Interest cost	**0.78**	0.72	0.64
Current service cost	**1.31**	1.41	1.25
Acquisition cost	**0.24**	0.05	0.05
Benefits paid (including transfer)	**(1.29)**	(1.36)	(0.70)
Actuarial losses/ (gain) on obligation-experience	**1.08**	(0.08)	1.45
Closing defined benefit obligation	**12.78**	10.66	9.92

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	**11.02**	9.31	7.94
Acquisition Adjustment	**-**	(0.02)	-
Interest income on plan assets	**0.86**	0.77	0.79
Contributions by employer	**1.01**	2.28	1.62
Benefits paid (including transfer)	**(1.29)**	(1.37)	(0.70)
Return on plan assets greater/ (lesser) than discount rate	**(0.03)**	0.05	(0.34)
Closing fair value of plan assets	**11.57**	11.02	9.31

The Company expects to contribute Rs. 1.01 crore to gratuity fund during the year ended on March 31, 2018 (March 31, 2017: Rs. 2.28 crore March 31, 2016: Rs. 1.62 crore).

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	(%)	(%)	(%)
Investments with insurer managed funds	**100**	100	100

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All amounts in Rupees Crore, except otherwise stated)

Experience adjustments for the current and previous years are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation	(12.78)	(10.66)
Plan assets	11.57	11.02
Funded status	(1.21)	0.36
Experience (loss) adjustment on plan liabilities	(1.08)	0.08
Experience gain/ (loss) adjustment on plan assets	(0.03)	(0.10)
Actuarial gain due to change in assumptions	-	-

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate (in %)	7.10%	7.80%	7.80%
Salary Escalation (in %)	6.00%	6.00%	6.00%
Expected rate of return on assets	7.80%	7.80%	9.25%
Attrition rate (in %)	5.00%	5.00%	5.00%

A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is as shown below:

	March 31, 2017	March 31, 2016
Assumptions	**Discount rate**	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	(0.97)	(0.79)
Impact on defined benefit obligation due to decrease	1.12	0.91

Assumptions	**Future Salary Increase**	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	0.91	0.78
Impact on defined benefit obligation due to decrease	(0.85)	(0.72)

Assumptions	**Attrition rate**	
Sensitivity Level	1%	1%
Impact on defined benefit obligation due to increase	0.12	0.14
Impact on defined benefit obligation due to decrease	(0.14)	(0.16)

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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.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (March 31, 2016:10 years).

34. Commitments and Contingencies

I. Leases

Finance lease: Company as lessee

Particulars	March 31, 2017		March 31, 2016	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	-	-	112.40	97.76
After one year but not more than five years	-	-	84.30	80.59
Total minimum lease payments	-	-	196.70	178.35
Less: amounts representing finance charges	-	-	(18.35)	-
Present value of minimum lease payments	-	-	**178.35**	-

During financial year ended March 31, 2017, there is a modification in the terms of arrangement and as per the modified terms, arrangement no longer contains an embedded lease. Accordingly Company has derecognised the assets and liabilities recognised under finance lease (Refer note 32.1).

Operating lease: Company as lessee

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 0-5 years and are renewable upon agreement of both the Company and the lessor. There are no sub leases.

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

Particulars	**March 31, 2017**	March 31, 2016	April 1, 2015
Minimum Lease payment for the year (excluding taxes)	**9.65**	9.99	7.41
Minimum Lease Payments:			
Within one year	**2.78**	3.43	5.28
After one year but not more than five years	**4.73**	6.62	8.41
More than five years	-	-	-
Total future payments	**7.51**	10.05	13.69

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II. Contingent liabilities not provided for:

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i)	In respect of Income tax matters *	67.95	68.41	91.47
(ii)	In respect of Indirect tax matters [refer note (f) & (g) below and other matters]*	190.68	3.99	3.98
(iii)	Claim against the Company not acknowledged as debt [refer (e) below and other matters]*	41.47	41.47	41.47
(iv)	In respect of other matters [refer (h) below]	7.86	Nil	Nil

The Company has provided guarantee to an unrelated party for the performance in a contract. No liability is expected to arise.

*pertaining to various cases not included below

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 March 31, 2017 (March 31, 2016 & April 1, 2015: 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 March 31, 2017 (March 31, 2016: Rs. 60.96 crore). Further, interest of Rs 24.99 crore had also been provided till March 31, 2017 (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].

However, the Company has paid the balance amount of tax of Rs. 25.14 crores (after considering the amount of Rs. 30.66 crore paid under protest and Rs. 4.08 crore paid as self-assessment tax) on February 27, 2017 to SDMC as per demand letter no. Tax/ HQ/SDMC/2016/ D-1886 dated December 2, 2016 issued by SDMC under "Amnesty Scheme 2016-17" introduced by SDMC for waiver of full interest and penalty charges on payment of complete tax dues payable upto March 31, 2017. However, the matter is still pending with the Hon'ble High Court of Delhi and is now listed for hearing on July 07, 2017 for final settlement of the case.

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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 favourable judgment has been received vide High Court order dated February 14, 2017.

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 May 23, 2017. 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 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 March 31, 2017 (March 31, 2016 and April 1, 2015: 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 May 23, 2017.

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. 58.41 crore from April 1, 2014 till March 31, 2017 (March 31, 2016: Rs. 35.62 crore; April 1, 2015: Rs. 14.98 crore) towards the expenditure incurred on repair and maintenance of security equipment to the Statement of profit and loss which includes Rs. 22.79 crore during the year ended March 31, 2017 (March 31, 2016: Rs 20.64 crore; April 1, 2015: Rs. 14.98 crore).

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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. Till March 31, 2014, the Company had cumulatively utilized custom duty credit scrip amounting to Rs. 89.60 crore in lieu of payment of import duty in respect of import of fixed assets (including capital work in progress) and thus, recorded fixed assets (including capital work in progress) imported, at net amount (after excluding the amount of custom duty paid by using these scrips.

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 erstwhile Accounting Standard 12 – Accounting for Government Grants.

Accordingly, as allowed under para 15 of erstwhile Accounting Standard 12, 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.

Company had 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. Both the parties have appointed their arbitrators.

DIAL has already filed statement of claim before the tribunal and statement of defence on behalf of AAI is awaited. The next effective date of hearing before the tribunal is on July 13, 2017.

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.

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'.

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.

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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. Service tax liability on ADC, if any 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 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. Service tax liability, if any arises on DF, 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 financial statements.

h) During the year ended March 31, 2017, 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 airport area majorly consists of vacant land area which 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). However, based on same computation method as used for payment of property tax to SDMC, management has made payment of Rs. 1.15 crore towards property tax for financial year 2016-17 and requested DCB to withdraw its demand. The Company has disclosed remaining Rs. 7.86 crore as contingent liability in these financial statements related to pending demand of financial year 2016-17.

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The Company has obtained a legal opinion; wherein it has been opined that liability w.r.t. earlier years cannot be ruled out. As DCB has not raised any demand for earlier years, and the Company's application for adopting the same computation method as considered by SDMC, while arriving at the demand for the FY 2016-17, is pending / under consideration by DCB, the amount of liability for earlier years is unascertainable; and therefore no provision has been considered necessary by the Company against such demand in these financial statements.

III. **Financial guarantees-** The Company has not provided any financial guarantee other than performance guarantee on its own behalf, to any party.

IV. **Capital and Other Commitments:**

(a) Capital Commitments:

At March 31, 2017, the Company has estimated amount of contracts remaining to be executed on capital account not provided for [net of advances of Rs. 4.96 crore (March 31, 2016: Rs. 15.44 crore; April 1, 2015: Rs. 2.26 crore)] Rs. 138.92 crore (March 31, 2016: Rs. 94.63 crore; April 1, 2015: Rs. 77.29 crore).

(b) 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. During the year ended March 31, 2017, the Company has entered into "Call spread Option" with various banks for hedging the repayment of 6.125% Senior secured notes (2026) of USD 522.60 mn, which is repayable in October 2026. Under this option, the Company has purchased a call option for USD 522.60 mn at a strike price of Rs. 66.85/USD and written a call option for USD 522.60 mn at a strike price of Rs. 101.86/USD at October 31, 2026. As per terms of the agreements, the Company is required to pay premium of Rs. 1,241.30 crore (starting from January 2017 to October 2026), which is payable on quarterly basis. The Company has paid Rs. 14.96 crore towards premium till March 31, 2017 and remaining balance of Rs. 1,226.34 crore is payable as at March 31, 2017.

iv. During the year ended March 31, 2017, the Company has entered into "Call spread Option" with various banks for hedging the repayment of part of 6.125% Senior secured notes (2022) of USD 288.75 million, which is repayable in February 2022. Under this option, the Company has purchased a call option for USD 80.00 mn at a strike price of Rs. 68.00/USD and written a call option for USD 80 mn at a strike price of Rs.85.00/USD at February, 2022. As per terms of the agreements, the Company is required to pay premium of Rs. 94.33 crore (starting from April 2017 to January 2022), payable on quarterly basis.

With respect to Subsidiary, Joint ventures and associates:

v. 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, premium fees to WAISL, determined and mutually agreed on the basis of estimated receivable and subsistence level (as defined in the said MSA further amended vide addendum number 14, dated January 20, 2017). During the year ended March 31, 2017, the Company accounted for Rs. 2.75 crore towards such premium paid to WAISL and this is disclosed as "Information technology and related expenses" in Note 26 – 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. As at March 31, 2017, the Company has funded Rs. 11.09 Crore (March 31, 2016: Rs. 10.03 crore and April 1, 2015: Rs. 9.62 crore) towards shortfall in collection from customers.

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 March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount (Rs.)	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	11,976,000	119,760,000
Delhi Airport Parking Services Private Limited	18,853,703	188,537,030	18,853,703	188,537,030	18,853,703	188,537,030
Travel Food Services (Delhi Terminal 3) Private Limited	1,680,000	16,800,000	960,000	9,600,000	960,000	9,600,000

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

xi. In respect of its equity investment in East Delhi Waste Processing Company Private Limited, the Company along with SELCO International Limited has to maintain minimum 51% shareholding for a period of 2 years from the commissioning of the project and thereafter minimum 26% shareholding for next 10 years. The project is not yet commissioned.

35. Related Party

a) Names of related parties and description of relationship:

Description of relationship	Name of the related parties
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
Subsidiary company	Delhi Aerotropolis Private Limited
Associate company	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
	East Delhi Waste Processing Company Limited
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)
	GMR Warora Energy Limited
	GMR Pochanpalli Expressways Limited
	GMR Corporate Affairs Private Limited
	GMR Bajoli Holi Hydropower Private Limited
	GMR Tambaram Tindivanam Expressways Limited
	GMR Consulting Services Limited
	GMR Aerospace Engineering Limited
	GMR Infrastructure (Singapore) Pte Limited
	GMR Energy Trading Limited
	GMR Vemagiri Power Generation Limited
	GMR Goa International Airport Limited
	GMR Power Corporation Limited
	GMR Sports Private Limited
	GMR Tuni Anakapalli Expressways Limited
Joint ventures (where transactions have taken place)	Delhi Aviation Services Private Limited
	Delhi Aviation Fuel Facility Private Limited
	Wipro Airport IT Services Limited

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Description of relationship	Name of the related parties
Enterprises in respect of which the company is a joint venture	Airports Authority of India
	Fraport AG Frankfurt Airport Services Worldwide
Joint venture/Associate of member of a Group of which DIAL is a member	GMR Megawide Cebu Airport Corporation
Enterprises where significant influence of Key management Personnel or their relatives exists	GMR Varalaksmi Foundation
Post-employment benefit plan of the entity	DIAL Employee's provident fund trust
Key Management personnel	Mr. Srinivas Bommidala - Managing Director
	Mr. Grandhi Kiran Kumar - Executive Director
	Mr. K. Narayana Rao - Whole Time Director
	Mr. R.S.S.L.N. Bhaskarudu - Non- Executive Director
	Ms.Kameswari Vissa - Non- Executive Director
	Mr. KP Rao - Non- Executive Director
	Mr. NC Sarabeswaran - Non- Executive Director
	Mr. G. Subba Rao - Non - Executive Director
	Mr. GBS Raju - Non - Executive Director
	Mr. V. Somasundaram - Non - Executive Director
	Mr. Matthias Engler - Non - Executive Director
	Mr. Christoph H. Nanke - Non - Executive Director
	Mr. S. Suresh - Non - Executive Director
	Mr. A.K. Dutta - Non - Executive Director
	Mr. M. Ramachandran - Non - Executive Director
	Ms. Denitza Weizmantel - Non - Executive Director
Key Management personnel of holding company	Mr. G.M. Rao

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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35 (b) Summary of balances with the above related parties are as follows:

Balances as at Date	As At March 31, 2017	As At March 31, 2016	As At March 31, 2015
Investments in subsidiary, associates and Joint Ventures			
Investments in Unquoted Equity Share			
Subsidiary Company			
Delhi Aerotropolis Private Limited	0.10	0.10	0.10
Associate Companies			
East Delhi Waste Processing Company Limited	0.01	0.01	0.01
Celebi Delhi Cargo Terminal Management India Private Limited	29.12	29.12	29.12
Delhi Duty Free Services Private Limited	39.92	39.92	39.92
Travel Food services (Delhi Terminal 3) Private Limited	5.60	3.20	3.20
TIM Delhi Airport Advertising Private Limited	9.22	9.22	9.22
Delhi Airport Parking Services Private Limited	40.64	-	-
Joint ventures			
Delhi Aviation Services Private Limited	12.50	12.50	12.50
Delhi Aviation Fuel Facility Private Limited	42.64	42.64	42.64
Wipro Airport IT Services Limited	1.30	1.30	1.30
Assets held for sale			
Investments in Unquoted Equity Share			
Associate Companies			
Delhi Airport Parking Services Private Limited	-	40.64	40.64
Trade Receivables (including marketing fund)			
Intermediate holding company			
GMR Infrastructure Limited	0.47	1.28	-
Enterprises in respect of which the company is a joint venture			
Airports Authority of India	0.04	-	0.04
Associate Companies			
Delhi Duty Free Services Private Limited	13.17	13.88	12.31
TIM Delhi Airport Advertising Private Limited	30.35	21.76	0.04
Delhi Airport Parking Services Private Limited	2.30	1.94	1.02
Travel Food Services (Delhi Terminal 3) Private Limited	1.02	4.92	6.64
Celebi Delhi Cargo Terminal Management India Private Limited	14.35	11.92	9.71
Joint ventures			
Delhi Aviation Services Private Limited	-	-	0.41
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)			
GMR Aviation Private Limited	0.18	0.14	[illegible]

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Balances as at Date	As At March 31, 2017	As At March 31, 2016	As At March 31, 2015
GMR Energy Limited	-	-	1.02
GMR Badrinath Hydro Power Generation Private limited	-	-	0.61
GMR Consulting Services Limited	1.26	1.30	-
GMR Chhattisgarh Energy Limited	1.21	-	-
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.11	0.37	-
GMR Vemagiri Power Generation Lmited	0.90	-	-
GMR Kamalanga Energy Limited	0.35	-	-
GMR Bajoli Holi Hydropower Private Limited	0.30	-	-
Other Financial Assets – Current			
Unbilled revenue including Utility recovery not billed			
Enterprises in respect of which the company is a joint venture			
Airports Authority of India	1.09	1.02	0.66
Associate Companies			
Delhi Airport Parking Services Private Limited	-	-	0.04
TIM Delhi Airport Advertising Private Limited	-	-	18.18
Delhi Duty Free Services Private Limited	-	-	2.17
Celebi Delhi Cargo Terminal Management India Private Limited	-	-	0.08
Joint ventures			
Delhi Aviation Services Private Limited	-	-	0.01
Reversal of Unbilled Revenue			
Associate Companies			
Travel Food Services (Delhi Terminal 3) Private Limited	0.29	-	0.84
Delhi Airport Parking Services Private Limited	0.59	-	-
Other Financial Assets – Current			
Non- Trade Receivables (including marketing fund)			
Intermediate holding company			
GMR Infrastructure Limited	0.05	0.03	-
Enterprises in respect of which the company is a joint venture			
Airports Authority of India	0.71	1.37	2.03
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)			
GMR Consulting Services Limited	0.78	0.41	-
GMR Chhattisgarh Energy Limited	0.24	0.02	-
GMR Tambaram Tinidivanam Expressways Limited	0.03	0.02	-
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.10	0.03	-
GMR Energy Limited	-	-	0.65
GMR Kamalanga Energy Limited	0.02	-	-
GMR Aviation Private Limited	0.02	-	-

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Balances as at Date	As At March 31, 2017	As At March 31, 2016	As At March 31, 2015
GMR Bajoli Holi Hydropower Private Limited	0.03	-	-
GMR Vemagiri Power Generation Lmited	0.18	-	-
Associate Companies			
Travel Food Services (Delhi Terminal 3) Private Limited	0.37	0.40	0.33
Celebi Delhi Cargo Terminal Management India Private Limited	0.58	1.26	0.98
Delhi Airport Parking Services Private Limited	0.16	0.17	0.16
TIM Delhi Airport Advertising Private Limited	0.23	0.21	2.14
Delhi Duty Free Services Private Limited	1.20	0.23	4.87
Joint ventures			
Delhi Aviation Services Private Limited	0.74	1.66	0.47
Loans and Advances- Current			
Subsidiary Company			
Delhi Aerotropolis Private Limited	0.14	0.07	0.07
Joint ventures			
Delhi Aviation Services Private Limited	0.13	0.13	0.07
Delhi Aviation Fuel Facility Private Limited	0.15	0.15	0.15
Wipro Airport IT Services Limited	6.27	4.62	0.70
Associate Companies			
Delhi Airport Parking Services Private Limited	0.08	0.35	0.17
Travel Food Services (Delhi Terminal 3) Private Limited	0.17	0.12	0.06
Celebi Delhi Cargo Terminal Management India Private Limited	0.19	0.08	0.06
Delhi Duty Free Services Private Limited	0.05	0.09	0.05
TIM Delhi Airport Advertising Private Limited	0.32	0.26	0.09
Enterprises in respect of which the company is a joint venture			
Airports Authority of India	7.03	6.80	7.80
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)			
GMR Kamalanga Energy Limited	-	0.05	0.01
Kakinada SEZ Limited	0.17	0.07	0.07
GMR Hyderabad International Airport Limited	0.23	0.12	-
GMR Male International Airport Private Limited	1.40	1.40	1.14
GMR Aerospace Engineering Limited	-	0.11	0.16
GMR Energy Limited	0.01	-	-
GMR Power Corporation Limited	-	-	0.01
GMR Airport Developers Limited	-	0.07	-
GMR Infrastructure (Singapore) Pte Limited	-	0.21	2.33

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Balances as at Date	As At March 31, 2017	As At March 31, 2016	As At March 31, 2015
GMR Bajoli Holi Hydropower Private Limited	0.01	-	-
GMR GOA International Airport Limited	0.25	-	-
GMR Power Corporation Limited	-	-	0.01
Joint Venture/Associate of member of a Group of which DIAL is a member			
GMR Megawide Cebu Airport Corporation	0.08	0.01	0.25
Loans and Advances- Non-Current			
Joint ventures			
Wipro Airport IT Services Limited	2.82	2.82	2.82
Trade payable (including marketing fund)			
Intermediate holding company			
GMR Infrastructure Limited	11.88	7.71	3.98
Holding company			
GMR Airports Limited (formerly GMR Airports Holding Private Limited)	8.93	10.23	7.20
Enterprises in respect of which the company is a joint venture			
Fraport AG Frankfurt Airport Services Worldwide	79.99	68.35	55.01
Airports Authority of India-	113.31	63.46	50.42
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)			
Raxa Security Services Limited	2.77	0.57	0.47
GMR Aviation Private limited	-	-	0.45
GMR Energy Trading Limited	2.33	-	-
GMR Airport Developer Limited	-	-	0.12
GMR Hyderabad International Airport Limited	-	-	0.02
Associate Companies			
TIM Delhi Airport Advertising Private Limited	-	0.14	0.29
Delhi Duty Free Services Private Limited	-	0.97	-
Other Financial Liabilities amortised at cost- Non-current			
Liability for voluntary retirement scheme			
Enterprises in respect of which the company is a joint venture			
Airports Authority of India	16.85	31.29	44.73
Provision for Doubtful Advances			
Joint ventures			
Wipro Airport IT Services Limited	2.82	2.82	-

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Balances as at Date	As At March 31, 2017	As At March 31, 2016	As At March 31, 2015
Other Financial Liabilities amortised at cost- Current			
Liability for voluntry retirement scheme			
Enterprises in respect of which the company is a joint venture			
Airports Authority of India	14.45	13.46	12.65
Other Financial Liabilities- Current			
Earnest Money Deposit			
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)			
GMR Bajoli Holi Hydropower Private Limited	0.05	-	-
Deferred Revenue			
Unearned Revenue			
Associate Companies			
TIM Delhi Airport Advertising Private Limited	0.13	0.08	0.05
Other Financial Liabilites- Current			
Security Deposits from trade concessionaires			
Associate Companies			
Delhi Duty Free Services Private Limited	1.19	-	0.35
Delhi Airport Parking Services Private Limited	0.01	0.14	0.00
Celebi Delhi Cargo Terminal Management India Private Limited	-	0.11	0.11
Delhi Duty Free Services Private Limited	-	0.23	-
Joint ventures			
Delhi Aviation Services Private Limited	0.06	0.06	-
Security Deposits from trade concessionaires- Non-Current			
Joint ventures			
Delhi Aviation Fuel Facility Private Limited	20.48	17.11	15.24
Delhi Aviation Services Private Limited	10.24	9.12	8.12
Associate Companies			
Celebi Delhi Cargo Terminal Management India Private Limited	17.91	15.94	13:20
Delhi Airport Parking Services Private Limited	0.68	0.32	0.40
Delhi Duty Free Services Private Limited	89.73	80.47	71.87
TIM Delhi Airport Advertising Private Limited	7.91	7.05	6.28
Travel Food Services (Delhi Terminal 3) Private Limited	1.44	1.28	0.81
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)			
GMR Aviation Private Limited	-	-	0.06

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Balances as at Date	As At March 31, 2017	As At March 31, 2016	As At March 31, 2015
Deferred Revenue			
Deferred Income on financial liabilities carried at amortised cost – Current			
Associate Companies			
Delhi Airport Parking Services Private Limited	0.15	0.11	0.12
Delhi Duty Free Services Private Limited	12.70	12.73	12.75
Celebi Delhi Cargo Terminal Management India Private Limited	5.12	5.12	4.76
TIM Delhi Airport Advertising Private Limited	1.60	1.60	1.60
Travel Food Services (Delhi Terminal 3) Private Limited	0.15	0.15	0.10
Joint ventures			
Delhi Aviation Fuel Facility Private Limited	6.30	5.91	5.91
Delhi Aviation Services Private Limited	1.02	1.02	1.01
Deferred Income on financial liabilities carried at amortised cost - Non-Current			
Associate Companies			
Delhi Airport Parking Services Private Limited	2.01	2.08	2.19
Delhi Duty Free Services Private Limited	93.99	106.86	119.77
Celebi Delhi Cargo Terminal Management India Private Limited	86.60	91.72	90.13
TIM Delhi Airport Advertising Private Limited	19.49	21.11	22.73
Travel Food Services (Delhi Terminal 3) Private Limited	0.39	0.54	0.49
Joint ventures			
Delhi Aviation Fuel Facility Private Limited	110.62	109.67	115.67
Delhi Aviation Services Private Limited	2.41	3.44	4.47
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)			
GMR Aviation Private Limited	0.09	0.09	0.10
Borrowings			
Secured loan (Financial Lease Obligation- Non Current)			
Joint ventures			
Wipro Airport IT Services Limited	-	80.59	178.35
Secured loan (Financial Lease Obligation- Current)			
Joint ventures			
Wipro Airport IT Services Limited	-	97.76	87.67

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35 (c) Summary of transactions with the above related parties is as follows:

Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Non-current investments		
Investment made in Equity Share		
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	2.40	-
Security Deposits from trade concessionaires		
Security Deposits Received		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.29	0.01
Celebi Delhi Cargo Terminal Management India Private Limited	-	9.63
Travel Food Services (Delhi Terminal 3) Private Limited	-	0.64
Delhi Duty Free Services Private Limited	0.67	-
Joint ventures		
Delhi Aviation Fuel Facility Private Limited	10.64	-
Delhi Aviation Services Private Limited	-	0.07
Security Deposits from trade concessionaires		
Deposits Refunded		
Associate Companies		
Delhi Duty Free Services Private Limited	0.30	0.30
Key Managerial Remuneration paid/ payable		
Short-term employee benefits		
Mr. Grandhi Kiran Kumar	2.72	2.47
Mr. Srinivas Bommidala	2.72	2.47
Mr. K. Narayana Rao	1.32	1.24
Post employment benefits		
Mr. Grandhi Kiran Kumar	0.94	0.91
Mr. Srinivas Bommidala	0.94	0.94
Mr. K. Narayana Rao	0.36	0.26
Annual Fee to Airport Authority of India (AAI)		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	2,634.84	2,304.15
Interest on Revenue share		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	4.87	2.10

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Other Interest		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	0.16	-
CSR activities/Donations		
Enterprises where significant influence of key Management personnel or their relative exists		
GMR Varalakshmi Foundation	6.14	1.94
Interest Income		
Joint ventures		
Delhi Aviation Services Private Limited	0.19	2.76
Associate Companies		
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	-
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Tambaram Tinidivanam Expressways Limited	0.01	-
Consultancy fees paid		
Enterprises in respect of which the Company is a joint venture		
Fraport AG Frankfurt Airport Services Worldwide	0.07	0.28
Airports Authority of India	0.12	-
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Corporate Affairs Private Limited	-	0.26
Holding company		
GMR Airports Limited	-	0.07
Manpower hire charges		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	40.20	36.37
Airport Operator fees		
Enterprises in respect of which the Company is a joint venture		
Fraport AG Frankfurt Airport Services Worldwide	151.05	128.68
Expenses incurred by Company on behalf of related parties		
Intermediate Holding company		
GMR Infrastructure Limited	0.01	0.02

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Holding company		
GMR Airports Limited	6.19	6.29
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	-	0.60
Joint ventures		
Delhi Aviation Services Private Limited	0.46	0.43
Associate Companies		
Celebi Delhi Cargo Terminal Management India Private Limited	0.43	0.41
TIM Delhi Airport Advertising Private Limited	0.61	0.58
Delhi Airport Parking Services Private Limited	0.54	0.68
Travel Food Services (Delhi Terminal 3) Private Limited	0.42	0.40
Delhi Duty Free Services Private Limited	0.31	0.30
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	0.03	0.14
GMR Tuni Anakapalli Expressways Limited	0.01	-
GMR Pochanpalli Expressways Limited	0.01	-
GMR Hyderabad International Airport Limited	0.14	0.22
Raxa Security Services Limited	1.07	0.90
Kakinada SEZ Limited	0.10	0.18
GMR Bajoli Holi Hydropower Private Limited	0.01	-
GMR Kamalanga Energy Limited	-	0.04
GMR Energy Trading Limited	0.01	-
GMR Male International Airport Private Limited	-	0.06
Joint Venture/Associate of member of a Group of which DIAL is a member		
GMR Megawide Cebu Airport Corporation	0.07	-
Expenses incurred by related parties on behalf of Company		
Holding company		
GMR Airports Limited	0.47	0.84
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	0.06	0.04
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Hyderabad International Airport Limited	0.04	-
GMR Sports Private Limited	0.01	0.01
Joint Venture/Associate of member of a Group of which DIAL is a member		
GMR Megawide Cebu Airport Corporation	-	0.03

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Corporate Cost Allocation		
Intermediate Holding company		
GMR Infrastructure Limited	37.90	33.55
Holding company		
GMR Airports Limited	38.03	20.65
Services Received		
Travelling & Conveyance- Chartering Cost		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	3.67	3.47
Security related expenses		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
Raxa Security Services Limited	15.70	13.78
Information technology and related expenses		
Joint ventures		
Wipro Airport IT Services Limited	2.75	18.14
Repair and Maintenance - IT System		
Joint ventures		
Wipro Airport IT Services Limited	0.08	1.52
Power		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Energy Trading Limited	3.32	-
Rent (including lease rentals)		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	-	0.03
Directors' sitting fees		
Key Management Personnel		
Mr. R.S.S.L.N. Bhaskarudu	0.06	0.07
Ms. Kameswari Vissa	0.05	0.06
Mr. KP Rao	0.02	0.06
Mr. NC Sarabeswaran	0.05	0.06
Mr. G. Subba Rao	0.03	0.03
Mr. GBS Raju	0.01	-
Mr. V. Somasundaram	-	-
Mr. Matthias Engler	0.02	0.02

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Mr. Christoph H. Nanke	-	-
Mr. S. Suresh	0.02	0.01
Mr. A.K. Dutta	0.01	-
Mr. M. Ramachandran	0.02	-
Ms. Denitza Weizmantel	-	-
Key management personnel of the holding company		
Mr. G.M. Rao	0.01	0.01
Electricity charges recovered		
Intermediate holding company		
GMR Infrastructure Limited	0.12	0.07
Joint ventures		
Delhi Aviation Services Private Limited	12.10	10.02
Associate Companies		
Delhi Airport Parking Services Private Limited	1.76	1.64
Celebi Delhi Cargo Terminal Management India Private Limited	14.61	14.08
TIM Delhi Airport Advertising Private Limited	3.23	3.27
Travel Food Services (Delhi Terminal 3) Private Limited	3.15	3.56
Delhi Duty Free Services Private Limited	2.51	2.72
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.01	0.01
GMR Energy Limited	-	0.21
GMR Chhattisgarh Energy Limited	0.18	0.22
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.28	0.19
GMR Tambaram Tinidivanam Expressways Limited	0.12	0.07
GMR Consulting Services Limited	0.33	0.48
GMR Vemagiri Power Generation Limited	0.16	-
GMR Kamalanga Energy Limited	0.02	-
GMR Bajoli Holi Hydropower Private Limited	0.02	-
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	15.93	14.10
Water charges recovered		
Joint ventures		
Delhi Aviation Services Private Limited	0.11	0.10
Associate Companies		
Delhi Airport Parking Services Private Limited	0.43	0.40
Travel Food Services (Delhi Terminal 3) Private Limited	0.35	0.43

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Celebi Delhi Cargo Terminal Management India Private Limited	1.18	1.00
Delhi Duty Free Services Private Limited	0.02	0.01
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Bajoli Holi Hydropower 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	0.02
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	0.61	0.39
Water charges recoverable written off		
Airports Authority of India	0.99	-
Space Rental & Land Licence fee.		
Intermediate holding company		
GMR Infrastructure Limited	2.10	1.14
Joint ventures		
Delhi Aviation Fuel Facility Private Limited	17.15	15.98
Delhi Aviation Services Private Limited	0.16	0.09
Associate Companies		
TIM Delhi Airport Advertising Private Limited	1.49	1.39
Celebi Delhi Cargo Terminal Management India Private Limited	27.38	25.05
Delhi Duty Free Services Private Limited	1.75	1.56
Fellow subsidiaries (including subsidiary companies of the ultimate Holding company)		
GMR Energy Limited	-	0.88
GMR Aviation Private Limited	0.05	0.07
GMR Chhattisgarh Energy Limited	0.95	1.47
GMR Consulting Services Limited	0.95	1.47
GMR Tambaram Tinidivanam Expressways Limited	2.10	1.14
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	1.66	1.47
GMR Vemagiri Power Generation Limited	0.71	-
GMR Kamalanga Energy Limited	0.71	-
GMR Bajoli Holi Hydropower Private Limited	0.71	-
Concession fees received		
Joint ventures		
Delhi Aviation Services Private Limited	6.61	6.38
Associate Companies		
Delhi Airport Parking Services Private Limited	18.48	16.10
TIM Delhi Airport Advertising Private Limited	140.59	118.26
Delhi Duty Free Services Private Limited	325.10	305.13

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Celebi Delhi Cargo Terminal Management India Private Limited	124.34	111.41
Travel Food Services (Delhi Terminal 3) Private Limited	14.72	15.01
Airport Service, Common Area Maintenance, Screening & Other Charges		
Intermediate holding company		
GMR Infrastructure Limited	0.33	0.18
Joint ventures		
Delhi Aviation Services Private Limited	0.01	0.01
Associate Companies		
Travel Food Services (Delhi Terminal 3) Private Limited	1.67	2.46
Celebi Delhi Cargo Terminal Management India Private Limited	-	0.78
TIM Delhi Airport Advertising Private Limited	0.16	0.15
Delhi Duty Free Services Private Limited	5.06	4.55
Delhi Airport Parking Services Private Limited	0.02	0.02
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Energy Limited	-	0.09
GMR Consulting Services Limited	0.10	0.16
GMR Chhattisgarh Energy Limited	0.10	0.16
GMR Tambaram Tinidivanam Expressways Limited	0.33	0.18
GMR Warora Energy Limited (formerly Known as EMCO Energy Limited)	0.18	0.16
GMR Vemagiri Power Generation Limited	0.08	-
GMR Kamalanga Energy Limited	0.08	-
GMR Bajoli Holi Hydropower Private Limited	0.08	-
Aeronautical Revenue		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Aviation Private Limited	0.27	0.25
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	0.11	0.06
Other Income		
Income from Long Term Investments-		
Dividend Income		
Joint ventures		
Delhi Aviation Fuel Facility Private Limited	14.07	5.33
Delhi Aviation Services Private Limited	2.50	-
Associate Companies		
Delhi Duty Free Services Private Limited	23.55	22.36
TIM Delhi Airport Advertising Private Limited	9.22	7.84
Delhi Airport Parking Services Private Limited	2.03	-

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Marketing Fund Billed		
Associate Companies		
Delhi Duty Free Services Private Limited	10.35	9.83
Delhi Airport Parking Services Private Limited	0.01	0.01
Travel Food Services (Delhi Terminal 3) Private Limited	0.67	0.68
Marketing Fund Utilised		
Associate Companies		
Delhi Duty Free Services Private Limited	1.72	2.19
TIM Delhi Airport Advertising Private Limited	0.46	0.39
Travel Food Services (Delhi Terminal 3) Private Limited	0.03	-
CPD Infra Deposit utilization		
Fellow subsidiaries (including subsidiary companies of the ultimate/ Intermediate holding company)		
GMR Airport Developers Limited	1.76	1.60
Raxa Security Services Limited	1.15	2.12
ATC Development Fund utilization		
Enterprises in respect of which the Company is a joint venture		
Airports Authority of India	-	10.00
Non-Aeronautical- Notional income on security deposits		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.21	0.13
TIM Delhi Airport Advertising Private Limited	1.62	1.62
Delhi Duty Free Services Private Limited	12.91	12.89
Celebi Delhi Cargo Terminal Management India Private Limited	5.22	7.15
Travel Food Services (Delhi Terminal 3) Private Limited	0.15	0.34
Joint ventures		
Delhi Aviation Fuel Facility Private Limited	8.69	6.01
Delhi Aviation Services Private Limited	1.03	1.03
Finance Cost- Notional expense on security deposits		
Associate Companies		
Delhi Airport Parking Services Private Limited	0.12	0.05
TIM Delhi Airport Advertising Private Limited	0.86	0.77
Delhi Duty Free Services Private Limited	9.85	8.75
Celebi Delhi Cargo Terminal Management India Private Limited	1.96	2.20
Travel Food Services (Delhi Terminal 3) Private Limited	0.16	0.27
Joint ventures		
Delhi Aviation Fuel Facility Private Limited	2.79	1.87
Delhi Aviation Services Private Limited	1.12	1.00

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Transactions During the period	For the Period ended March 31, 2017	For the Period ended March 31, 2016
Enterprises in respect of which the company is a joint venture		
Airports Authority of India	4.16	5.60
Finance cost -Interest on borrowings		
Joint ventures		
Wipro Airport IT Services Limited	-	24.73
Reversal of finance cost -Interest on borrowings		
Joint ventures		
Wipro Airport IT Services Limited	7.01	-
Post-employment benefit plan of the entity		
Contribution to PF Trust		
DIAL employee's provident fund trust	10.33	9.57

35 (d) Interest in significant investment in subsidiaries, joint ventures and associates:

Name of Joint Venture	Relationship	Ownership interest	Date of incorporation	Country of incorporation
Delhi Aerotropolis Private Limited	Subsidiary	100.00%	22-May-07	India
East Delhi Waste Processing Company Private Limited	Associate	48.99%	20-Apr-05	India
Celebi Delhi Cargo Terminal Management India Private Limited	Associate	26.00%	18-Jun-09	India
Delhi Duty Free Services Private Limited	Associate	49.90%	7-Jul-09	India
Delhi Airport Parking Services Private Limited	Associate	49.90%	11-Feb-10	India
Travel Food Services (Delhi Terminal 3) Private Limited	Associate	40.00%	4-Dec-09	India
TIM Delhi Airport Advertising Private Limited	Associate	49.90%	1-Jun-10	India
Delhi Aviation Fuel Facility Private Limited	Joint Venture	26.00%	11-Aug-09	India
Delhi Aviation Services Private Limited	Joint Venture	50.00%	28-Jun-07	India
Wipro Airport IT Services Limited	Joint Venture	26.00%	22-Oct-09	India

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Terms and Condition of transaction with related parties:

Outstanding balances at the year-end are secured/ unsecured and settlement occurs in cash. For the year ended March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: Nil, April 1, 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties:

The commitments in respect of related parties are provided in note 34(IV) above, forming part of these financial statements.

Transactions with key management personnel

The transaction with key management personnel includes the payment of directors sitting fees and managerial remuneration which are provided in note 35(c) above. There are no other transactions with Key management personnel.

36. Segment Information

The Company has only one reportable business segment, which is operation of airport and providing allied services and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

Major customers: Revenue from two customers of the Company is approximately Rs. 1,473.48 crore (March 31, 2016: Rs. 1,235.89 crore) of the Company's total revenues.

37. Fair Values

The carrying amount of all financial assets and liabilities (except for certain other financial assets/liabilities i.e. "Instruments carried at fair value") appearing in the financial statements is reasonable approximation of fair values. Such investments and those financial instruments carried at fair value are disclosed below:

Particulars	Carrying value			Fair value		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Financial assets						
Investment in mutual fund	**2,184.38**	956.66	247.14	**2,184.38**	956.66	247.14
Total	**2,184.38**	**956.66**	**247.14**	**2,184.38**	**956.66**	**247.14**
Financial liabilities						
Interest rate swap	**-**	14.34	10.10	**-**	14.34	10.10
Derivative liability effective hedges	**42.58**	-	-	**42.58**	-	-
Total	**42.58**	**14.34**	**10.10**	**42.58**	**14.34**	**10.10**

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 assumption 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. Interest rate swaps are valued using valuation techniques, which

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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. As at March 31, 2017, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

38. Fair 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 March 31, 2017:

	Fair value measurement using				
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value					
Investment in mutual fund	March 31, 2017	2,184.38	2,184.38	-	-
Liabilities measured at fair value					
mark to market exchange gain/loss on derivatives	March 31, 2017	42.58	-	42.58	-
Total		**2,226.96**	**2,184.38**	**42.58**	**-**

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All amounts in Rupees Crore, except otherwise stated)

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

	Fair value measurement using				
	Date of valuation	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
			(Level 1)	**(Level 2)**	**(Level 3)**
Financial assets at fair value					
Investment in mutual fund	March 31, 2016	956.66	956.66	-	-
Liabilities measured at fair value					
Derivative liability-mark to market loss on Interest rate swap	March 31, 2016	14.34	-	14.34	-
Total		971.00	956.66	14.34	-

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 April 1, 2015:

	Fair value measurement using				
	Date of valuation	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
			(Level 1)	**(Level 2)**	**(Level 3)**
Financial assets at fair value					
Investment in mutual fund	April 1, 2015	247.14	247.14	-	-
Liabilities measured at fair value					
Derivative liability-mark to market loss on Interest rate swap	April 1, 2015	10.10	-	10.10	-
Total		257.24	247.14	10.10	-

39. Risk Management

Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, security deposits and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents 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 of interest rate risk and currency risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

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

The sensitivity analyses 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 March 31, 2017.

The analyses 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 analysis for the contingent consideration liability is provided in Note 34.

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

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary at March 31, 2017 for the effects of the assumed changes of the underlying risk.

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.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

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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. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points*	Effect on profit before tax
March 31, 2016		
INR Term loan	+50/-50	14.68
INR ECB Loan	+50/-50	2.91

*All borrowings as on March 31, 2017 of Company are fixed interest rate borrowings, so no influence of interest rate change.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings taken from banks.

Cash flow hedges

Foreign exchange call spread options measured at fair value through OCI are designated as hedging instruments in cash flow hedges to hedge the USD INR conversion rate volatility with reference to the cash outflows on settlement of its borrowings designated in USD.

The fair value of foreign exchange call spread option varies with the changes in foreign exchange rates and repayment of future premium.

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency call spread options designated as hedging instruments	-	(42.58)	-	-	-	-

As on March 31, 2017, the USD spot rate is below the USD call strike price and hence not covered in hedge relationship. However, prospective testing is done and concluded to be effective. As a result, no hedge ineffectiveness arise requiring recognition through profit or loss.

There is no re-classification to profit or loss during the year gains or losses included in OCI.

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Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency 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 liabilities including non-designated foreign currency derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and Interest rate swap. The Company's exposure to foreign currency changes for all other currencies is not material.

	March 31, 2017	March 31, 2016	April 1, 2015
	Impact on profit before tax		
USD Sensitivity			
INR/USD- Increase by 5%	(73.83)	(124.69)	(121.11)
INR/USD- decrease by 5%	73.83	124.69	121.11
EURO Sensitivity			
INR/EURO- Increase by 5%	(0.14)	(0.19)	(0.13)
INR/EURO- decrease by 5%	0.14	0.19	0.13
AUD Sensitivity			
INR/AUD Increase by 5%	-	(0.01)	-
INR/AUD- decrease by 5%	-	0.01	-
GBP Sensitivity			
INR/GBP Increase by 5%	-	(0.01)	(0.01)
INR/GBP- decrease by 5%	-	0.01	0.01

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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, bank loans and finance leases. None of the Company's debt will mature in less than one year at March 31, 2017 (March 31, 2016: 5.26%) 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 table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
As at March 31, 2017						
Borrowings (including current maturities)	-	-	-	**1,894.20**	**3,428.26**	**5,322.46**
Trade payables	-	**431.40**	-	-	-	**431.40**
Other financial liabilities	**61.94**	**202.06**	**81.83**	**179.53**	**2,300.85**	**2,826.21**
Total	**61.94**	**633.46**	**81.83**	**2,073.73**	**5,729.11**	**8,580.07**
As at March 31, 2016						
Borrowings (including current maturities)	-	142.46	145.46	1,529.59	3,914.45	5,731.96
Trade and other payables	-	390.34	-	-	-	390.34
Other financial liabilities	32.52	96.60	87.98	210.22	2,217.07	2,644.39
Total	32.52	629.40	233.44	1,739.81	6,131.52	8,766.69
As at April 1, 2015						
Borrowings (including current maturities)	-	143.39	420.82	1,299.63	4,315.66	6,179.50
Trade and other payables	-	425.65	-	-	-	425.65
Other financial liabilities	21.31	84.65	62.52	241.46	2,190.13	2,600.07
Total	21.31	653.69	483.34	1,541.09	6,505.79	9,205.22

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and 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 Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any services to major customers are generally covered by bank guarantee or other forms of credit assurance.

Financial instruments and cash deposits- Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of

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surplus funds are made only with approved counterparties and within credit limits assigned to each counter party. Counterparty credit limits are reviewed by the Company's senior management on regular basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2017 and March 31, 2016 is the carrying amounts of Trade Receivables.

Collateral

As at March 31, 2017 the security provided to bond holders and working capital facilities is as below;

(i) A first ranking pari passu charge/ assignment of all insurance policies, contractors' guarantees and liquidated damages to the maximum extent permissible under the OMDA and the Escrow Account Agreement;

(ii) A first ranking pari passu charge/assignment of all the rights; titles, permits, approvals and interests of the Borrower in, to and in respect of the Project Documents, in accordance with and to the maximum extent permitted under the OMDA and the Escrow Account Agreement;

(iii) A first ranking pari passu charge on all the revenues / receivables of the Borrower (excluding dues to the Authority) subject to the provisions of the Escrow Account Agreement and the OMDA.

40. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Company. 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 total debt divided by total equity plus total debt. The Company's policy is to keep the gearing ratio below 80%, which is reviewed at end of each financial year.

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings (including current maturities)	5,261.97	5,679.35	6,122.92
Total debts (A)	**5,261.97**	5,679.35	6,122.92
Share Capital	**2,450.00**	2,450.00	2,450.00
Other Equity	**558.65**	(9.74)	(514.09)
Total Equity (B)	**3,008.65**	2,440.26	1,935.91
Total equity and total debt (C=A+B)	**8,270.62**	8,119.61	8,058.83
Gearing ratio (%) (A/C)	**64%**	70%	76%

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. 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 March 31, 2017 and March 31, 2016.

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41. First Time Adoption of Ind AS

These financial statements, for the year ended March 31, 2017 are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 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 year ending on March 31, 2017 together with the comparative period data as at and for the year ended March 31, 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 April 1, 2015 being the Company's date of transition to Ind AS. The principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

41.1. Exemptions applied

IND AS- 101 allows First time adopters certain exemptions from the retrospective application of certain requirements under IND AS. The Company has applied the following exemptions.

Use of Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP apart from the Impairment of financial assets based on Expected Credit Loss (ECL) model where application of Indian GAAP did not require estimation.

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

Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 1, 2015.

De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from 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.

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date except below:

As per Paragraph D13AA of Ind AS 101 a first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the

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financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP (capitalizes the exchange differences to the cost of the asset).

The Company has decided not to avail the option available under paragraph D13AA of Ind AS 101. Accordingly, Company has adopted hedge accounting as per Ind AS 109 resulting in decapitalization of Assets and reversal of depreciation.

Arrangements containing a lease: (Arrangement in the nature of leases):

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

Investments in subsidiary, joint ventures and associates (Ind AS 101.D14-15)

In separate financial statements, a first-time adopter that subsequently measures an investment in a subsidiary, joint ventures or associate at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its separate opening Ind AS balance sheet.

Selection of fair value or previous GAAP carrying amount for determining deemed cost can be done for each subsidiary, associate and joint venture.

The Company has elected to apply previous GAAP carrying amount of its investment in subsidiary, associates and joint venture as deemed cost on the date of transition to Ind AS.

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All amounts in Rupees Crore, except otherwise stated)

41.2 Reconciliations

The following reconciliations provide the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101.

i. Equity as at April 1, 2015 and March 31, 2016

Reconciliation of equity		Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	Foot notes	Indian GAAP	Ind AS adjustments	Ind AS	Indian IGAAP	Ind AS adjustments	Ind AS
ASSETS							
(1) Non-current assets							
Property, plant and equipment	7,11	8,355.69	236.70	8,592.39	7,999.58	40.22	8,039.80
Capital work in progress		50.65	-	50.65	63.87	-	63.87
Intangible assets		433.50	-	433.50	412.94	-	412.94
Investment in subsidiaries, associates & joint ventures		138.01	-	138.01	138.01	-	138.01
Financial assets							
(i) Loans	1	6.69	(4.85)	1.84	7.02	(4.77)	2.25
(ii) Other Financial Assets		106.35	-	106.35	-	-	-
Other non-current assets	1,2	146.50	(57.60)	88.90	146.21	(48.85)	97.36
Deferred tax assets (net)	8	-	-	-	-	11.27	11.27
		9,237.39	**174.25**	**9,411.64**	**8,767.63**	**(2.13)**	**8,765.50**
(2) Current assets							
Inventories	7	8.65	(0.92)	7.73	8.11	(0.92)	7.19
Financial assets							
(i) Investments	3	246.63	0.51	247.14	949.23	7.43	956.66
(ii) Trade Receivables		654.65	-	654.65	791.46	-	791.46
(iii) Cash and cash equivalents		119.59	-	119.59	407.67	-	407.67
(iv) Bank balance other than Cash and cash equivalents		200.57	-	200.57	76.14	-	76.14
(iv) Loans	1	15.10	(1.53)	13.57	16.45	(1.49)	14.96
(v) Other Financial assets		541.84	-	541.84	133.48	-	133.48
Other current assets	1,2	56.09	(6.46)	49.63	52.15	(1.83)	50.32
		1,843.12	**(8.40)**	**1,834.72**	**2,434.69**	**3.19**	**2,437.88**
Assets classified as held for sale		40.64	-	40.64	40.64	-	40.64
		1,883.76	(8.40)	1,875.36	2,475.33	3.19	2,478.52
TOTAL ASSETS		**11,121.15**	**165.85**	**11,287.00**	**11,242.96**	**1.06**	**11,244.02**

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Delhi International Airport Limited (formerly known as Delhi International Airport Private Limited)
CIN. U63033DL2006PLC146936
Notes to the standalone financial statements for the year ended March 31, 2017
All amounts in Rupees Crore, except otherwise stated)

Reconciliation of equity		Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	Foot notes	Indian GAAP	Ind AS adjustments	Ind AS	Indian IGAAP	Ind AS adjustments	Ind AS
EQUITY AND LIABILITIES							
(1) Equity							
Equity Share capital		2,450.00	-	2,450.00	2,450.00	-	2,450.00
Other equity							
(i) Retained earnings	1-12	(741.95)	227.86	(514.09)	(233.09)	223.26	(9.83)
(ii) Re-measurement gains on defined benefit plans	6	-	-	-		0.09	0.09
		1,708.05	**227.86**	**1,935.91**	**2,216.91**	**223.35**	**2,440.26**
(2) Non-current liabilities							
Financial Liabilities							
(i) Borrowings	2-11	5,436.94	105.96	5,542.90	5,363.43	29.73	5,393.16
(ii) Other financial liabilities	1,4	1,841.84	(1,515.66)	326.18	1,838.63	(1,529.37)	309.26
Deferred revenue	1	1.41	1,784.02	1,785.43	0.56	1,752.21	1,752.77
Deferred tax liabilities (net)	8	-	-	-	27.28	(27.28)	-
Other non-current liabilities		208.20	-	208.20	146.62	-	146.62
		7,488.39	**374.32**	**7,862.71**	**7,376.52**	**225.29**	**7,601.81**
(3) Current liabilities							
Financial Liabilities							
(i) Trade Payables		425.64	-	425.64	390.38	-	390.38
(ii) Other financial liabilities	1,2,4,5,11	1,234.76	(486.17)	748.59	995.92	(488.71)	507.21
Deferred revenue	1	9.25	73.19	82.44	8.48	73.57	82.05
Other current liabilities	9,10	230.89	(23.35)	207.54	214.77	(32.44)	182.33
Provisions		14.90	-	14.90	15.44	-	15.44
Current tax liabilities (net)		9.27	-	9.27	24.54	-	24.54
		1,924.71	**(436.33)**	**1,488.38**	**1,649.53**	**(447.58)**	**1,201.95**
Total liabilities		**9,413.10**	**(62.01)**	**9,351.09**	**9,026.05**	**(222.29)**	**8,803.76**
TOTAL EQUITY AND LIABILITIES		**11,121.15**	**165.85**	**11,287.00**	**11,242.96**	**1.06**	**11,244.02**

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ii. Statement of Profit and Loss for the year ended March 31, 2016

	Foot Notes	Indian GAAP	Ind AS adjustments	Ind AS
REVENUE				
Revenue from operations	1,9,10,11	4861.63	290.37	5,152.00
Other income	1,3	154.35	7.09	161.44
Total Income (I)		**5,015.98**	**297.46**	**5,313.44**
EXPENSES				
Annual fee to Airports Authority of India (AAI)		2,304.15	-	2,304.15
Employee benefit expenses	6	125.34	0.14	125.48
Other expenses	5,9,10,11	700.15	222.91	923.06
Total expenses (II)		**3,129.64**	**223.05**	**3,352.69**
Earnings before interest, tax, depreciation and amortisation and exceptional items (EBIDTA) [I-II]		**1,886.34**	**74.41**	**1960.75**
Finance costs	1,2,4,11	571.24	61.00	632.24
Depreciation and amortisation expenses	7,11	646.96	56.61	703.57
Profit before tax and exceptional items (III)		**668.14**	**(43.20)**	**624.94**
Exceptional items (IV)		-	-	-
Profit/(loss) before tax (III-IV)		**668.14**	**(43.20)**	**624.94**
(1) Current tax		129.07	-	129.07
(2) MAT credit entitlement for earlier years written off		2.93	-	2.93
(3) Deferred tax charge/ (credit)	8	27.28	(38.60)	(11.32)
Total Tax expense		**159.28**	**(38.60)**	**120.68**
Profit for the year (V-VI)		**508.86**	**(4.60)**	**504.26**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss in subsequent years				
Re-measurement loss (gain) on defined benefit plans	6,12	-	0.14	0.14
Income tax effect	8		(0.05)	(0.05)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	**0.09**	**0.09**
Total Comprehensive Income for the year(net of tax) (VII+VIII)		**508.86**	**(4.51)**	**504.35**

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

1. Security deposit

Under the Indian GAAP, interest free security deposit received from concessionaire and commercial property developer and Interest free security deposit given for lease (that are refundable in cash on completion of its term) are recorded at their transaction value. The Company has fair valued these financial liabilities/assets i.e. security deposits taken/given under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as deferred revenue/ prepaid rent. The corresponding adjustments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss.

2. Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in statement of profit or loss over the tenure of the borrowings as part of the interest expense by applying the effective interest method. The corresponding adjustments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss.

Under the previous GAAP, these transactions cost were amortised on a straight line basis over the period of loan. Accordingly, unamortised prepaid upfront cost has been reversed with a corresponding adjustment to borrowings.

3. Fair valuation of investments in mutual fund

Under the previous GAAP, investments in mutual fund are classified as current investment based on the intended holding period and realisability. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss.

4. Capital creditors and liability for voluntary retirement scheme (VRS)

Ind AS 38 and Ind AS 16, requires that if payment for an intangible asset and property, plant and equipment is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognised as interest expense over the period of credit unless such interest is capitalised in accordance with Ind AS 23. Under previous GAAP, the Company recorded liability for voluntary retirement scheme and capital creditor at transaction cost whose payments are based on deferred settlement terms.

Accordingly, the liability for Voluntary retirement scheme and capital creditor have been reduced with a corresponding adjustment to retained earnings as at the date of transition and subsequently increased by interest cost charged to the profit or loss.

5. Interest rate swap not designated as hedging instruments

Under the previous GAAP, the Company has considered both the critical terms of the Interest rate swap (IRS) and those of the principal term loan as same. Based on the internal assessment carried out by the management, the net impact of the marked to market valuation of the IRS, net of gain/loss on the underlying loan, is not expected to be material and accordingly no adjustment has been made in the financial statements.

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in profit or loss. Accordingly, the Company has accounted the fair valuation of IRS with an adjustment to retained earnings on transition and subsequently in the profit or loss.

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6. Re-measurements of post-employment benefit plans

Under Ind AS, re-measurements i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year.

7. Capital spares

Under previous GAAP, spares are classified under Inventory and measured at lower of cost or net realisable value. Under Ind AS, spare parts which meet the definition of property, plant and equipment they are accounted for in accordance with Ind AS 16. Accordingly, the Company has capitalised the spares under property plant and equipment and charged the depreciation thereon.

8. 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.

Accordingly, under Ind AS, there are transitional adjustments leading to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings on transition and subsequently in statement of Profit and Loss or a separate component of equity depending on the recognition of the instrument.

9. Advance development cost from Commercial property developers

Under Indian GAAP, the advance development cost received from commercial property developers is recorded at transaction value. Further, per management, entire amount received or receivable for development of common infrastructure will be utilised and accordingly, no refund of unutilised advances is expected. Under Ind AS, the advance development cost received from commercial property developers and the related expense is considered as revenue to be recognized as per the terms of agreement and related expenses to be recorded in the books.

10. Marketing fund

Under Indian GAAP, Company was doing fund accounting for the marketing fees collected from concessionaires and maintains separate books of accounts for the fund balance. Under Ind AS, Marketing is considered as a specific service being provided by DIAL and accordingly, all the billing and utilisation forms part of the income and expenses of the Company. On the date of transition, the marketing fund liability existing on such date has been reversed with a corresponding adjustment to retained earnings and subsequently, the Company has recorded the marketing fund billing and utilisation as income and expenses in profit and loss during financial year 2015-16.

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11. Finance Lease

Company in earlier years, had entered in to an IT service arrangement with a Wipro Airport IT Systems Limited (WAISL) to provide IT services at the Airport on its behalf. Under Indian GAAP, as per the terms of the agreement, depending upon the actual billing of WAISL and subsistence level agreed, Company recorded the payments or receipts as an income or expense respectively. Under Ind AS, the Company concluded that the arrangement contains an embedded lease of the IT equipment and other assets (although the arrangement is not in the legal form of lease) and WAISL is providing services on behalf of the Company. The above lease is classified as a finance lease.

Accordingly, adjustments were made for the finance lease assets and corresponding liabilities at inception and the subsequent related adjustments in the profit and loss.

12. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to Ind AS profit or loss. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

13. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

42. Other Disclosures

a) 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, December 28, 2012 and April 24, 2012 respectively

(i). 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 March 31, 2017. DF amounting to Rs. 350 crore (March 31, 2016: Rs. 345.85 crore and April 1, 2015: Rs. 308.83 crore) has been adjusted against the expenditure on construction of ATC tower incurred till March 31, 2017 and balance DF amounting to Rs. Nil (March 31, 2016: Rs. 4.15 crore and April 1, 2015: 41.17 crore), pending utilization, has been disclosed under other current liabilities.

The total expenditure incurred on construction of ATC tower is Rs. 393.07 crore till March 31, 2017 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 AAI for the excess amount, the Company has included the additional amount of Rs. 43.07 crore (March 31, 2016: Rs. Nil and April 1, 2015: Nil) under Capital Work in Progress (CWIP) as at March 31, 2017.

(ii). While calculating such additional DF amount:

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

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collection charges from the DF receipts; the Company has capitalised DF collection charges aggregating to Rs. 28.37 crore till March 31, 2017 (March 2016 : Rs. 27.07 crore and April 1, 2015: Rs. 22.06 crore).

The Airport Economic Regulatory Authority of India (AERA) had passed an order vide Order No 30/2012-13 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 i.e April 30, 2016 to reconcile and close the account, and to arrive at the over recovery / under recovery of ADF. However, the same has not yet been finalized. This over / under recovery will be accounted for on final reconciliation of ADF pending with AAI. However, DIAL has collected the DF receivable in full and settled the DF loan on May 28, 2016.

b) The Company has a receivable of Rs. 564.47 crore as at March 31, 2017 (March 31, 2016: Rs. 516.37 crore and April 1, 2015: Rs. 405.57 crore) (including unbilled revenue) 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 for recovery of dues from Air India and considering the fact that Air India being a government enterprise/ undertaking, the Company considers its dues from Air India as good and fully recoverable.

c) **Particulars of un-hedged and un-discounted foreign currency exposure as at the Balance sheet date are as under:**

	As at March 31, 2017			As at March 31, 2016		
Particulars	**Amount (Rs. In Crore)**	**Currency**	**Foreign Currency in Crore**	Amount (Rs. In Crore)	Currency	Foreign Currency in Crore
Other current Financial Liabilities	107.02	USD	1.62	28.86	USD	0.43
Trade Payable	2.64	EUR	0.04	3.55	EUR	0.05
	0.17	GBP	0.00	0.12	GBP	0.00
	0.03	SGD	0.00	0.05	SGD	0.00
	-	AUD	-	0.14	AUD	0.00
	0.01	MYR	0.00	-	MYR	-
	15.70	USD	0.25	4.23	USD	0.07
Borrowings (including Current Maturity)	1,369.40	USD	20.88	2505.23	USD	37.52
Trade Receivable	13.17	USD	0.20	12.86	USD	0.19
Non-Trade Receivables	1.06	USD	0.02	1.01	USD	0.02
Advance to suppliers	1.46	USD	0.02	1.83	USD	0.03

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Closing exchange rates in Rs:

Currency	As at March 31, 2017	As at March 31, 2016
EUR	**69.29**	75.78
GBP	**80.90**	96.15
SGD	**46.41**	49.55
MYR	**14.65**	16.77
AUD	**49.57**	51.41
USD	**65.60**	66.77

d) Additional information :

i) Earnings in foreign currency (On accrual basis, excluding service tax)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from concessionaires	**325.10**	305.13
Revenue from airlines	**782.02**	673.44
Total	**1,107.12**	978.57

ii) CIF value of imports (On accrual basis)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Import of capital goods	**13.27**	6.79
Import of stores and spares	**4.05**	2.11
Total	**17.32**	8.90

iii) Expenditure in foreign currency (On accrual basis)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on borrowings (including exceptional items)	**253.89**	162.29
Professional and consultancy expenses	**1.44**	8.40
Finance costs	**26.63**	-
Other expenses	**13.27**	12.59
Travelling and Conveyance	**1.27**	1.17
Total	**296.50**	184.45

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All amounts in Rupees Crore, except otherwise stated)

iv) Consumption of stores and spares during the year:

	For the year ended March 31, 2017		For the year ended March 31, 2017	
	%	Amount	%	Amount
Imported	15.99	4.15	4.44	1.04
Indigenous	84.01	21.79	95.56	22.31
Total	100	25.94	100	23.35

e) As per notification number G.S.R.308(E) dated March 30, 2017, the Ministry of Corporate Affairs the central government have made amendment to schedule III of Companies Act 2013, requiring every Company to disclose the details of Specified Bank Notes (SBN) held and transacted during the period November 08, 2016 to December 30, 2016.

The required details for the Company are provided in the table below:

(Amount in INR)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,289,000	16,460	1,305,460
(+) Permitted receipts#	1,262,000	1,487,519	2,749,519
(-) Permitted payments	-	(340,287)	(340,287)
(-) Amount deposited in Banks	(2,546,000)	(1,071,576)	(3,617,576)
Closing cash in hand as on 30.12.2016*	**5,000**	**92,116**	**97,116**

includes SBNs of Rs. 518,500 received by the Company through Lost and Found section at airport terminals.

includes SBNs of Rs. 203,000 received by the Company through non-scheduled airlines.

*Rs. 5000 of SBN's as on 30.12.2016 were stale which could not be deposited in bank and accordingly written off later during the year.

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

g) These financial statements of the Company do not include billing to airlines for DF by the Company. As per the Management, DIAL's responsibility is restricted only to the billing on behalf of Airports Authority of India (AAI) in accordance with provisions of AAI (Major Airports) Development Fee Rules, 2011 and DF SOP.

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h). The Company has received advance development costs of Rs. 660.06 crore (March 31, 2016: Rs. 653.13 crore and April 1, 2015: Rs. 653.13 crore) from various Developers at Commercial Property District towards facilitating the development of 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 March 31, 2017, the Company has incurred development expenditure of Rs. 469.72 crore (March 31, 2016: Rs. 426.61 crore and April 1, 2015 Rs. 381.62 crore) which has been adjusted against the aforesaid advance and balance amount of Rs. 190.34 crore (March 31, 2016: Rs. 226.52 crore and April 1, 2015: Rs. 271.51 crore) is disclosed under other liabilities.

i) 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. As at March 31, 2017, the Company has billed Rs 92.48 crore towards such Marketing Fund and has incurred expenditure amounting to Rs. 39.05 crore (net of income on temporary investments) till March 31, 2017 from the amount so collected. The balance amount of Rs. 53.43 crore pending utilization as at March 31, 2017 (March 31, 2016: Nil and April 1, 2015: Nil; as marketing fund billing and utilization was not forming part of marketing fund) against such sales promotion activities is included under "Other current liabilities" as specific fund to be used for the purposes to be approved by the Marketing fund committee constituted for this purpose.

j) The Company is of the view that certain income/ credits arising on adoption of Ind-AS were not in contemplation of parties in April 2006 when this Concession Agreement was signed / entered. Further, these income/credits in Statement of Profit and Loss do not represent receipts from business operations, from any external sources and therefore, these incomes/credits should not be form part of "Revenue" as defined in OMDA for the purpose of calculating monthly annual fee (MAF) payable to AAI. Accordingly, the Company, based on legal opinion and discussions with consultants, has provided the MAF to AAI based on Revenue as per the Ind AS financial statements after adjusting such incomes/credits. Detail of such incomes / credits are as under:

Description	Incomes forming part of	For the year ended March 31, 2017
Construction income from Commercial property developers	Other operating income	43.13
Discounting on fair valuation of deposits taken from commercial property developers	Other operating income	25.91
Discounting on fair valuation of deposits taken from concessionaires	Sale of services – Non Aeronautical	37.75
Discounting on fair valuation of deposits given	Other income	0.14
Unrealised foreign exchange difference on borrowings	Other income	96.34
Reversal of Fair value of financial instruments Interest Rate Swap on actual settlement	Other income	6.17

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k) 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 has presented its report before Rajya Sabha on August 17, 2012 wherein they have 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 Loksabha vide its Ninety fourth report in February 2014.

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.

l) As per the transfer pricing rules prescribed under the Income tax act, 1961, the Company is examining the domestic and international transactions and documentation in respect thereof to ensure compliance with the said rules. The management does not anticipate any material adjustment with regard to the transactions during year ended March 31, 2017.

m) 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.

n) 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 March 31, 2017. 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 year ended March 31, 2017 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.

o) During the year ended March 31, 2017, the Company refinanced its existing external commercial borrowings of USD 83.92 million and rupee term loans of Rs. 2,928.20 crore outstanding as at October 20, 2016; by issuance of 6.125% senior secured notes (2026) of USD 522.60 million. As a result of such refinancing, the Company has incurred the following costs:

i. The prepayment charges of Rs. 40.80 crore have been paid to various erstwhile lenders on prepayment of existing external commercial borrowings and rupee term loans outstanding as on the date of repayment / prepayment.

The above amount of Rs. 40.80 crore has been disclosed as "Exceptional Items" in the Statement of profit and loss.

In addition to above, Interest Rate Swap (IRS) which was outstanding on the existing external commercial borrowings was cancelled, resulting in breakage cost of Rs. 8.17 crore, has been adjusted from fair valuation loss of IRS' provided in earlier years and has been disclosed under 'other income' in the Statement of profit and loss.

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p) During the year ended March 31, 2017, the Company has entered into "Call spread Options" with various banks for hedging the risk of volatility in foreign exchange fluctuation on account of its liability:

i. Towards redemption of 6.125% Senior secured notes (2026) of USD 522.60 million, which is repayable in October 2026. Under this option, the Company has purchased a call option for USD 522.60 million at a strike price of Rs. 66.85/USD and written a call option for USD 522.60 million at a strike price of Rs. 101.86/USD at October 31, 2026. As per terms of the agreements, the Company is required to pay premium of Rs. 1,241.30 crore (starting from January 2017 to October 2026), payable quarterly, the Company has paid Rs. 14.96 crore till March 31, 2017 and remaining balance of Rs. 1,226.34 crore is payable as at March 31, 2017.

ii. Towards redemption of part of 6.125% Senior secured notes (2022) of USD 288.75 million, which is repayable in February 2022. Under this option, the Company has purchased a call option for USD 80.00 mn at a strike price of Rs. 68.00/USD and written a call option for USD 80 mn at a strike price of Rs.85.00/USD at February, 2022. As per terms of the agreements, the Company is required to pay premium of Rs. 94.33 crore (starting from April 2017 to January 2022), payable quarterly.

The Company has accounted the same as per Cash flow hedge accounting as provided in Ind AS 109. For details, please refer detailed accounting policies of the Company.

q) Board of Directors in its meeting held on May 11, 2017, proposed a dividend of 6.5% to its equity shareholders. (refer Note 16.1).

r) Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in these financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

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

per Yogesh Midha
Partner
Membership No. 94941
Place: Manila
Date: May 11, 2017

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

Per G.Srinivas
Partner
Membership No. 86761
Place: NEW DELHI
Date: MAY 11, 2017.

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

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: May 11, 2017

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DELHI INDIRA GANDHI INTERNATIONAL AIRPORT