RED HERRING PROSPECTUS
Dated September 11, 2017

The information in this Red Herring Prospectus is not complete and may be changed. The Issue is meant only for QIBs and is not an offer to any other class of investors to purchase or subscribe the Equity Shares. This Red Herring Prospectus is not soliciting an offer to subscribe to or buy Equity Shares in any jurisdiction where such offer or subscription is not permitted.

INTERGLOBE AVIATION LIMITED

Our Company was originally incorporated in Lucknow as InterGlobe Aviation Private Limited, a private limited company, under the Companies Act, 1956 on January 13, 2004 registered with the Registrar of Companies, Uttar Pradesh and Uttaranchal at Kanpur, Uttar Pradesh. The registered office was subsequently changed from the state of Uttar Pradesh to the National Capital Territory of Delhi with effect from September 6, 2004 and such alteration was confirmed by an order of the Company Law Board dated September 1, 2004. The registered office was changed within the National Capital Territory of Delhi to the current registered office on October 1, 2006. Pursuant to a special resolution of the shareholders of our Company on June 30, 2006, our Company was converted into a public limited company and the name of our Company was changed to "InterGlobe Aviation Limited" subsequent to which, a fresh certificate of incorporation was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on August 11, 2006.

Registered Office: Central Wing, Ground Floor, Thapar House, 124 Janpath, New Delhi – 110 001, India; **Tel:** +91 11 6500 0428; **Fax:** +91 11 4351 3200
Corporate Office: Levels 1-5, Tower–C, Global Business Park, M.G. Road, Gurugram– 122 002, Haryana, India; **Tel:** +91 124 435 2500; **Fax:** +91 124 406 8536
Contact Person: Sanjay Gupta, Company Secretary and Chief Compliance Officer; **Tel:** +91 124 435 2500; **Fax:** + 91 124 426 8664
E-mail: investors@goindigo.in; **Website**: www.goindigo.in; **Corporate Identity Number**: L62100DL2004PLC129768

Issue of up to 33,578,421 equity shares of face value ₹ 10 each ("**Equity Shares**") of InterGlobe Aviation Limited ("**Company**" or "**Issuer**") at a price determined in accordance with the pricing methodology as described under "***Issue Procedure***" on page 165, aggregating up to ₹ [●] million consisting of a fresh issue of up to 22,385,614 Equity Shares aggregating up to ₹ [●] million ("**Fresh Issue**") and an offer for sale of up to 11,192,807 Equity Shares comprising 4,439,581 Equity Shares by Mr. Rakesh Gangwal, 2,542,397 Equity Shares by Ms. Shobha Gangwal, 98,412 Equity Shares by Dr. Asha Mukherjee and 4,112,417 Equity Shares by The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware) (collectively referred to as the "**Selling Shareholders**") aggregating up to ₹ [●] million ("**Offer for Sale**"). The Fresh Issue and the Offer for Sale are together referred to as the "**Issue**". The Issue Price (as defined hereinafter) is ₹ [●] per Equity Share.

THIS ISSUE AND THE DISTRIBUTION OF THIS RED HERRING PROSPECTUS ("RED HERRING PROSPECTUS") IS BEING MADE IN RELIANCE ON CHAPTER VIII-A OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED ("SEBI ICDR REGULATIONS"). THIS RED HERRING PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO ANY PERSON OR CLASS OF INVESTORS OTHER THAN QUALIFIED INSTITUTIONAL BUYERS ("QIBS") (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS" ON PAGE 4) WITHIN OR OUTSIDE INDIA.

ISSUE ONLY TO QUALIFIED INSTITUTIONAL BUYERS

The Issue is being made through the Institutional Placement Programme, wherein at least 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to valid ASBA Applications being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. QIBs may participate in this Issue only through an ASBA providing details about the ASBA Account which will be blocked by the Self Certified Syndicate Bank. For details, please see "***Issue Procedure***" on page 165 of this Red Herring Prospectus.

This Red Herring Prospectus has not been reviewed or approved by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the National Stock Exchange of India Limited ("**NSE**"), the BSE Limited ("**BSE**" together with the NSE, the "**Stock Exchanges**") and is intended only for use by QIBs. A copy of this Red Herring Prospectus has been delivered to the Stock Exchanges and the SEBI and for registration to the Registrar of Companies, National Capital Territory of Delhi and Haryana ("**RoC**"). A copy of the Prospectus will be delivered to the Stock Exchanges, the SEBI and registered with the RoC. This Red Herring Prospectus will only be circulated or distributed to QIBs, and will not constitute an offer to any other class of investors in India or any other jurisdiction. The Equity Shares offered in the Issue have not been recommended or approved by the SEBI, nor does the SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus.

The Equity Shares of our Company are listed and traded on the Stock Exchanges. The Equity Shares offered in the Issue are securities of our Company of the same class and in all respects uniform as the Equity Shares listed and traded on the Stock Exchanges. In-principle approvals under Regulation 28(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") for listing of the Equity Shares offered in the Issue have been received from both BSE and NSE on September 11, 2017. Applications will be made to the Stock Exchanges for obtaining listing and trading approvals for the Equity Shares offered through this Red Herring Prospectus. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares offered in the Issue to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or such Equity Shares.

INVESTMENTS IN EQUITY SHARES INVOLVE A DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" BEGINNING ON PAGE 48 OF THIS RED HERRING PROSPECTUS BEFORE MAKING AN INVESTMENT DECISION IN THIS ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS RED HERRING PROSPECTUS.

Invitations, offers and issuances of Equity Shares offered in the Issue shall only be made pursuant to this Red Herring Prospectus together with the ASBA Applications and Confirmation of Allocation Notes. For further details, please see "***Issue Procedure***" beginning on page 165. The distribution of this Red Herring Prospectus or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs and persons retained by QIBs to advise them with respect to their subscription of the Equity Shares offered in the Issue is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Red Herring Prospectus, agrees to observe the foregoing restrictions and agrees not to make any copies of this Red Herring Prospectus or any documents referred to in this Red Herring Prospectus.

The information on the website of our Company or any website directly or indirectly linked to the website of our Company, or the website of the BRLMs, other than this Red Herring Prospectus, does not form part of this Red Herring Prospectus and prospective investors should not rely on such information contained in, or available through, any such website.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and 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 applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the Securities Act) in transactions exempt from the registration requirements of the Securities Act, and (b) outside the United States, in offshore transactions, in reliance on Regulation S under the Securities Act. For further information, see "***Distribution and Solicitation Restrictions***" and "***Additional Purchaser Representations and Transfer Restrictions***" on beginning on pages 185 and 186, respectively.

BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE ISSUE
citi	J.P.Morgan	Morgan Stanley	KARVY Computershare
Citigroup Global Markets India Private Limited 1202, 12th Floor, First International Financial Center G-Block, Bandra Kurla Complex, Bandra East Mumbai 400 098 Maharashtra, India Tel: (91 22) 6175 9999 Fax: (91 22) 6175 9961 Email: indigo.ipp@citi.com Investor grievance email: investors.cgmib@citi.com Website: www.online.citibank.co.in Contact Person: Keshav Tyagi SEBI Registration No: INM000010718	**J.P. Morgan India Private Limited** J.P. Morgan Tower, Off CST Road Kalina, Santa Cruz (E) Mumbai 400 098 Maharashtra, India Tel: (91 22) 6157 3000 Fax: (91 22) 61573911 Email: indigo_ipp@jpmorgan.com Investor grievance email: investorsmb.jpmipl@jpmorgan.com Website: www.jpmipl.com Contact Person: Prateeksha Runwal SEBI Registration No: INM000002970	**Morgan Stanley India Company Private Limited** 18F, Tower 2, One Indiabulls Centre, 841, Senapati Bapat Marg Mumbai 400013 Maharashtra, India Tel: (91 22) 6118 1000 Fax: (91 22) 6118 1040 Email: indigo_ipp@morganstanley.com Investor grievance email: investors_india@morganstanley.com Website: www.morganstanley.com Contact Person: Aala Saifi SEBI Registration No: INM000011203	**Karvy Computershare Private Limited** Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Nanakramguda Hyderabad 500 032 Telangana, India Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: indigo.ipp@karvy.com Investor grievance email: einward.ris@karvy.com Website: www.karvycomputershare.com Contact person: M. Murali Krishna SEBI Registration No: INR000000221

ISSUE PROGRAMME *

ISSUE OPENS ON	[●]	ISSUE CLOSES ON	[●]

* *Details of the Issue programme shall be disclosed in the Floor Price/Price Band Announcement to be issued at least one (1) day prior to the Issue Opening Date. Investors should refer to the pre-Issue advertisement and the Floor Price/Price Band Announcement for further details. Investors are advised to read the above-mentioned announcements together with this Red Herring Prospectus.*

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Red Herring Prospectus and, having made all reasonable enquiries, this Red Herring Prospectus contains all information with respect to our Company, its Subsidiary and the Equity Shares offered in the Issue that is material in the context of the Issue. The statements contained in this Red Herring Prospectus relating to our Company, its Subsidiary and the Equity Shares are, in every material respect, true, accurate and not misleading. The opinions and intentions expressed in this Red Herring Prospectus are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to our Company and are based on reasonable assumptions. There are no other facts in relation to our Company, its Subsidiary and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Red Herring Prospectus misleading in any material respect. Further, all reasonable enquiries have been made by our Company to ascertain such facts and to verify the accuracy of all such information and statements.

No person is authorised to give any information or to make any representation not contained in this Red Herring Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company and the Book Running Lead Managers. The delivery of this Red Herring Prospectus at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any other regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Red Herring Prospectus. Any representation to the contrary is a criminal offence in certain jurisdictions.

The purchasers of the Equity Shares will be deemed to make the representations set forth in "***Notice to Investors***" and "***Additional Purchase Representations and Transfer Restrictions***" on pages 2 and 186, respectively.

The distribution of this Red Herring Prospectus and the Issue may be restricted by law in certain countries or jurisdictions. As such, this Red Herring Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Managers which would permit an offering of the Equity Shares offered in the Issue or distribution of this Red Herring Prospectus in any country or jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares to be issued pursuant to the Issue may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any Issue material in connection with the Equity Shares offered in the Issue may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

This Red Herring Prospectus has been delivered to the SEBI, the Stock Exchanges and for registration to the RoC, and has been displayed on the websites of the Stock Exchanges and our Company stating that it is in connection with the Institutional Placement Programme and that the offer is being made only to QIBs.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Red Herring Prospectus as business, legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting, investment and related matters concerning the Issue. In addition, none of our Company or the Book Running Lead Managers is making any representation to any offeree or subscriber of the Equity Shares offered in the Issue regarding the legality of an investment in such Equity Shares by such subscriber or purchaser under applicable laws or regulations.

Each QIB subscribing to the Equity Shares offered in the Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in our Company under Indian law, including Chapter VIII-A of the SEBI ICDR Regulations, and is not prohibited by SEBI or any other statutory authority from buying, subscribing to, selling or dealing in securities.

The information on our Company's website, except this Red Herring Prospectus, or the website of the Book Running Lead Managers does not constitute nor form part of this Red Herring Prospectus. Prospective investors should not rely on the information contained in, or available through such websites, except this Red Herring Prospectus.

This Red Herring Prospectus contains summaries of terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents.

NOTICE TO INVESTORS IN THE UNITED STATES

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions. In making an investment decision, investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. The Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, 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 applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as "**US QIBs**", and for the avoidance of doubt, the term US QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as "QIBs") in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This Red Herring Prospectus has been prepared on the basis that all offers of the Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area ("**EEA**"), from the requirement to produce a prospectus for offers of Equity Shares. The expression "**Prospectus Directive**" means Directive 2003/71/EC of the European Parliament and Council EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Book Running Lead Managers to produce a prospectus for such offer. None of the Company or the Book Running Lead Managers have authorised, nor do they authorise, the making of any offer of the Equity Shares through any financial intermediary, other than the offers made by the Book Running Lead Managers which constitute the final placement of the Equity Shares contemplated in this Red Herring Prospectus.

NOTICE TO PROSPECTIVE INVESTORS IN CANADA

The Equity Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Equity Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Red Herring Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to Section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Book Running Lead Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the meanings given below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto from time to time. Notwithstanding the foregoing, terms in "***Taxation***", "***Industry Overview***", "***Regulations and Policies***", "***Financial Statements***", "***Selected Financial Information***" "***Legal Proceedings***" will have the meaning ascribed to such terms in these respective sections.

In this Red Herring Prospectus, unless the context otherwise indicates, all references to "**IndiGo**", "**the Company**", "**our Company**" or "**the Issuer**" are to InterGlobe Aviation Limited a public limited company incorporated under the Companies Act, 1956, and having its registered office at Central Wing, Ground Floor, Thapar House, 124 Janpath, New Delhi – 110 001, India and references to "**we**", "**us**" or "**our**" are to the Company and its Subsidiary, unless otherwise specified.

Company Related Terms

Term	Description
Acquire Services/ASPL	Acquire Services Private Limited
Articles/Articles of Association/AoA	The articles of association of our Company, as amended from time to time
Auditor/Statutory Auditor	The statutory auditor of our Company, B S R & Co. LLP, Chartered Accountants
Audited Financial Statements	IGAAP Audited Financial Statements and Ind AS Audited Financial Statements
Board/Board of Directors	The board of directors of our Company, as constituted from time to time, including any duly constituted committees thereof
Compliance Officer	Mr. Sanjay Gupta, the Company Secretary and Chief Compliance Officer of our Company
Corporate Office	The corporate office of our Company located at Levels 1-5, Tower–C, Global Business Park, M.G. Road, Gurugram – 122 002, Haryana, India
Director(s)	The director(s) on the Board, as may be appointed from time to time
Equity Shares	Equity shares of face value of ₹ 10 each of our Company
ESOS 2015 - II	InterGlobe Aviation Limited Employee Stock Option Scheme - 2015
Financial Statements	IGAAP Audited Financial Statements, Ind AS Audited Financial Statements and Reviewed Financial Results
IGAAP Audited Financial Statements	The audited financial statements of assets and liabilities as of and for the years ended March 31, 2015 and 2016, and statement of profit and loss and statement of cash flows for each of the years ended March 31, 2015 and 2016, read along with the notes thereto of our Company prepared in accordance with Indian GAAP, and the Companies Act together with the report issued thereon by our Statutory Auditors for the respective financial years
IGE/InterGlobe Enterprises	InterGlobe Enterprises Limited
Ind AS Audited Financial Statements	The audited standalone and consolidated statements of assets and liabilities as of and for the year ended March 31, 2017 and statement of profit and loss, statement of changes in equity and statement of cash flows for the year ended March 31, 2017, read along with the notes thereto of our Company as of and for the year ended March 31, 2017 along with the corresponding period, which is presented on a standalone basis, and prepared in accordance with Ind AS, and the Companies Act together with the report issued by our Statutory Auditors
Memorandum/Memorandum of Association/MoA	The memorandum of association of our Company, as amended
Promoters	The promoters of our Company, namely, Mr. Rahul Bhatia, Mr. Rakesh Gangwal, Acquire Services, and InterGlobe Enterprises
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	Central Wing, Ground Floor, Thapar House, 124 Janpath, New Delhi – 110 001, India
Reviewed Financial Results	The unaudited condensed interim standalone and consolidated financial statements of our Company for the three months ended June 30, 2017 along with the notes thereto together with the review report issued by our Statutory Auditors in accordance with Standard on Review Engagements (SRE) 2410
Scheme of Arrangement	The composite scheme of arrangement filed by IGE and Acquire Services, amongst other parties under Sections 391 to 394 read with Section 100 of the Companies Act, 1956 proposing (a) demerger of IGE real estate undertaking to InterGlobe Real Estate Ventures Private Limited; (b) demerger of IGE IT support undertaking to InterGlobe Business Solutions Private Limited; and (c) post the demergers, the merger of residual IGE into Acquire Services.
Selling Shareholders	Mr. Rakesh Gangwal, Ms. Shobha Gangwal, Dr. Asha Mukherjee and The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware)
Subsidiary	Agile Airport Services Private Limited

Term	Description
Whole-time Director	A Director in the whole-time employment of our Company as per Companies Act, 2013

Issue Related Terms

Term	Description
Acknowledgment Slip	The slip or document issued by the relevant SCSB or the member of the Syndicate to an Applicant as proof of registration of the ASBA Application
Allocation/Allocated	Allocation of the Equity Shares offered in the Issue following the determination of the Issue Price to Applicants on the basis of the ASBA Applications submitted by them and in accordance with the Allotment Criteria
Allotment Criteria	The method as finalised by our Company based on which the Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants, in this case being the proportionate method
Allot/Allotment/Allotted	Unless the context otherwise requires, the issue and allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Applicants
Allottees	QIBs to whom the Equity Shares are Allotted pursuant to the Issue
Applicant	A QIB that submits an ASBA Application in accordance with the provisions of this Red Herring Prospectus
Application Amount	The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application
ASBA	Application supported by blocked amount
ASBA Account	An account maintained with the SCSB by the Applicant and specified in the ASBA Application for blocking the Application Amount
ASBA Application	An application by an Applicant, whether physical or electronic, offering to subscribe for the Equity Shares in the Issue at any price at or above the Floor Price or within the Price Band, as the case may be, including any revisions thereof, pursuant to the terms of this Red Herring Prospectus and which shall also be an authorisation to an SCSB to block the Application Amount in the ASBA Account maintained with such SCSB. The ASBA Application will also be considered as the application for Allotment for the purposes of this Red Herring Prospectus and the Prospectus. The price per Equity Share and the number of Equity Shares applied for under an ASBA Application may only be revised upwards and any downward revision in price per Equity Share and/or the number of Equity Shares applied for under an ASBA Application or withdrawal of the ASBA Application shall not be permitted
Basis of Allocation	The basis on which Equity Shares offered in the Issue will be Allocated to successful Applicants in the Issue and the CAN will be dispatched, as described in "***Issue Procedure***" beginning on page 165
BRLMs/Book Running Lead Managers	Book Running Lead Managers to the Issue, in this case being, Citi, J.P. Morgan and Morgan Stanley
CAN or Confirmation of Allocation Note	Note, advice or intimation sent to the Applicants who have been Allocated Equity Shares offered in the Issue, confirming the Allocation of Equity Shares to such Applicants after the determination of the Issue Price in terms of the Basis of Allocation approved by the Stock Exchanges, and shall constitute a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price
Cap Price	The higher end of the Price Band, if any, announced by our Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted
Citi	Citigroup Global Markets India Private Limited
DP/Depository Participant	A depository participant as defined under the Depositories Act
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Applications and a list of which is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts of the successful Applicants to the Public Issue Account or unblocked, as the case may be, after the Prospectus is filed with the RoC, following which the Equity Shares will be Allotted
Floor Price	The price below which the Issue Price will not be finalised and the Equity Shares offered in the Issue shall not be Allotted. The Floor Price will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers and shall be announced at least one (1) day prior to the Issue Opening Date. Any ASBA Application made at a price per Equity Share below the Floor Price will be rejected
Floor Price/Price Band	The announcement of either the Floor Price or the Price Band, made by our Company at

Term	Description
Announcement	least one (1) day prior to the Issue Opening Date
Fresh Issue	The issue of up to 22,385,614 Equity Shares aggregating up to ₹ [●] million by our Company offered for subscription pursuant to the terms of this Red Herring Prospectus
Institutional Placement Programme/IPP	Institutional placement programme in which offer, allocation and allotment of equity shares is made under Chapter VIII-A of the SEBI ICDR Regulations
Insurance company(ies)	An insurance company registered with the Insurance Regulatory and Development Authority of India
Issue	The offer and issuance of up to 33,578,421 Equity Shares to QIBs, pursuant to Chapter VIII-A of the SEBI ICDR Regulations consisting of the Fresh Issue of up to 22,385,614 Equity Shares aggregating up to ₹ [●] million and an Offer for Sale of up to 11,192,807 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders
Issue and Placement Agreement	The issue and placement agreement dated September 11, 2017 among our Company, Selling Shareholders and the Book Running Lead Managers in relation to the Issue
Issue Closing Date	The last date up to which the ASBA Applications shall be accepted, which date shall be announced along with the Floor Price/Price Band Announcement
Issue Opening Date	The date on which the Designated Branches and the members of the Syndicate will start accepting the ASBA Applications, which date shall be announced along with the Floor Price/Price Band Announcement
Issue Period	The period between the Issue Opening Date and Issue Closing Date, inclusive of both dates during which QIBs can submit their ASBA Applications to the SCSBs and the members of the Syndicate (in the Specified Locations)
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants, and indicated in the CAN, which shall be equal to or greater than the Floor Price, or within the Price Band, as the case may be, if applicable
Issue Size	The aggregate size of the Issue, comprising of up to 33,578,421 Equity Shares each Allotted at the Issue Price
J.P. Morgan/JPM	J.P. Morgan India Private Limited
Morgan Stanley/MS	Morgan Stanley India Company Private Limited
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of Issue expenses.
Offer for Sale	The offer for sale of up to 11,192,807 Equity Shares aggregating up to ₹ [●] million comprising of 4,439,581 Equity Shares by Mr. Rakesh Gangwal, 2,542,397 Equity Shares by Ms. Shobha Gangwal, 98,412 Equity Shares by Dr. Asha Mukherjee and 4,112,417 Equity Shares by The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware)
Price Band	Price band, if any, announced by our Company for the Issue, of a minimum price (Floor Price) and a maximum price (Cap Price), which will be decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers and which shall be announced at least one (1) day prior to the Issue Opening Date
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the Book Running Lead Managers finalise the Issue Price
Prospectus	The Prospectus to be filed with the RoC in accordance with the provisions of the Companies Act, containing, *inter alia*, the Issue Size, the Issue Price and certain other information
Public Issue Account	The account opened with the Public Issue Account Bank in terms of Section 40 of the Companies Act to receive monies from the ASBA Accounts on the Designated Date
Public Issue Account Agreement	Public issue account agreement dated September 11, 2017 among our Company, the Selling Shareholders, the Book Running Lead Managers, the Registrar and the Public Issue Account Bank
Public Issue Account Bank	The bank which is a clearing member and registered with SEBI as a banker to the issue with whom the Public Issue Account will be opened and in this case being IDFC Bank Limited
QIB/Qualified Institutional Buyer	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus/RHP	This Red Herring Prospectus issued in accordance with the provisions of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered in the Issue and the size of the Issue. This Red Herring Prospectus will be filed with the RoC at least three (3) days before the Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Registrar/Registrar to the Issue	Karvy Computershare Private Limited
Revision Form	The form used by the Applicants, to modify the number of Equity Shares applied for or the price per Equity Share in any of their ASBA Applications or any previous Revision Form(s). Applicants are not allowed to revise downwards the price per Equity Share or the number of Equity Shares applied for

Term	Description
Self Certified Syndicate Bank(s)/SCSB(s)	The banks registered with SEBI, which offers the facility of ASBA and a list of which is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Applicants
Stock Exchanges	BSE and NSE, as the context may refer to
Syndicate Agreement	The agreement dated September 11, 2017 among the Selling Shareholders, Syndicate Members and our Company in relation to the Issue
Syndicate ASBA Bidding Centres	Centres in the Specified Locations where the Applicants can register their ASBA Applications with a member of the Syndicate
Syndicate Member / members of the Syndicate	Intermediaries registered with the SEBI to act as syndicate members and who are permitted to carry on the activity as underwriters, in this case being Citi, Morgan Stanley and J.P. Morgan
Working Day	All days other than the second and fourth Saturdays of the month, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Issue Period, "Working Day" shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) with reference to the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Technical/Industry Related Terms/Abbreviations

Term	Description
A320 aircraft	A320 current engine option aircraft
A320neo	A320 new engine option aircraft
A321neo	A321 new engine option aircraft
A320neos Order	The orders placed by the Company for 180 A320neo aircraft in June 2011 and for 250 A320neo aircraft in August 2015 with Airbus
A320 Family	A320, A320neo and A321 neo
AAI	Airports Authority of India
ACARS	Airborne Communications, Addressing and Reporting System
AIC	Aeronautical Information Circulars
AIMS	Airplane Information Management System
Airbus	Airbus S.A.S
APU	Auxiliary Power Unit
ASK	Available Seat Kilometer
ATR	Avions de Transport Regional G.I.E.
BCAS	Bureau of Civil Aviation Security
BPCL	Bharat Petroleum Corporation Limited
CAPA	Center for Asia Pacific Aviation India Private Limited
CASK	Cost per ASK
Cape Town Convention	Cape Town Convention on International Interests in Mobile Equipment, 2001
Cape Town Protocol	Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, 2001
CUTE	Common User Terminal Equipment
GTF	Geared Turbo Fan
HPCL	Hindustan Petroleum Corporation Limited
IAE	International Aero Engines
IATA	International Air Transport Association
IOC	Indian Oil Corporation Limited
load factor	RPKs divided by ASKs
MAT	Minimum Alternative Tax
NCAP	National Civil Aviation Policy, 2016
NFP	Navtech Flight Plan
OECD	Organisation for Economic Co-operation and Development
RASK	Revenue per Available Seat Kilometer
Route Dispersal Guidelines	The Route Dispersal Guidelines issued by the Government of India on March 1, 1994 and subsequently amended by the Ministry of Civil Aviation, Government of India on August 8, 2016
RPK	Revenue Passenger Kilometer
SAP	S-A-P Group LLC

Term	Description
UDAN	'Ude Desh Ka Aam Nagrik', the Regional Connectivity Scheme issued by the Ministry of Civil Aviation, Government of India in pursuance of the National Civil Aviation Policy, 2016 on October 21, 2016
USD LIBOR	USD London Interbank Offered Rate
UTAS	UTC Aerospace System
Yield	Total passenger ticket revenue for a period divided by RPKs for such period

Conventional and General Terms

Term	Description
₹/Rs./INR	Indian Rupees
AAI	Airports Authority of India
AAI Act	Airports Authority of India Act, 1994
AGM	Annual General Meeting
AERA	Airport Economic Regulatory Authority
AIF(s)	Alternative Investment Funds, as defined in, and registered with SEBI under, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AY	Assessment Year
Basic EPS	Net Profit available to Equity Shareholders divided by weighted average number of Equity Shares outstanding during the year.
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Category III FPIs	FPIs registered as category III FPIs under the FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Depositories Act	Depositories Act, 1996
Diluted EPS	Net Profit available to Equity Shareholders divided by weighted average number of Equity Shares outstanding during the year
DGCA	Directorate General of Civil Aviation
DIN	Director Identification Number
EBITDA	Earnings before finance income and cost, tax, depreciation and amortisation
EBITDAR	Earnings before finance income and cost, tax, depreciation, amortisation and aircraft and engine rentals
ECB	External Commercial Borrowing
EGM	Extraordinary General Meeting
EPS	Earnings per share
FIA	Federation of Indian Airlines
FDI	Foreign Direct Investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified under Circular No. D/o IPP F. No. 5(1)/2017-FC-1, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
FEMA	Foreign Exchange Management Act, 1999 together with rules and regulations thereunder
Financial Year/FY/fiscal year	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GoI/Government	Government of India
IT	Information Technology
I.T. Act	Income Tax Act, 1961
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund

Term	Description
Indian GAAP	Accounting Standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under Rule 3 of Companies (Indian Accounting Standard) Rules, 2015
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Mn/mn	Million
MoCA	Ministry of Civil Aviation, Government of India
NA	Not Applicable
NAV/Net Asset Value Per Share	Net Asset Value being paid up equity share capital plus reserves and surplus (excluding reserves created out of revaluation) less deferred expenses not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued Equity Shares
Net Worth	The aggregate of the paid-up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs
Non-Resident Indian/NRI	A person resident outside India, as defined in the FEMA (Deposit) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number allotted under the I.T. Act
PAT	Profit after tax
PIL	Public Interest Litigation
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Securities Act	U.S. Securities Act of 1933, as amended
State Government	The government of a state of the Union of India
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
UIN	Unique Identification Number
US/USA	United States of America
USD/US$/U.S.$	United States Dollars
US GAAP	Generally Accepted Accounting Principles in the United States of America
US QIBs	Qualified institutional buyers, as defined in Rule 144A under the Securities Act
VAT	Value Added Tax
VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
VCFs	Venture Capital Funds as defined and registered with SEBI under the VCF Regulations
W.P.	Writ Petition

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares offered in this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company, the Selling Shareholders and the Book Running Lead Managers, as follows:

i. You are a "QIB" as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares offered in the Issue that are Allotted to you in accordance with Chapter VIII-A of the SEBI ICDR Regulations, and undertake to comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations;

ii. You are eligible to invest in India under applicable law, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by the SEBI or any other regulatory authority, from buying, selling or dealing in securities;

iii. You will make necessary filings with appropriate regulatory authorities, including the RBI, as required, pursuant to applicable laws;

iv. You have made or have deemed to have made, as applicable, the representations and warranties set forth in "***Additional Purchaser Representations and Transfer Restrictions***" and "***Distribution and Solicitation Restrictions***" beginning on pages 186 and 185, respectively;

v. You are aware that this Red Herring Prospectus has not been reviewed, verified or affirmed by the SEBI, the RBI, the Stock Exchanges, the RoC or any other regulatory or listing authority, pursuant to applicable provisions of the Companies Act, and is intended only for use by QIBs;

vi. If you are Allotted the Equity Shares, you shall not, for a period of one (1) year from the date of Allotment, sell such Equity Shares so acquired except on the Stock Exchanges;

vii. You are entitled to subscribe for, and acquire, the Equity Shares offered in the Issue under the laws of all relevant jurisdictions that apply to you and you have: (a) fully observed such laws; (b) obtained the necessary capacity; and (c) obtained all necessary consents, governmental or otherwise, and authorisations and complied with all necessary formalities, to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including but not limited to in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Red Herring Prospectus), and will honour such obligations;

viii. You confirm that, either (a) you have not participated in or attended any investor meetings or presentations by our Company or its agents ("**Company Presentations**") with regard to our Company or the Issue; or (b) if you have participated in or attended any Company Presentations: (i) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and accordingly, you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at any such Company Presentations; and (ii) you confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not made publicly available by our Company;

ix. Neither our Company or the Selling Shareholders nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares offered in the Issue, be a client of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates have any duties or responsibilities to you for providing the protection afforded to its or their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

x. All statements other than statements of historical facts included in this Red Herring Prospectus, including those regarding our Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Company's present and future business strategies and environment in which our Company will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Red Herring Prospectus;

xi. You are aware of and understand that the Equity Shares to be issued pursuant to the Issue are being offered only to QIBs and are not being offered to the general public and the Allocation and Allotment shall be in accordance with the Basis of Allocation, Allotment Criteria and the CAN. For further details, please see "***Issue Procedure***" beginning on page 165;

xii. You are aware that if you are Allotted more than 5% of the Equity Shares in the Issue, our Company, shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

xiii. You have read this Red Herring Prospectus in its entirety, including in particular, "***Risk Factors***" beginning on page 48;

xiv. In making your investment decision, you have (a) relied on your own examination of our Company, on a consolidated basis, and the terms of the Issue, including the merits and risks involved; (b) made your own assessment of our Company on a consolidated basis, the Equity Shares offered in the Issue and the terms of the Issue based solely on the information contained in this Red Herring Prospectus and publicly available information about our Company and no other disclosure or representation by us or any other party; (c) consulted your own independent counsel and advisors or otherwise have satisfied yourself concerning, the effects of local laws; (d) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares offered in the Issue; and (e) relied upon your own investigation and resources in deciding to invest in the Issue;

xv. Neither the Company, the Book Running Lead Managers, the Selling Shareholders nor any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares offered in the Issue (including the Issue and the use of proceeds from such Equity Shares). You will obtain your own independent tax advice and will not rely on the Company, the Book Running Lead Managers or any of their shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares offered in the Issue (including, in relation to the Issue and the use of proceeds from the Equity Shares offered in the Issue). You waive, and agree not to assert any claim against, any of our Company, the Selling Shareholders, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares offered in the Issue or as a result of any tax audits by tax authorities, wherever situated;

xvi. You are a sophisticated investor who is seeking to subscribe to the Equity Shares offered in the Issue for your own investment and not with an intent to distribute such Equity Shares and have such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares offered in the Issue. You and any accounts for which you are subscribing to the Equity Shares offered in the Issue (a) are each able to bear the economic risk of the investment in the Equity Shares to be issued pursuant to the Issue; (b) are able to sustain a complete loss on the investment in the Equity Shares to be issued pursuant to the Issue; (c) have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of subscribing to the Equity Shares offered in the Issue; and (d) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares offered in the Issue. You acknowledge that an investment in the Equity Shares offered in the Issue involves a high degree of risk and that such Equity Shares are, therefore, a speculative investment. You are seeking to subscribe to the Equity Shares offered in this Issue for your own investment and not with a view to resale or distribution;

xvii. If you are acquiring the Equity Shares offered in the Issue, for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and make the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

xviii. You understand that the Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the Securities Act;

xix. If you are within the United States, you are a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, are acquiring the Equity Shares for your own account or for the account of an institutional investor who also meets the requirements of a "qualified institutional buyer", for investment purposes only, and not with a view to, or for resale in connection with, the distribution (within the meaning of any United States securities laws) thereof, in whole or in part;

xx. You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the Securities Act or directed selling efforts (as defined in Regulation S)) and you understand and agree that offers and sales are being made in reliance on an exemption from the registration requirements of, or pursuant to Regulation S under, the Securities Act, and the Equity Shares may not be eligible for resales under Rule 144A following the completion of the Issue;

xxi. You shall apply in this Issue only through ASBA mechanism;

xxii. You are neither a Promoter (as defined under Section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations) of our Company nor a person related to the Promoters, either directly or indirectly, and your ASBA Application does not directly or indirectly represent the Promoters or the Promoter Group or persons related to the Promoters. For the purposes of this representation, you will be deemed to be related to the Promoters if you have any rights under any shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters, any veto rights or any right to appoint any nominee director on the Board, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares;

xxiii. You have no right to withdraw your ASBA Application or revise downwards the price per Equity Share or the number of Equity Shares mentioned in your ASBA Application;

xxiv. You are eligible to apply for and hold the Equity Shares offered in the Issue, which are Allotted to you together with any Equity Shares held by you prior to the Issue. You confirm that your aggregate holding after the Allotment of the Equity Shares offered in the Issue shall not exceed the level permissible as per any applicable regulations;

xxv. The ASBA Application submitted by you would not result in triggering a tender offer under the Takeover Regulations;

xxvi. You shall not be Allotted more than 25% of the Issue Size. You, together with the other QIBs that belong to the same group as you or are under common control as you, shall not be Allotted Equity Shares in excess of 25% of the aggregate number of Equity Shares Allotted in the Issue. You agree that in the event that the aggregate number of Equity Shares Allotted in the Issue is less than the original Issue Size, the Company will reduce the number of Equity Shares that may be Allotted to you such that you are not Allotted Equity Shares in excess of 25% of the final Issue Size. For the purposes of this representation:

   (a) The expression 'belong to the same group' shall have the same meaning as under Regulation 91H(2) of the SEBI ICDR Regulations; and

   (b) The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations.

   For meaning of the terms 'companies under the same group' under Regulation 91H(2) of the SEBI ICDR Regulations and 'control' under Regulation 2(1)(e) of the Takeover Regulations, see "***Issue Procedure***" on page 165 of this Red Herring Prospectus;

xxvii. You shall not undertake any trade in the Equity Shares issued pursuant to the Issue and credited to your Depository Participant account until such time that the final listing and trading approvals for such Equity

Shares are issued by the Stock Exchanges;

xxviii. You are aware that (a) applications for in-principle approval, in terms of in terms of Regulation 28(1) of the SEBI Listing Regulations, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges; and (b) the application for the final listing and trading approval will be made after Allotment. There can be no assurance that the final approvals for listing of the Equity Shares issued pursuant to the Issue will be obtained in time, or at all. Neither our Company, the Selling Shareholders nor the Book Running Lead Managers shall be responsible for any delay or non-receipt of such final approvals or any loss arising from such delay or non-receipt;

xxix. By participating in the Issue, you confirm that you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Company or the Selling Shareholders or any of their respective affiliates or any other person acting on their behalf and neither the Book Running Lead Managers, our Company, the Selling Shareholders nor any of their respective affiliates or other person acting on their behalf will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

xxx. You confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares offered in the Issue is contained in this Red Herring Prospectus, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares offered in the Issue and neither the Book Running Lead Managers nor our Company or Selling Shareholders will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

xxxi. The Book Running Lead Managers do not have any obligation to purchase or acquire all or any part of the Equity Shares subscribed for by you or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

xxxii. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in New Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, this Red Herring Prospectus and the Prospectus;

xxxiii. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares issued pursuant to the Issue on the Stock Exchanges;

xxxiv. You agree to indemnify and hold our Company, the Selling Shareholders, the Book Running Lead Managers and their respective shareholders, directors, officers, employees and affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach or alleged breach of the foregoing representations, warranties, acknowledgements and undertakings made by you in this Red Herring Prospectus. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares issued pursuant to the Issue by, or on behalf of, the managed accounts;

xxxv. You agree to abide by the Basis of Allocation provided in this Red Herring Prospectus and the Allocation done in accordance with Basis of Allocation as overseen by the Stock Exchanges;

xxxvi. You agree to provide additional documents as may be required by our Company, the Selling Shareholders and the Syndicate for finalisation of the Basis of Allocation along with the Stock Exchanges. Our Company, the Selling Shareholders, the Book Running Lead Managers and their affiliates may rely on the accuracy of such documents provided by you; and

xxxvii. Our Company, the Selling Shareholders, the Book Running Lead Managers, their respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Company or the Selling Shareholders, and are irrevocable.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the FPI Regulations, an FPI (other than a Category III foreign portfolio investors and unregulated broad based funds which are classified as Category II FPI by virtue of their investment manager being appropriately regulated), including the affiliates of the Syndicate, may issue, subscribe to or otherwise deal in offshore derivative instruments as defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying and all such offshore derivative instruments are referred to herein as "**P-Notes**" for which they may receive compensation from the purchasers of such P-Notes. These P-Notes may be issued only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. An FPI must ensure that the P-Notes are issued in compliance with all applicable laws including Regulation 4 and Regulation 22 of the SEBI FPI Regulations and circular no. CIR/IMD/FIIC/20/2014 dated November 24, 2014 issued by SEBI. P-Notes have not been and are not being offered or sold pursuant to this Red Herring Prospectus. This Red Herring Prospectus does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company, the Selling Shareholders and the Syndicate do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Syndicate and do not constitute any obligations of, or claims on, the Syndicate. FPI affiliates (other than Category III FPI and unregulated broad based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the Syndicate may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE

As required, a copy of this Red Herring Prospectus has been delivered to each of the Stock Exchanges and the SEBI and for registration to the RoC. The Stock Exchanges, the SEBI and the RoC do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of this Red Herring Prospectus;

(2) warrant that the Equity Shares issued pursuant to the Issue will be listed or the Equity Shares will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, its Promoters, its management or any scheme or project of our Company.

It should not for any reason be deemed or construed to mean that this Red Herring Prospectus has been reviewed or approved by the Stock Exchanges or the SEBI. Every person who desires to apply for or otherwise acquire any Equity Shares offered in the Issue may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges, the SEBI and the RoC whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Data

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the succeeding calendar year, so, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'fiscal year', 'fiscal' or 'FY' are to the twelve-month period ended on March 31 of that year.

Our Company publishes its financial statements in Indian Rupees. The following financial statements of our Company have been disclosed in this Red Herring Prospectus:

(a) IGAAP Audited Financial Statements;

(b) Ind AS Audited Financial Statements; and

(c) Reviewed Financial Results.

Further, selected historical financial information for the years ended March 31, 2012, 2013 and 2014 of our Company, extracted or derived from our Company's audited financial statements as of and for the years ended March 31, 2012, 2013 and 2014, prepared in accordance with Indian GAAP and the Companies Act, has been included in this Red Herring Prospectus ("**Historical Financial Information**"). Please see "***Selected Financial Information***" on page 31. The Historical Financial Information included in this Red Herring Prospectus has been derived or extracted from the audited financial statements for the respective financial years.

Unless otherwise indicated or the context requires otherwise in this Red Herring Prospectus, all financial data as of and for the years ended March 31, 2012, 2013 and 2014 is extracted or derived from our Historical Financial Information or our IGAAP Audited Financial Statements; all financial data as of and for the years ended March 31, 2017 as well as the corresponding period i.e. March 31, 2016, is extracted or derived from our Ind AS Audited Financial Statements; and all financial data as of and for the three months period ended June 30, 2017 and June 30, 2016 is extracted or derived from our Reviewed Financial Results. Ind AS and Indian GAAP differ in certain significant respects from each other and from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP and other accounting principles with which prospective investors may be familiar. As a result, the Ind AS Audited Financial Statements may not be comparable to our IGAAP Audited Financial Statements or the Historical Financial Information. Further, the degree to which the financial statements prepared in accordance with Ind AS and Indian GAAP included in this Red Herring Prospectus provide meaningful information is dependent on the reader's familiarity with the respective accounting policies. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. Our Company does not provide a reconciliation of the Financial Statements to IFRS or U.S. GAAP financial statements. For further details, please see "***Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, results of operations and cash flows***" on page 69.

In this Red Herring Prospectus, certain monetary thresholds have been subjected to rounding off adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

All financial and statistical information in this Red Herring Prospectus have been presented in million or in whole numbers where the numbers have been too small to present in million, unless stated otherwise.

Certain Conventions

Unless otherwise specified, all references to 'India' in this Red Herring Prospectus are to the Republic of India, together with its territories and possessions and all references to the 'US', the 'USA', the 'United States' or the 'U.S.' are to the United States of America, together with its territories and possessions.

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus. References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

In this Red Herring Prospectus, unless the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to 'the Company' or 'the Issuer' or 'our Company' are to InterGlobe Aviation Limited and references to or 'we', 'us' or 'our' are to the Company and its Subsidiary, unless otherwise specified.

Currency of Presentation

In this Red Herring Prospectus, all references to 'Indian Rupees', 'INR', '₹' and 'Rs.' are to Indian Rupees, the official currency of the Republic of India. All references to 'U.S. dollars', 'USD' and 'U.S.$' are to United States dollars, the official currency of the United States of America. All references to '€' and the 'Euro' are to Euro, the official currency of European Monetary Union's member states.

Except otherwise specified, our Company has presented certain numerical information in this Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates and other industry data pertaining to the business of our Company contained in this Red Herring Prospectus consists of estimates based on data reports compiled by government bodies, professional organisations and analysts, data from other external sources and knowledge of the markets in which our Company competes. Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources generally believed to be reliable but that their accuracy, adequacy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that the industry data used in this Red Herring Prospectus is reliable, it has not been independently verified by the Company, the Selling Shareholders the Book Running Lead Managers or any of their respective affiliates or advisors.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Neither our Company nor the Selling Shareholders nor the Syndicate have independently verified this data, nor do they make any representation regarding the accuracy of such data. Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither our Company, the Selling Shareholders nor the Book Running Lead Managers can assure potential investors as to their accuracy.

Information has been included in this Red Herring Prospectus based on certain texts and charts prepared by CAPA and SAP in connection with the Issue by the Company for the purposes of confirming its understanding of the industry.

Both CAPA and SAP have, by their letters dated September 10, 2017 and September 9, 2017, respectively, confirmed that they are independent agencies and have no affiliation, direct or indirect, with our Company. CAPA and SAP have also confirmed that all information in the CAPA data and the SAP data, respectively, concerning all airlines has been prepared independently without any direct or indirect inputs from our Company. Each of CAPA and SAP have confirmed that it is an industry specialist in the aviation sector.

Further, the extent to which the industry and market data presented in this Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section “***Risk Factors***” beginning on page 48. Accordingly, investment decisions should not be based on such information.

AVAILABLE INFORMATION

Our Company has agreed that, for so long as any Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, our Company will, during any period in which it is neither subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934 nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act, subject to compliance with applicable provisions of Indian law.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain 'forward-looking statements'. These forward-looking statements can generally be identified by words or phrases such as 'will', 'aim', 'will likely result', 'believe', 'expect', 'will continue', 'anticipate', 'estimate', 'intend', 'plan', 'contemplate', 'seek to', 'future', 'objective', 'goal', 'project', 'should', 'will pursue' and similar expressions or variations of such expressions.

All statements contained in this Red Herring Prospectus that are not statements of historical fact constitute 'forward-looking statements'. All statements regarding our expected financial condition and results of operations, business, plans, objectives, strategies, goals and prospects are forward-looking statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although our Company believes the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could prove to be inaccurate.

Further, the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the aviation industry in India in which our Company operates, our ability to respond to them, our ability to successfully implement our strategy, our exposure to market risks, general economic and political conditions in India which have an impact on our business, monetary and fiscal policies in India, unanticipated turbulence in interest rates, foreign exchange rates, equity rates or other rates or prices, performance of financial markets in India and globally, changes in domestic laws, regulations and taxes and incidence of any natural calamities or acts of violence.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- how effectively we adhere to low-cost carrier business model in our operations and how successful we are in implementing our growth strategy;
- our ability to fulfil our commitments under our purchase orders with Airbus or ATR or any future purchase obligations;
- any production delays for Airbus or ATR aircraft or their engines;
- any real or perceived problem with the Airbus A320 family aircraft, ATR 72-600 aircraft or Pratt & Whitney or IAE engines;
- failure to successfully integrate new aircraft into our operations;
- the expansion of our international operations, including a move into the long-haul international market through acquisitions;
- inability to profitably expand to new routes;
- inability to continue to negotiate reduced prices in future aircraft or engine purchases;
- significant amount of debt that we have taken and which we may take in the future to finance the acquisition of aircraft and our expansion plans;
- increases in our maintenance and fuel costs;
- airport congestion, lack of airport infrastructure and facilities, increased airport costs and other airport operational challenges;
- fluctuations in the foreign exchange rate between the Rupee and the U.S. Dollar;
- emergencies, accidents or other incidents involving our aircraft or personnel;
- inability to hire, train and retain key management and operational personnel; and
- inability to obtain regulatory approvals in the future or maintain or renew our existing regulatory approvals.

All other statements and/or undertakings in this Red Herring Prospectus shall be statements and undertakings made by our Company.

By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, the Selling Shareholders, the Directors, the Syndicate, nor any of their respective affiliates or associates, have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not realise.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement. For further discussion of factors that could cause our actual results to differ from our expectations, please see the sections "***Risk Factors***" and the chapters "***Our Business***", "***Industry Overview***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operation***" beginning on pages 48, 122, 103 and 77, respectively.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public company incorporated with limited liability under the laws of India. All of our Directors, except Mr. Rakesh Gangwal, are residents of India. All of the key management personnel named here, except Mr. Riyaz Haider Peer Mohamed, are residents of India and substantially all the assets of our Company are located in India. As a result, it may be difficult for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 ("**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon by the same parties or between parties under whom they or any of them claim to be litigating under the same title, except: (a) where the judgment has not been pronounced by a court of competent jurisdiction; (b) where the judgment has not been given on the merits of the case; (c) 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 recognise the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained were opposed to natural justice; (e) where the judgment has been obtained by fraud; and (f) where the judgment sustains a claim founded on a breach of any law in force in India. 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. The suit must be brought in India within three years from the date of the judgment by a court in the United States in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India may be required to obtain prior approval from the RBI under the FEMA to execute such a judgment or to repatriate any amount recovered. Any judgment in a foreign currency would be converted into rupees on the date of judgment and not on the date of payment. Any such amount may be subject to income tax in accordance with applicable laws.

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

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any country or territory outside India which the GoI has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a appropriate court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and does not include arbitration awards.

Among others, each of the United Kingdom, Singapore and Hong Kong has been declared by the GoI to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit has to be filed in India within three (3) years from the date of the foreign 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 is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. Further, any judgment or award in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. 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.

EXCHANGE RATES

Fluctuations in the exchange rate between the Indian Rupee and foreign currencies will affect the foreign currency equivalent of the Indian Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Indian Rupees on the Equity Shares.

The following table sets forth information concerning exchange rates between the Indian Rupee and the U.S. dollar for the periods indicated. Exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Indian Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

On September 8, 2017, the exchange rate (RBI reference rate) was ₹ 63.87 to USD 1.00 (Source: http://*www.rbi.org.in*).

(₹ Per US$)

	PERIOD END	AVERAGE(1)	HIGH(2)	LOW(3)
Fiscal Year:				(₹ Per US$)
2015	62.59	61.15	63.75	58.42
2016	66.33	65.46	68.78	62.16
2017	64.84	67.09	68.72	64.84
Quarter ended:				
June 30, 2017	64.74	64.46	65.04	64.00

(1) *Average of the official rate for each working day of the relevant period.*
(2) *Maximum of the official rate for each working day of the relevant period*
(3) *Minimum of the official rate for each working day of the relevant period*

***Note**: In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.*

SUMMARY OF BUSINESS

Overview

We operate IndiGo, India's largest passenger airline with a 40.1% and 41.0% market share of domestic passengers carried for fiscal 2017 and the three months ended June 30, 2017, respectively, according to the DGCA. We operate on a low-cost carrier, or LCC, business model and were the fourth largest low-cost carrier globally in terms of seat capacity in fiscal 2017, according to CAPA. We strive to maintain low costs as measured by Cost per Available Seat Kilometer, or CASK, a high frequency of flights and high quality of service to fulfil our simple brand message of providing "low fares, on-time flights and a courteous, hassle-free service" to our passengers.

We primarily operate in India's domestic air travel market. India was the third largest air travel market in the world in terms of domestic passenger traffic in 2016, according to CAPA. By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus. We are also evaluating opportunities to strategically grow our international operations.

Our market share of domestic passengers carried grew from 20.3% in fiscal 2012 to 40.1% in fiscal 2017, according to the DGCA. Our domestic capacity, measured in terms of Available Seat Kilometers, or ASKs, increased at a CAGR of 24.2% from 16.7 billion ASKs in fiscal 2012 to 49.2 billion ASKs in fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to the DGCA. As on the date of this Red Herring Prospectus, we operate scheduled services to 46 airports, including seven international destinations. We operated a peak of 937 flights per day during the month of June 2017.

We commenced operations in August 2006 with a single aircraft, and have grown our fleet to 135 aircraft as of June 30, 2017, with 113 A320 aircraft and 22 A320neo aircraft. As on the date of this Red Herring Prospectus, we have 139 aircraft in our fleet. The A320, A320neo, and A321neo aircraft in our Airbus orders are all short-to medium-range narrow-body commercial passenger twin-engine jet aircraft from the Airbus A320 family. The 250 A320neo aircraft in August 2015 was the largest single order of aircraft by number from Airbus at the time of the order and, together with our firm order of 180 A320neo aircraft from June 2011 represents the largest cumulative number of A320neo aircraft on order, according to Airbus. We believe that the magnitude of our 2005, 2011 and 2015 aircraft orders helped us to negotiate favorable terms with Airbus and our other aircraft-related suppliers and service providers, which provides us with a structural cost advantage by reducing the overall costs associated with the acquisition, maintenance and operation of our aircraft. We refer to our June 2011 and August 2015 orders with Airbus collectively as our A320neos Order.

We have an order book of 430 A320neo aircraft (including the right to convert a certain number of A320neo aircraft into A321neo aircraft), of which 22 A320neos have been delivered as of June 30, 2017. We were one of the first airlines globally to order, and in 2016 became the first airline in Asia to take delivery of the A320neo aircraft, according to Airbus.

We placed an order with Avions de Transport Regional G.I.E., or ATR, in August 2017 for the purchase of up to 50 ATR 72-600 turboprop aircraft. We expect to launch our turboprop operations with ATR 72-600 –ºß¸ łøßłø# aircraft by the end of calendar year 2017, and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018. In addition to expanding our market presence, we anticipate that our future turboprop operations will enable us to serve new cities and markets, including "tier 2" and "tier 3" cities in India.

We believe that we have considerable flexibility to prudently manage the expansion of our fleet. Our contract with Airbus, subject to certain terms and conditions, may allow us to advance or defer aircraft deliveries. We may also be able to advance or defer aircraft deliveries under our order with ATR, subject to negotiation with the manufacturer. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order. We expect to begin taking delivery of A321neos towards the end of calendar year 2018. As of June 30, 2017, we have added 29 previously-used A320 aircraft on short-term leases and extended the operating leases of some of our current aircraft to help meet our short-term capacity needs.

We are committed to achieving industry-leading on-time performance and operational reliability. We were ranked first in domestic on-time performance in the three months ended June 30, 2017, and our average domestic on-time performance at four of India's leading airports (New Delhi, Mumbai, Bengaluru and Hyderabad) was 85.4% for the three months ended June 30, 2017, 79.8% in fiscal 2017 and 83.8% in fiscal 2016 according to the DGCA. We had technical dispatch reliability of 99.85% for the three months ended June 30, 2017, 99.89% in fiscal 2017 and 99.95% in fiscal 2016, according to Airbus. In 2017, Airbus awarded us its "Best Operational Excellence" award in the large fleet category for the second time in a row based on the number of aircraft in the fleet, daily utilization rate, technical reliability and the number of delays due to operational reasons over a two-year period of operations.

We have received industry accolades in recognition of the quality of our airline service, including the award for "Best Low-Cost Airline in Central Asia/India" at the SkyTrax World Airline Awards for eight consecutive years from 2010 to 2017. In 2017, TripAdvisor awarded us its "World's Best Airline" award in the low-cost category at its Travelers' Choice Awards based on overall reviews by passengers and aggregators. InterGlobe Enterprises (which includes our Company), was ranked among the "Best Companies to Work For" in India in 2015 for the eighth consecutive year by a study done by the Great Places to Work® Institute in partnership with The Economic Times. No other airline was included in these rankings during this period. We were also named as an "AON Best Employers India" by AON Hewitt in 2016 and 2017.

In fiscal 2017, our total revenue was ₹ 193,695.70 million, our profit was ₹ 16,591.88 million and our EBITDAR was ₹ 54,408.48 million. In fiscal 2016 as per Ind AS, our total revenue was ₹ 166,550.30 million, our profit was ₹ 19,861.61 million and our EBITDAR was ₹ 56,801.54 million. Please see "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Results of Operations***". We became profitable in fiscal 2009 and have remained profitable in each subsequent fiscal year through fiscal 2017. Our profit for the three months ended June 30, 2017 was ₹ 8,111.46 million. No other Indian airline has consistently remained profitable over the same period, according to CAPA.

We had lower CASK excluding fuel expenses for fiscal 2017 than our publicly listed competitors Jet Airways and SpiceJet and for fiscal 2015 than Air India, according to SAP. We also had one of the lowest CASK excluding fuel expenses compared with the 15 largest global low-cost carriers by ASKs, according to SAP. We believe that we have a strong balance sheet measured in terms of our liquidity and indebtedness. As of March 31, 2017 and June 30, 2017, we had total indebtedness of ₹ 25,961.74 million and ₹ 25,241.15 million, respectively, and no net debt (net of free cash). As of March 31, 2017 and June 30, 2017, all of our indebtedness was aircraft related and we did not have any indebtedness for working-capital. As of March 31, 2017 and June 30, 2017, we had total cash of ₹ 93,432.13 million and ₹ 101,847.44 million, respectively.

We believe that our track record of profitable growth, strong balance sheet and liquidity position and low CASK excluding fuel expenses provides a strong platform for us to pursue our strategic objectives and sustain our market leading position. We intend to continue to strengthen the breadth and density of our domestic network by adding flights in our existing key markets and selectively adding new routes and destinations. We are evaluating opportunities to strategically grow our international operations, including potential acquisitions to move into the long-haul international market, as we believe that, being the largest airline in India by passengers carried, we have the domestic feed for greater international connectivity. Finally, we intend to complement our current sale-and-leaseback aircraft financing structure with a higher proportion of owned A320 family and ATR aircraft to gradually reduce our higher aircraft lease expenses while assuming relatively lower costs associated with aircraft ownership.

Our Strengths

Our key strengths include the following:

We have successfully applied a proven low-cost carrier business model in the large, growing Indian aviation market.

- *Established leader by market share in one of the largest and fastest growing aviation markets in the world*

We are the domestic market leader in India, one of the largest and fastest growing aviation markets in the world in terms of domestic passenger traffic, with a 40.1% and 41.0% market share of domestic passengers carried for fiscal 2017 and the three months ended June 30, 2017, increasing from a 20.3% market share for fiscal 2012, according to the DGCA.

India has risen to be the third largest air travel market in terms of domestic passenger traffic in 2016, behind only the United States and China and ahead of Japan, according to CAPA. Despite this growth, India's air travel market remains significantly underpenetrated even compared to other developing Asian countries in terms of annual domestic seats per capita, according to CAPA. By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus.

- *Depth of network in key markets*

As on the date of this Red Herring Prospectus, we operate scheduled services to 46 airports, including seven international destinations with a fleet of 139 aircraft. We operated a peak of 937 flights per day during the month of June 2017, through our fleet of 135 aircraft. Our domestic capacity (measured in terms of ASKs added) grew at a CAGR of 24.2% between fiscal 2012 to fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to the DGCA. The capacity, in terms of ASKs, that we added in the five years ended March 31, 2017 accounted for 85% of all domestic capacity added by Indian carriers in that period, according to CAPA, which reflects our leadership in driving growth in the Indian air travel industry. We believe that the depth of our network, increased capacity and high number of flights provides us with a competitive edge through economies of scale, allowing us to optimize our costs.

- *Strong brand recognition and award-winning service*

We strive to be the most trusted airline brand in India. We have achieved recognition of the IndiGo brand through our simple brand message of providing "low fares, on-time flights and a courteous, hassle-free service" to our passengers. We have continuously received industry accolades since our inception in recognition of the quality of our airline service, including being awarded the "Best Low-cost Airline in Central Asia / India" at the SkyTrax World Airline Awards for eight consecutive years from 2010 to 2017. In 2017, TripAdvisor awarded us its "Best Regional & Low Cost Airlines" award in its Travelers' Choice Awards based on overall reviews by passengers and aggregators. IndiGo was the only airline from India to be recognized by TripAdvisor in the Asia Pacific region for this award category.

- *High operational reliability*

Our technical dispatch reliability was 99.89% in fiscal 2017 and 99.85% in three months ended June 30, 2017, according to Airbus. In 2017, Airbus awarded us its "Best Operational Excellence" award in the large fleet category for the second time in a row based on the number of aircraft in the fleet, daily utilization rate, technical reliability and the number of delays caused due to operational reasons over a two-year period of operations. We had an average domestic on-time performance of 79.8% during fiscal 2017 at four of India's leading airports (New Delhi, Mumbai, Bengaluru and Hyderabad), according to the DGCA. We were ranked first in domestic on-time performance at those four airports in the three months ended June 30, 2017 with average domestic on-time performance of 85.4%, according to the DGCA.

We believe we have a structural cost advantage which we expect to maintain.

- *Largest Airbus aircraft orders in history ensure fleet growth on favorable terms.*

Our firm orders of 100 A320 aircraft in June 2005, 180 A320neo aircraft in June 2011 and 250 A320neo aircraft in August 2015 were each the largest single order of aircraft by number from Airbus at the time of the order, according to Airbus. We believe that the magnitude of our 2005, 2011 and 2015 aircraft orders helped us to negotiate favorable terms with Airbus and our other aircraft-related suppliers and service providers, which provides us with a structural cost advantage by reducing the overall costs associated with the acquisition, maintenance and operation of our aircraft.

We receive non-refundable incentives from manufacturers upon the delivery of aircraft and engines and upon the achievement of certain milestones. The application of these purchase incentives, which are amortized over the initial terms of the operating leases, results in a net reduction in our aircraft rental payments.

- *Modern, fuel-efficient fleet*

Our fleet of 135 aircraft as of June 30, 2017 comprises 113 Airbus A320s and 22 A320neos. We were one of the first airlines globally to order, and in 2016 became the first airline in Asia to take delivery of, the A320neo aircraft, according to Airbus. A320neos currently give us about 15% better fuel efficiency compared to current generation A320 aircraft without sharklets, which has reduced our fuel consumption per block hour as these aircraft have entered our fleet. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order. Going forward, most of our

A320neo aircraft expected to be delivered towards the end of calendar year 2017 and onwards will have 186 seats and our A321neo aircraft expected to be delivered towards the end of calendar year 2018 and onwards will have 232 seats compared to our current A320 family aircraft, which have 180 seats.

- *Adherence to low-cost carrier business model*

Our disciplined execution of the low-cost carrier business model is intended to help us maintain low operating costs. We focus on maintaining a low cost structure by adhering to our low-cost carrier business model, including fleet uniformity across each service type, high aircraft utilization, no frills service and low turnaround time. Fleet uniformity helps us to reduce our expenses related to maintenance, spare parts, operation, crew training and labor, as well as helping us to more efficiently manage crew rosters. We expect to maintain this uniformity as we continue to add A320neos and A321neos to our existing fleet of Airbus A320 family aircraft for narrowbody operations, and a single class of ATR 72-600 –°ß¸ ƚøßƚø#aircraft to commence our turboprop operations.

In fiscal 2017, our average aircraft utilization in block hours was 12.9 hours per day per aircraft, higher than the average of 11.4 block hours for all other Indian carriers, according to CAPA. We maintain high aircraft utilization rates by keeping a low turnaround time between our flights. We have strived to reduce costs by scrutinizing every aspect of our business to remove non-essential costs without compromising passenger safety, security or on-time performance. We offer a single class of economy service and, unlike most full-service carriers, we do not offer a frequent flyer program, free lounges or include food and beverages in our ticket price for non-corporate passengers. These items have helped us to further reduce our cost base. We practice dynamic pricing and revenue management in line with the established practices of LCCs globally, and our fares are established to be particularly attractive to price-sensitive leisure and business travelers.

We have a demonstrated track record of profitable growth and strong cash flow generation, balance sheet and liquidity position.

- *Consistent profitability*

We are the only Indian carrier to consistently remain profitable for the last nine fiscal years ending in fiscal 2017, according to CAPA. We had lower CASK excluding fuel expenses for fiscal 2017 than our publicly listed competitors Jet Airways and SpiceJet and for fiscal 2015 than Air India, according to SAP. We also had one of the lowest CASK excluding fuel expenses compared with the 15 largest global low-cost carriers by ASKs, according to SAP. Our consistent profitability enables us to reinvest in our business and prepare us for the next phase of our growth as described in ***"– Our Strategies***".

- *Strong balance sheet*

We believe that the strength of our balance sheet in terms of liquidity and indebtedness provides us with a number of competitive advantages, such as the ability to obtain lower finance costs and better financial terms from aircraft lessors and suppliers of aircraft components. As of March 31, 2017 and June 30, 2017, we had total indebtedness of ₹ 25,961.74 million and ₹ 25,241.15 million, respectively, and no net debt (net of free cash). As of March 31, 2017 and June 30, 2017, all of our indebtedness was aircraft related and we did not have any indebtedness for working-capital. The strength of our balance sheet in terms of liquidity and indebtedness also provides us with a competitive advantage by allowing us the flexibility to fund future growth. As of March 31, 2017 and June 30, 2017, we had total cash of ₹ 93,432.13 million and ₹ 101,847.44 million, respectively.

- *Strong cash flow generation, liquidity position and shareholder value creation*

We have generated strong cash flows from operations for the nine fiscal years from 2009 to 2017. This has enabled us to further invest in our business and pay dividends to our shareholders in each of the past three fiscal years.

We believe that our strong liquidity position in terms of our total cash of ₹ 101,847.34 million as of June 30, 2017 helps to protect us from unforeseen shocks such as a sudden decline in air travel demand or sudden spikes in aircraft fuel prices. Our liquidity position has enabled us to consistently pay our suppliers on time, allowing us to benefit from supplier discounts.

- *Profitable growth*

We have continued to grow profitably as we have increased our capacity. Our domestic capacity (measured in terms of ASKs added) grew at a CAGR of 24.2% between fiscal 2012 to fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to the DGCA. In fiscal 2015, our profit for the year was ₹ 13,041.72 million, our EBITDAR was ₹ 38,425.42 million and our EBITDAR margin was 27.6% as per Indian GAAP. In fiscal 2016 and 2017 and the three months ended June 30, 2017, our profit for the year was ₹ 19,861.61 million, ₹ 16,591.88 million and ₹ 8,111.46 million, respectively, our EBITDAR was ₹ 56,801.54 million, ₹ 54,408.48 million and ₹ 19,617.50 million, respectively, and our EBITDAR margin was 35.2%, 29.3% and 34.1%, respectively, as per Ind AS.

Our Promoters and management team are experienced in the air travel industry.

Each of our Promoters and each member of our management team has many years of experience in the industry and in their respective areas of competence. We benefit from the support and experience of our Promoters, Mr. Rahul Bhatia and Mr. Rakesh Gangwal, our President and Whole-time Director, Mr. Aditya Ghosh, and our Chief Financial Officer, Mr. Rohit Philip. Mr. Bhatia holds leadership positions in several companies in the travel and hospitality industries, such as InterGlobe Enterprises and Acquire Services. Mr. Rakesh Gangwal has over 30 years of experience in the airline industry, including over 15 years of senior management experience at several leading airlines, such as United Airlines, Air France and as the President and Chief Executive Officer of US Airways. Mr. Ghosh has over 13 years of industry experience and has been with us since our inception. Mr. Philip has over 20 years of experience in finance, including 18 years of aviation industry experience, including various senior executive roles at United Airlines. The experience of our management team spans several industry cycles and a wide range of business conditions. Our management team is highly qualified to manage our operations and future expansion plans. We continue to strengthen our management team with personnel with functional expertise learned at large successful airlines, for example in the areas of finance, revenue management, crew scheduling and airport operations. We have in place fit-for-purpose recruiting practices and training programs for our management and personnel at all levels of our operations, which we believe has created a highly-skilled and experienced workforce that will continue to yield operational and financial benefits in the future.

Our Strategies

We seek to maintain our consistent profitability and maintain and increase our market share in the domestic Indian airline industry through the following strategies:

Build upon Domestic Leadership

By origin and destination passenger flows, India’s domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus. As of June 30, 2017, we operated scheduled services to 46 airports, including seven international destinations, with a peak of 937 flights per day during the month of June 2017. We intend to continue to strengthen the breadth and density of our network by adding flights in our existing key markets and selectively adding new routes and destinations. There are 36 cities in India with airports capable of landing Airbus A320 family or Boeing 737 family aircraft that we did not service as of June 30, 2017, according to CAPA, which we believe offers potential for us to expand our network in the future.

We expect to grow our capacity at a CAGR of 20% between fiscal 2017 and fiscal 2020, based on our existing aircraft delivery schedule. Our aircraft are configured to optimize seating capacity. Our current A320 family aircraft each have 180 seats. Going forward, most of our A320neo aircraft expected to be delivered towards the end of calendar year 2017 and onwards will have 186 seats and our A321neo aircraft expected to be delivered towards the end of calendar year 2018 and onwards will have 232 seats compared to our current A320 family aircraft, which have 180 seats. Therefore, we believe that increasing the number of A320neo and A321neo aircraft in our fleet in the coming years can help us to gradually increase our capacity.

To expand our market presence and improve our ability to serve routes in “tier 2” and “tier 3” cities in India, including routes qualified under the Government of India’s *Ude Desh ka Aam Naagrik* regional air connectivity scheme, we placed an order with ATR in August 2017, for the purchase of up to 50 ATR 72-600 –ºß¸ łøßłø# aircraft. We expect to launch our turboprop operations by the end of calendar year 2017 and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018.

Exploit International Opportunities with Thought and Caution

We are evaluating opportunities to strategically grow our international operations as we believe that, being the largest airline in India by passenger carried, we have the domestic feed for greater international connectivity. While we have historically focused on domestic and short-haul international operations, we are examining opportunities to move into the long-haul international market, including through acquisitions. For example, in June 2017, we informed the Ministry of Civil Aviation of our interest in acquiring the international operations of Government-owned airlines Air India and Air India Express. We believe that India has strong growth potential as a regional hub for long-haul international air travel, particularly as aircraft manufacturers continue to improve the fuel efficiency and flying range of new aircraft models and variants. We believe that we can increase our international passengers from India, many of whom currently use high-cost non-stop operators and airports in cities such as Dubai, Abu Dhabi, Doha, Singapore, Bangkok, London, Frankfurt and Paris as their long-haul international transit hubs, by offering direct, low-fare flights to select international destinations. In the absence of any strategic acquisition to expand our international operations which provides us access to additional routes and airport slots, we expect any international growth to be slow and methodical.

Execute optimal aircraft financing strategy

We intend to complement our current sale-and-leaseback aircraft financing structure with a higher proportion of owned A320 family and ATR aircraft. We believe that we can gradually reduce our higher aircraft lease expenses while assuming relatively lower costs associated with aircraft ownership, which we anticipate will help to improve our results of operations and financial condition and provide more flexibility for future aircraft financing arrangements. As of March 31, 2017, our proportion of owned or finance lease aircraft to total fleet was 13%, which was considerably lower than certain other successful large LCCs globally, namely EasyJet (73%), JetBlue (80%), Southwest (89%) and Ryanair (91%), according to CAPA. We may focus on purchasing A320neos and, in the future, A321neos and ATR as we believe that the risk of technological obsolescence associated with these aircraft is relatively low. We intend to use a portion of the proceeds from this Issue and internal resources to fund future aircraft ownership in addition to considering third-party financing options.

SUMMARY OF THE ISSUE

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Red Herring Prospectus, including in "***Risk Factors***", "***Use of Proceeds***", "***Placement***" and "***Issue Procedure***" beginning on pages 48, 73, 182 and 165 respectively.

The following is a general summary of the terms of the Issue:

Issuer	InterGlobe Aviation Limited
Issue Size	Up to 33,578,421 Equity Shares at an Issue Price of ₹ [●] per Equity Share aggregating up to ₹ [●] million comprising of the Fresh Issue and Offer for Sale
Issue Price	The price at which the Equity Shares offered in the Issue will be Allotted to the successful Applicants in terms of the Basis of Allocation, Allotment Criteria and the CAN. For details Please see "***Issue Procedure***" beginning on page 165
Eligible Investors	QIBs
Class of Equity Shares	The Equity Shares offered in the Issue are securities of our Company of the same class and in all respects uniform with the Equity Shares listed and traded on the Stock Exchanges. For details, see "***Description of the Equity Shares***" beginning on page 193
Equity Shares issued and outstanding immediately prior to the Issue	361,684,551 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares
Price Band	The Price Band, if applicable, as decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, which shall be announced at least one (1) day prior to the Issue Opening Date
Floor Price	The Floor Price, if applicable, as decided by our Company and the Selling Shareholders in consultation with the Book Running Lead Managers, which shall be announced at least one (1) day prior to the Issue Opening Date
Cap Price	The higher end of the Price Band, if a price band is, announced by our Company, above which the Issue Price will not be finalised and above which no ASBA Applications will be accepted
Listing	(i) Applications for in-principle approval, in terms of Regulation 28(1) of the SEBI Listing Regulations, for listing and admission of the Equity Shares offered in the Issue and for trading on the Stock Exchanges, were made and approval has been received from both, BSE and the NSE, *vide* their respective letters dated September 11, 2017; and (ii) the application for the final listing and trading approval will be made after Allotment
Lock-up	Please see "***Placement***" on page 182.
Transferability Restrictions	The Equity Shares Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. Please see "***Additional Purchaser Representations and Transfer Restrictions***" beginning on page 186
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about [●]
Use of Proceeds	Net Proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to total approximately ₹ [●] million. Please see "***Use of Proceeds***" on page 73.
Risk Factors	Please see "***Risk Factors***" beginning on page 48 for a discussion of factors you should consider before deciding whether to subscribe for the Equity Shares offered in the Issue.
Ranking	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum and the Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of voting and dividends. The shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Allotment of the Equity Shares issued, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations

Security Codes for the Equity Shares	**ISIN:** INE646L01027 **BSE Scrip Code:** 539448 **NSE Symbol:** INDIGO

SELECTED FINANCIAL INFORMATION

The following selected information is extracted from and should be read in conjunction with our Audited Financial Statements and notes thereto prepared in accordance applicable accounting standards and the Companies Act included elsewhere in this Red Herring Prospectus.

Condensed Interim Standalone Balance Sheet as at 30 June 2017

(Rupees in millions, except for share data and if otherwise stated)

	As at 30 June 2017	As at 31 March 2017
I. ASSETS		
Non-current assets		
a. Property, plant and equipment	37,017.77	37,474.72
b. Capital work-in-progress	242.06	233.03
c. Other intangible assets	429.20	463.69
d. Intangible assets under development	36.78	18.83
e. Financial assets		
(i) Investments	0.28	0.28
(ii) Loans	5,702.17	5,440.26
(iii) Other financial assets	10,393.62	10,356.39
f. Income tax assets (net)	140.19	97.60
g. Other non-current assets	3,694.79	3,548.74
Total non-current assets	**57,656.86**	**57,633.54**
Current assets		
a. Inventories	1,623.90	1,631.50
b. Financial assets		
(i) Investments	42,831.87	37,134.10
(ii) Trade receivables	1,705.12	1,587.02
(iii) Cash and cash equivalents	1,797.21	1,531.09
(iv) Bank balances other than cash and cash equivalents, above	47,399.87	44,794.26
(v) Loans	297.73	39.76
(vi) Other financial assets	5,797.83	4,101.10
c. Other current assets	4,119.26	3,645.23
Total current assets	**105,572.79**	**94,464.06**
TOTAL ASSETS	**163,229.65**	**152,097.60**
II. EQUITY AND LIABILITIES		
EQUITY		
a. Equity share capital	3,615.99	3,614.68
b. Other equity	42,437.60	34,177.49
Total equity	**46,053.59**	**37,792.17**
LIABILITIES		
Non-current liabilities		
a. Financial liabilities		
(i) Borrowings	23,212.08	23,957.08
(ii) Other financial liabilities	23,147.07	22,685.34
b. Provisions	1,307.90	1,223.94
c. Deferred tax liabilities (net)	2,243.12	1,618.06
d. Other non-current liabilities	88.70	75.00
e. Deferred incentives	17,706.44	16,899.90
Total non-current liabilities	**67,705.31**	**66,459.32**
Current liabilities		
a. Financial liabilities		
(i) Trade payables	7,861.36	7,745.94
(ii) Other financial liabilities	16,549.99	14,322.67
b. Provisions	793.89	667.06
c. Current tax liabilities (net)	1,647.52	446.77
d. Other current liabilities	17,590.72	19,725.84
e. Deferred incentives	5,027.27	4,937.83
Total current liabilities	**49,470.75**	**47,846.11**
TOTAL EQUITY AND LIABILITIES	**163,229.65**	**152,097.60**

Condensed Interim Standalone Statement of Profit and Loss for the period ended 30 June 2017

(Rupees in millions, except for share data and if otherwise stated)

	For the period ended 30 June 2017	For the period ended 30 June 2016
Income		
Revenue from operations	57,529.12	45,788.52
Other income	2,026.35	1,626.06
Total income	**59,555.47**	**47,414.58**
Expenses		
Aircraft fuel expenses	17,591.66	13,674.11
Aircraft and engine rentals (net)	8,536.92	7,126.96
Purchase of stock-in-trade	317.67	347.41
Changes in inventories of stock-in-trade	20.04	(3.20)
Employee benefits expense	5,842.77	4,789.48
Finance costs	769.75	1,163.10
Depreciation and amortisation expense	983.41	1,148.23
Other expenses	14,249.90	11,701.53
Total expenses	**48,312.12**	**39,947.62**
Profit before tax	**11,243.35**	**7,466.96**
Income tax expense		
Current tax	2,808.80	1,843.28
Deferred tax (credit) / charge	323.09	(294.05)
Total tax expense	**3,131.89**	**1,549.23**
Profit for the period	**8,111.46**	**5,917.73**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurements of defined benefit plans	5.68	2.66
- Income tax relating to above mentioned item	(1.97)	(0.92)
Other comprehensive income for the period, net of tax	**3.71**	**1.74**
Total comprehensive income for the period	**8,115.17**	**5,919.47**
Earnings per equity share of face value of Rs. 10 each		
Basic (Rs.)	22.44	16.42
Diluted (Rs.)	22.39	16.36

Condensed Interim Standalone Cash Flow Statement for the period ended 30 June 2017

(Rupees in millions, except for share data and if otherwise stated)

	For the period ended 30 June 2017	For the period ended 30 June 2016
A. Cash flows from operating activities		
Profit before tax	11,243.35	7,466.96
Adjustments for:		
Depreciation and amortisation expense	983.41	1,148.23
Provision for redelivery and overhaul cost	186.09	19.94
Liabilities no longer required written back	-	(116.01)
Loss on sale of property, plant and equipment (net)	0.59	0.06
Non cash incentives, claims and credits (net)	(2.49)	15.30
Interest accretion on provisions and other financial liabilities measured at amortised cost	506.41	381.23
Deferred rent amortisation (included in Aircraft and engine rentals)	152.70	117.59
Property, plant and equipment written off	19.15	-
Advance write off	-	0.29
Unrealised foreign exchange (gain) / loss (net)	(68.38)	608.52
Interest on borrowings measured at amortised cost	49.72	39.01
Finance lease charges on finance lease obligations measured at amortised cost	213.62	672.93
Employee stock option scheme expense	93.70	215.81
Interest income from bank deposits	(974.10)	(939.74)
Interest income from financial assets at amortised cost	(135.87)	(107.21)
Marked to market gain on current investments	(567.96)	(252.76)
Net gain on sale of current investments	(238.00)	(67.93)
Operating profit before working capital changes	**11,461.94**	**9,202.22**
Adjustments for:		
Increase in trade receivables	(125.24)	(112.46)
Decrease/(increase) in inventories	7.60	(495.66)
Increase in loans, other financial assets, and other assets	(2,873.63)	(404.76)
Decrease in trade payables, other financial liabilities and other liabilities	(88.32)	(394.99)
Increase/(decrease) in deferred incentives	894.23	(365.32)
Cash generated from operating activities	**9,276.58**	**7,429.03**
Income tax paid	(1,350.64)	(903.82)
Net cash generated from operating activities	**7,925.94**	**6,525.21**
B. Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (including capital advances)	(717.49)	(211.65)
Proceeds from sale of property, plant and equipment	1.92	0.33
Deposits made with banks due to mature within 12 months from the reporting date (net)	(2,605.61)	(2,932.18)
Deposits made with banks due to mature after 12 months from the reporting date (net)	(115.53)	2,302.16
Purchase of mutual funds / shares	(27,257.00)	(24,818.50)
Proceeds from sale of mutual funds / shares	22,365.19	18,801.62
Interest received	1,206.92	786.04
Net cash used in investing activities	**(7,121.60)**	**(6,072.18)**
C. Cash flows from financing activities		
Repayment of secured loans (Refer to Note 1 below)	(743.95)	(5,727.26)
Interest paid	(2.15)	(2.05)
Finance lease charges paid	(160.51)	(129.50)
Proceeds from issue of shares on exercise of stock options	1.31	8.47
Proceeds from securities premium on exercise of stock options	51.24	-
Net cash used in financing activities	**(854.06)**	**(5,850.34)**
Net decrease in cash and cash equivalents during the period (A+B+C)	**(49.72)**	**(5,397.31)**
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	**46.12**	**60.61**
D. Cash and cash equivalents at the beginning of the period		
Cash on hand	43.17	30.83
Balance with banks:		
- On current accounts	1,487.92	2,664.02
- On deposit accounts (with original maturity of three months or less)	-	5,358.83
	1,531.09	**8,053.68**

Condensed Interim Standalone Cash Flow Statement for the period ended 30 June 2017

(Rupees in millions, except for share data and if otherwise stated)

E. Cash and cash equivalents as at the end of the period		
Cash on hand	41.98	42.07
Balance with banks:		
- On current accounts	1,730.23	2,599.91
- On deposit accounts (with original maturity of three months or less)	25.00	75.00
	1,797.21	2,716.98
Less: Book overdraft	269.72	-
	1,527.49	**2,716.98**

Condensed Interim Standalone Cash Flow Statement for the period ended 30 June 2017

(Rupees in millions, except for share data and if otherwise stated)

Notes:

1. **Changes in liabilities arising from financing activities**

	For the period ended 30 June 2017	For the period ended 30 June 2016
Opening balance of secured loans	**25,961.74**	**32,446.29**
- Finance lease obligations (including current maturities of finance lease obligations)	21,357.74	28,410.83
- Foreign currency term loan - from others	4,604.00	4,035.46
Cash flows		
Repayment of secured loans	(743.95)	(5,727.26)
Non-cash changes		
Foreign currency exchange fluctuations	(60.43)	582.00
Changes in finance lease obligation measured at amortised cost	83.79	555.72
Closing balance of secured loans	**25,241.15**	**27,856.75**
- Finance lease obligations (including current maturities of finance lease obligations)	20,652.65	23,738.03
- Foreign currency term loan - from others	4,588.50	4,118.72

Balance Sheet as at 31 March 2017

(Rupees in millions, except for share data and if otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I. ASSETS			
Non-current assets			
a. Property, plant and equipment	37,474.72	47,274.34	49,025.81
b. Capital work-in-progress	233.03	237.34	4.53
c. Other intangible assets	463.69	199.74	96.37
d. Intangible assets under development	18.83	82.31	-
e. Financial assets			
(i) Investments	0.28	0.25	0.46
(ii) Loans	5,440.26	4,217.22	3,106.82
(iii) Other financial assets	10,356.39	14,977.84	16,055.60
f. Deferred tax assets (net)	-	-	854.67
g. Income tax assets (net)	97.60	189.28	383.77
h. Other non-current assets	3,548.74	2,933.49	2,149.88
Total non-current assets	**57,633.54**	**70,111.81**	**71,677.91**
Current assets			
a. Inventories	1,631.50	762.82	943.75
b. Financial assets			
(i) Investments	37,134.10	9,861.31	5,193.03
(ii) Trade receivables	1,587.02	1,571.14	1,045.50
(iii) Cash and cash equivalents	1,531.09	8,053.68	2,467.49
(iv) Bank balances other than cash and cash equivalents, above	44,794.26	29,133.02	17,526.31
(v) Loans	39.76	90.46	41.25
(vi) Other financial assets	4,101.10	3,089.92	2,007.24
c. Other current assets	3,645.23	3,512.74	2,455.40
Total current assets	**94,464.06**	**56,075.09**	**31,679.97**
TOTAL ASSETS	**152,097.60**	**126,186.90**	**103,357.88**
II. EQUITY AND LIABILITIES			
EQUITY			
a. Equity share capital	3,614.68	3,603.57	307.00
b. Other equity	34,177.49	23,628.27	7,495.23
Total equity	**37,792.17**	**27,231.84**	**7,802.23**
LIABILITIES			
Non-current liabilities			
a. Financial liabilities			
(i) Borrowings	23,957.08	30,070.72	36,317.05
(ii) Other financial liabilities	22,685.34	17,864.66	12,548.05
b. Provisions	1,223.94	862.28	593.59
c. Deferred tax liabilities (net)	1,618.06	1,467.79	-
d. Other non-current liabilities	75.00	107.39	148.77
e. Deferred incentives	16,899.90	11,778.16	13,317.44
Total non-current liabilities	**66,459.32**	**62,151.00**	**62,924.90**
Current liabilities			
a. Financial liabilities			
(i) Trade payables	7,745.94	7,412.28	4,754.75
(ii) Other financial liabilities	14,322.67	8,300.09	7,983.41
b. Provisions	667.06	567.38	478.64
c. Current tax liabilities (net)	446.77	89.66	1.02
d. Other current liabilities	19,725.84	16,380.58	15,213.91
e. Deferred incentives	4,937.83	4,054.07	4,199.02
Total current liabilities	**47,846.11**	**36,804.06**	**32,630.75**
TOTAL EQUITY AND LIABILITIES	**152,097.60**	**126,186.90**	**103,357.88**

Statement of Profit and Loss for the year ended 31 March 2017

(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Income		
Revenue from operations	185,805.00	161,399.09
Other income	7,890.70	5,151.21
Total income	**193,695.70**	**166,550.30**
Expenses		
Aircraft fuel expenses	63,415.13	47,793.24
Aircraft and engine rentals (net)	31,253.73	25,067.63
Purchase of stock-in-trade	1,238.32	1,147.82
Changes in inventories of stock-in-trade	(2.94)	(11.32)
Employee benefits expense	20,481.90	17,879.84
Finance costs	3,307.80	3,041.16
Depreciation and amortisation expense	4,572.53	5,054.68
Other expenses	47,985.83	38,342.18
Total expenses	**172,252.30**	**138,315.23**
Profit before tax	**21,443.40**	**28,235.07**
Income tax expense		
Current tax	4,911.51	7,303.93
Deferred tax (credit) / charge	(59.99)	1,069.53
Total tax expense	**4,851.52**	**8,373.46**
Profit for the year	**16,591.88**	**19,861.61**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurements of defined benefit plans	(33.22)	(19.39)
- Income tax relating to above mentioned item	11.50	6.71
Other comprehensive income for the year, net of tax	**(21.72)**	**(12.68)**
Total comprehensive income for the year	**16,570.16**	**19,848.93**
Earnings per equity share of face value of Rs. 10 each		
Basic (Rs.)	45.94	58.06
Diluted (Rs.)	45.85	56.39

Cash Flow Statement for the year ended 31 March 2017

(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Cash flows from operating activities		
Profit before tax	21,443.40	28,235.07
Adjustments for:		
Depreciation and amortisation expense	4,572.53	5,054.68
Provision for redelivery and overhaul cost	286.55	62.05
Liabilities no longer required written back	(414.93)	(69.34)
Provision for obsolescence of inventories	-	7.73
Profit on sale of property, plant and equipment (net)	(24.58)	(0.40)
Non cash incentives, claims and credits (net)	(2,152.27)	51.72
Interest accretion on provisions and other financial liabilities measured at amortised cost	1,670.58	1,510.31
Deferred rent amortisation (included in Aircraft and engine rentals)	535.97	447.02
Property, plant and equipment written off	47.46	4.26
Advance write off	9.09	2.10
Unrealised foreign exchange (gain) / loss (net)	(861.80)	1,112.93
Interest on borrowings measured at amortised cost	179.98	137.99
Finance lease charges on finance lease obligations measured at amortised cost	1,298.99	1,201.34
Employee stock option scheme expense	504.89	677.07
Interest income from bank deposits	(3,913.27)	(3,687.41)
Interest income from financial assets at amortised cost	(488.02)	(442.68)
Marked to market gain on current investments	(546.42)	(120.11)
Net gain on sale of current investments	(1,221.27)	(346.80)
Operating profit before working capital changes	**20,926.88**	**33,837.53**
Adjustments for:		
Increase in trade receivables	(21.45)	(530.72)
(Increase)/decrease in inventories	(868.68)	173.21
Increase in loans, other financial assets, and other assets	(2,432.70)	(3,917.90)
Increase in trade payables, other financial liabilities and other liabilities	17,338.58	9,164.24
Increase/(decrease) in deferred incentives	7,119.03	(1,807.96)
Cash generated from operating activities	**42,061.66**	**36,918.40**
Income tax paid	(4,240.96)	(5,761.16)
Net cash generated from operating activities	**37,820.70**	**31,157.24**
B. Cash flows from investing activities		
Purchase of Property, plant and equipment and other intangible assets (including capital advances)	(2,372.38)	(2,486.39)
Proceeds from sale of Property, plant and equipment	6,132.30	1.62
Deposits made with banks due to mature within 12 months from the reporting date (net) [deposits under lien Rs. 39,471.53 (31 March 2016 : Rs. 24,961.08)]	(15,661.24)	(11,606.71)
Deposits made with banks due to mature after 12 months from the reporting date (net) [deposits under lien Rs. 9,633.84 (31 March 2016 : Rs. 12,883.85)]	3,567.53	1,578.62
Investment in subsidiary	(0.10)	-
Purchase of mutual funds / shares	(126,733.58)	(59,387.98)
Proceeds from sale of mutual funds / shares	101,228.56	55,186.61
Interest received	3,460.24	3,285.80
Net cash used in investing activities	**(30,378.67)**	**(13,428.43)**
C. Cash flows from financing activities		
Proceeds from secured loans	676.61	843.70
Repayment of secured loans	(7,526.39)	(11,084.90)
Interest paid	(168.77)	(123.76)
Finance lease charges paid	(478.79)	(701.57)
Proceeds from public issue of shares	-	166.41
Proceeds from issue of shares on exercise of stock options	11.11	-
Proceeds from securities premium (net)	-	11,971.74
Dividend paid	(5,422.03)	(11,026.49)
Corporate dividend tax paid	(1,103.80)	(2,244.77)
Net cash used in financing activities	**(14,012.06)**	**(12,199.64)**
Net (decrease) / increase in cash and cash equivalents during the year (A+B+C)	**(6,570.03)**	**5,529.17**
Effect of exchange rate changes on cash and cash equivalent held in foreign currency	**47.44**	**57.02**

Cash Flow Statement for the year ended 31 March 2017

(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
D. Cash and cash equivalents at the beginning of the year		
Cash on hand	30.83	21.42
Cheques on hand	-	0.09
Balance with banks:		
- On current accounts	2,664.02	2,098.48
- On deposit accounts (with original maturity of three months or less)	5,358.83	347.50
	8,053.68	**2,467.49**
E. Cash and cash equivalents as at the end of the year		
Cash on hand	43.17	30.83
Balance with banks:		
- On current accounts	1,487.92	2,664.02
- On deposit accounts (with original maturity of three months or less)	-	5,358.83
	1,531.09	**8,053.68**

Balance Sheet as at 31 March 2016

(Rupees in millions, except for share data and if otherwise stated)

	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES		
Shareholders' funds		
Share capital	3,603.57	343.72
Reserves and surplus	14,739.20	3,863.23
	18,342.77	**4,206.95**
Non-current liabilities		
Long-term borrowings	29,498.61	35,884.02
Deferred tax liability (net)	5,179.72	4,091.35
Other long-term liabilities	24,722.47	20,169.51
Long-term provisions	810.64	522.91
Deferred incentives	11,778.16	13,317.44
	71,989.60	**73,985.23**
Current liabilities		
Trade payables		
-Total outstanding dues of micro enterprises and small enterprises	15.89	17.75
-Total outstanding dues of creditors other than micro enterprises and small enterprises	7,396.39	4,737.00
Other current liabilities	21,509.21	19,007.99
Short-term provisions	6,883.18	1,528.51
Deferred incentives	4,054.07	4,199.02
	39,858.74	**29,490.27**
TOTAL	130,191.11	107,682.45
ASSETS		
Non-current assets		
Fixed assets		
Tangible fixed assets	46,755.15	48,664.02
Intangible fixed assets	199.74	96.37
Capital work-in-progress	237.34	4.53
Intangible assets under development	82.31	-
	47,274.54	**48,764.92**
Non-current investments	0.25	0.46
Long-term loans and advances	11,930.62	11,181.34
Other non-current assets	14,977.84	16,055.60
	74,183.25	**76,002.32**
Current assets		
Current investments	9,741.20	5,167.52
Inventories	1,267.20	1,305.54
Trade receivables	1,571.14	1,045.50
Cash and bank balances	37,186.70	19,993.80
Short-term loans and advances	2,248.75	1,555.61
Other current assets	3,992.87	2,612.16
	56,007.86	**31,680.13**
TOTAL	130,191.11	107,682.45

Statement of Profit and Loss for the year ended 31 March 2016

(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue		
Revenue from operations	161,399.09	139,253.36
Other income	4,613.93	3,945.83
	166,013.02	**143,199.19**
Expenses		
Aircraft fuel expenses	47,793.24	57,484.86
Aircraft and engine rentals (net of cash and non cash incentives Rs. 3,565.96 (previous year Rs. 3,553.12))	26,121.52	19,522.38
Purchase of stock in trade	1,147.82	817.10
Changes in inventories of stock in trade	(11.32)	(31.72)
Employee benefits expense	17,899.23	11,886.91
Finance costs	1,348.53	1,155.32
Depreciation and amortisation expense	5,030.79	3,022.14
Other expenses	38,393.71	30,876.97
	137,723.52	**124,733.96**
Profit before tax (charge)/benefit	**28,289.50**	**18,465.23**
Tax (charge)/benefit		
Current Tax		
- Current period	(7,303.93)	-
Minimum Alternative Tax ('MAT')		
- Current period	-	(3,889.77)
Less: MAT credit entitlement	-	2,014.85
Deferred tax credit / (charge)	(1,088.37)	(3,548.59)
Profit for the year	19,897.20	13,041.72
Earnings per equity share [par value of share Rs. 10]		
Basic	**58.17**	**42.48**
Diluted	**56.49**	**37.94**

Cash Flow Statement for the year ended 31 March 2016

(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flows from operating activities		
Profit before tax	28,289.50	18,465.23
Adjustments for:		
Depreciation and amortisation expense	5,030.79	3,022.14
Provision for redelivery cost (adjusted for provision utilized / reversed during the year)	82.48	63.37
Liabilities written back no longer required	(69.34)	(107.78)
Provision for doubtful debts and loans and advances	-	71.45
Provision for inventory obsolescence (net)	31.62	21.34
(Profit) / Loss on sale of fixed asset (net)	(0.40)	0.13
Non cash incentives, net	51.72	(1.12)
Advances written off	2.10	0.90
Assets written off	4.26	0.18
Unrealised foreign exchange loss (net)	2,057.93	1,192.08
Interest expense	137.99	107.29
Finance lease charges	1,019.02	929.36
Employee stock compensation cost	677.07	-
Interest income on fixed deposits	(3,687.41)	(2,703.77)
Net gain on sale of current investments	(372.31)	(1,035.88)
Operating profit before working capital changes	**33,255.02**	**20,024.92**
Adjustment for:		
(Increase)/decrease in trade receivables	(530.72)	(224.56)
(Increase)/decrease in inventories	6.72	(654.02)
(Increase)/decrease in loans and advances and other assets	(3,013.81)	2.01
Increase/(decrease) in trade payables, other liabilities and provisions	8,842.66	8,607.22
Increase/(decrease) in deferred incentives	(1,807.96)	34.51
Cash generated from operating activities	**36,751.91**	**27,790.08**
Taxes paid	(5,761.16)	(3,951.24)
Net cash generated from operating activities	**30,990.75**	**23,838.84**
B. Cash flows from investing activities		
Purchase of fixed assets (including capital advances), net of cash incentives	(2,319.90)	(10,171.15)
Proceeds from sale of fixed assets	1.62	1.63
Deposits made with banks due to mature within 12 months from the reporting date (net) [deposits under lien Rs. 24,961.08 (previous year : Rs. 15,004.03)]	(11,606.71)	(7,617.43)
Deposits made with banks due to mature after 12 months from the reporting date (net) [deposits under lien Rs. 12,883.85 (previous year : Rs. 13,649.11)]	1,578.62	(1,504.44)
Purchase of mutual funds / shares	(59,387.98)	(65,074.52)
Proceeds from sale of mutual funds / shares	55,186.61	73,657.73
Interest received	3,285.80	1,303.12
Net cash generated from / (used in) investing activities	**(13,261.94)**	**(9,405.06)**
C. Cash flows from financing activities		
Proceeds from secured loans	843.70	8,137.45
Repayment of secured loans	(11,084.90)	(4,320.32)
Interest paid	(123.76)	(100.46)
Finance lease charges paid	(701.57)	(669.67)
Proceeds from public issue of shares	166.41	-
Proceeds from securities premium (net)	11,971.74	-
Dividend paid	(11,026.49)	(13,575.30)
Tax paid on dividends	(2,244.77)	(2,552.83)
Net cash generated from / (used in) financing activities	**(12,199.64)**	**(13,081.13)**

Cash Flow Statement for the year ended 31 March 2016

		(Rupees in millions, except for share data and if otherwise stated)	
		For the year ended 31 March 2016	For the year ended 31 March 2015
	Net Increase in cash and cash equivalents during the year (A+B+C)	**5,529.17**	**1,352.65**
	Effect of exchange rate changes on cash and cash equivalent held in foreign currency	57.02	8.40
D	**Cash and cash equivalents at the beginning of the year**		
	Cash on hand	21.42	16.50
	Cheques on hand	0.09	1.00
	Balance with banks:		
	- On current accounts	2,098.48	838.94
	- On deposit accounts (with original maturity of three months or less)	347.50	250.00
		2,467.49	**1,106.44**
E	**Cash and cash equivalents as at the end of the year**		
	Cash on hand	30.83	21.42
	Cheques on hand	-	0.09
	Balance with banks:		
	- On current accounts	2,664.02	2,098.48
	- On deposit accounts (with original maturity of three months or less)	5,358.83	347.50
		8,053.68	**2,467.49**

SELECTED HISTORICAL FINANCIAL AND OTHER INFORMATION

The following tables set forth the selected financial information derived from our audited financial statements as of and for the years ended March 31, 2014, March 31, 2013 and March 31, 2012. These financial statements were prepared in accordance with Indian GAAP, the Companies Act, 1956 and the Companies Act, 2013 and have not been included in this Red Herring Prospectus. You should read the following information in conjunction with "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and the Financial Statements included elsewhere in this Red Herring Prospectus.
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In Fiscal 2017, we began preparing our financial statements in accordance with Ind AS. Please also see "***Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, results of operations and cash flows***" on page 69.
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Summary Statement of Profit and Loss

(₹ in millions, except for share data and if otherwise stated)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Revenue			
Total Revenue	1,14,470.23	94,583.14	57,180.69
Expenses			
Aircraft fuel expenses	55,133.50	43,126.26	28,735.91
Aircraft and engine rentals	20,310.31	17,149.51	10,634.40
Less: Cash and non-cash incentives	(3,607.17)	(3,588.03)	(2,627.25)
Aircraft and engine rentals (net)	16,703.14	13,561.48	8,007.15
Purchase of stock in trade	593.27	559.94	346.57
Changes in inventories of stock in trade	7.06	(18.65)	(6.83)
Employee benefit expense	9,289.40	6,972.33	5,218.07
Other expenses	24,480.46	19,015.34	13,061.28
Finance costs	1,225.77	578.01	514.27
Depreciation and amortisation expenses	2,260.08	856.20	665.23
Total expenses	1,09,692.68	84,650.91	56,541.65
Profit before tax	4,777.55	9,932.23	639.04
Tax (charge)/benefit	(1,607.64)	(2,058.76)	639.72
Profit for the period / year	3,169.91	7,873.47	1,278.76

Non-Indian GAAP Financial Measures

We have also included PAT (profit after tax) Margin, EBITDA (earnings before finance income and cost, income taxes, and depreciation and amortisation), EBITDAR (EBITDA plus aircraft and engine rentals), free cash and restricted cash, which are non-Indian GAAP financial measures, in this Red Herring Prospectus.

The following table reconciles our profit after tax (an Indian GAAP financial measure) to PAT Margin (a non-Indian GAAP financial measure).

(₹ in millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
PAT	3,169.91	7,873.47	1,278.76

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
PAT Margin[(1)]	2.9%	8.6%	2.3%

Note:

(1) PAT margin is calculated as PAT / revenue from operations

The following table reconciles our profit before tax (an Indian GAAP financial measure) to EBITDA and EBITDAR (non-Indian GAAP financial measures):

(₹ in millions)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Profit after tax	3,169.91	7,873.47	1,278.76
Add: Tax (charge)/benefit	(1,607.64)	(2,058.76)	639.72
Profit before tax	4,777.55	9,932.23	639.04
Add: Finance costs	1,225.77	578.01	514.27
Less: Finance income	(2,863.55)	(2,006.37)	(1,207.00)
Add: Depreciation and amortisation	2,260.08	856.20	665.23
EBITDA[(1)]	5,399.85	9,360.07	611.54
Add: Aircraft and engine rentals (net)	16,703.14	13,561.48	8,007.15
EBITDAR[(2)]	22,102.99	22,921.55	8,618.69
EBITDAR Margin[(3)]	19.9%	24.9%	15.5%

(1) EBITDA is earnings before finance income and cost, income taxes, and depreciation and amortisation. It is calculated by adding taxes, finance cost, and depreciation and amortisation expenses back and deducting finance income from profit after tax

(2) EBITDAR is earnings before finance income and cost, income taxes, and depreciation and amortisation. It is calculated as EBITDA plus aircraft and engine rentals

(3) EBITDAR margin is calculated as EBITDAR/revenue from operations

The following table sets forth information on our total cash equivalents compared to our revenue from operations at the end of the years indicated.

(₹ in millions, unless otherwise stated)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2012
Total Cash	37,344.75	29,496.23	19,186.95
Total Cash to LTM (last twelve months) revenue from operations[(1)]	33.6%	32.1%	34.5%

Note:

(1) Total Cash comprises of cash and bank balance, current and non-current investments and bank deposits due for maturity after twelve months from the reporting date

The following table sets forth information on our free cash and restricted cash at the end of the years indicated.

(₹ in millions)

Particulars	As of March 31, 2014	As of March 31, 2013	As of March 31, 2012
Free cash (including investments in liquid mutual funds)[(1)]	16,577.27	14,840.64	10,262.13
Restricted cash[(2)]	20,767.48	14,655.59	8,924.82
Total cash[(3)]	37,344.75	29,496.23	19,186.95

Notes:

(1) Free Cash comprises of cash and bank balances excluding deposits under lien, deposits with a maturity of more than 12 months from the reporting date excluding any deposits under lien and current investments

(2) Restricted Cash comprises of all bank deposits under lien and non-current investments

(3) Total cash comprises of free cash and restricted cash

PAT Margin, EBITDA, EBITDAR, total cash to LTM revenue from operations, free cash and restricted cash are included as supplemental disclosure as our management considers that they are useful indicators of our operating performance. Derivations of these non-Indian GAAP financial measures are well-recognised performance measurements in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry. Our management also considers EBITDA to be useful for evaluating performance of our senior management team. EBITDAR is useful in evaluating our operating performance compared to our competitors because its calculation isolates the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by finance lease or by operating lease, each of which is presented differently for accounting purposes) and income taxes, which may vary significantly between periods and for different companies for reasons unrelated to overall operating performance. However, because derivations of these measures are not determined in accordance with Indian GAAP, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same manner. As a result, derivations of these measures as presented may not be directly comparable to similarly titled measures presented by other companies.

These non-Indian-GAAP financial measures have limitations as an analytical tool. Some of these limitations are: they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; they do not reflect changes in, or cash requirements for, our working capital needs; they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and other companies in our industry may calculate PAT Margin, EBITDA, EBITDAR, total cash to LTM revenue, free cash and restricted cash differently than we do, limiting their usefulness as a comparative measure. Because of these limitations, PAT Margin, EBITDA, EBITDAR, total cash to LTM revenue, free cash and restricted cash should not be considered in isolation or as a substitute for performance measures calculated in accordance with Indian GAAP.

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider the risks described below as well as other information in this Red Herring Prospectus before making an investment in our Equity Shares. You should read this section in conjunction with the chapters "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 122 and 77, respectively, as well as the other financial and statistical information contained in this Red Herring Prospectus. The risks described in this section are those that we consider to be the most significant to our business, results of operations, financial condition and prospects. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, financial condition and prospects. If any or a combination of the following events occur, our business, results of operations, financial condition and prospects could materially suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. Please see the chapter "Forward-Looking Statements" beginning on page 19.

Risks Relating to Our Company

1. Our business and growth plans will depend on how effectively we adhere to low-cost carrier business model in our operations and how successful we are in implementing our growth strategy.

The airline industry is characterized by low profit margins and high fixed costs, including lease and other aircraft acquisition charges, engineering and maintenance charges, financing commitments, staff costs and IT costs. Significant operating expenses, such as airport charges, do not vary according to passenger load factors. Some of the factors affecting the success of our business model are not within our control, and there can be no assurance that our business and growth plans will succeed or that we will be able to cover the fixed costs of our operations or achieve acceptable operating or net profit margins. We rely on maintaining high utilization of our aircraft, which can adversely be affected by internal factors such as technical issues with the P&W1100G-JM GTF engines in our A320neo aircraft or external factors such as increased competition or delays caused by inadequate airport facilities or air traffic control services. See also "*—Lack of airport infrastructure and facilities in India could adversely affect our business*".

Under our low-cost carrier business model, we have maintained a uniform fleet of Airbus A320 family aircraft. We expect to introduce ATR 72-600 and A321neo aircraft into our fleet towards the end of calendar year 2017 and towards the end of calendar year 2018, respectively. There can be no assurance that we will be able to continue to operate at present costs levels and profitably manage our fleet following the addition of ATR 72-600 and A321neo aircraft to our fleet. The addition of previously-used aircraft on short-term leases, expansion of our operations in domestic and international markets, increases in oil prices and other internal and external factors may adversely affect us.

Our growth strategy involves expanding into new markets. The number of markets we serve and our flight frequencies depend on our ability to identify appropriate geographic markets upon which to focus and to gain suitable airport access and route approval in these markets. Expansion of our markets and flight frequencies may strain our existing management resources and operational, financial and management information systems to the point where they may no longer be adequate to support our operations, requiring us to make significant expenditures in these areas. Our inability to successfully identify new routes on which to expand our route network may result in excess unused seat capacity in our fleet. Although we may not operate additional new routes immediately or at all, we may still incur costs in attempting to identify such new routes and operating expenses to maintain and service our aircraft. The expansion of our business will require additional skilled personnel, equipment and facilities. We may not be able to hire and retain skilled pilots and other personnel or secure the required equipment and facilities efficiently and cost-effectively. We also have less experience operating in international markets and managing a larger fleet of owned aircraft, and we may encounter operating, financial, marketing, regulatory and legal challenges that could be significantly different from those that we currently face under our current business model.

Our success in implementing our growth strategy and increasing our profit margins, which we believe are currently suppressed, may be adversely affected by other factors within and outside of our control, including the following:

- our inability to grow domestic networks and frequencies in a profitable manner;

- our inability to acquire licenses, approvals and traffic rights in new domestic and international jurisdictions where we seek to expand our operations;
- delay in procuring, or our inability to procure, flight slots on terms that are financially viable;
- changes to our cost structure;
- our inability to operate and manage a larger operation and mixed fleet of aircraft types in a cost effective manner;
- factors affecting demand in international travel to and from India, including the general condition of the global economy;
- operational, financial, marketing and legal challenges (including compliance with foreign laws) that are different from those that we currently encounter;
- our inability to hire, train and retain sufficient numbers of pilots, flight crew and engineers with relevant experience;
- our inability to secure the necessary parking bays and departure slots at our targeted airports;
- greater exposure to exchange rate volatility;
- costs associated with introducing and operating international long-haul and/or regional short-haul routes, including the acquisition and maintenance of suitable aircraft;
- delays in fulfilment of our aircraft or engine orders by manufacturers or our inability to obtain financing on acceptable terms;
- economic, political and business conditions in India, including the domestic ground transportation industry;
- general population trends in India;
- national, regional and local governmental laws, regulations, policies or actions, including those related to taxation and tax restrictions;
- regulatory limitations such as on flight capacity or the ability of carriers to process more passengers; and
- the business and operations of our competitors.

For the foregoing reasons, there can be no assurance that we will succeed in growing our business or be successful in implementing our growth strategy.

2. We may be unable to fulfil our commitments under our purchase orders with Airbus or ATR or any future purchase obligations.

We have an order book of 430 A320neo aircraft (including the right to convert a certain number of A320neo aircraft into A321neo aircraft), of which 22 A320neos have been delivered as of June 30, 2017. We placed an order with ATR for the purchase of up to 50 ATR 72-600 turboprop aircraft in August 2017.

In the event that we are unable to successfully implement our growth strategy or if we are unable to arrange financing for such deliveries, we may have to delay or cancel the scheduled deliveries of aircraft under our existing or future purchase obligations, and we could incur significant damages as a result of any potential delay. The size of our route network affects our aircraft fleet requirements, and our failure to expand our route network may cause us to delay or cancel our new aircraft orders or delivery of new or previously used aircraft that we have purchased or leased, which in turn could result in a breach of our obligations under our aircraft purchase agreements or our aircraft lease agreements. As a result, our inability to fulfill commitments under our existing purchase agreements or future purchase obligations may have an adverse effect on our business, results of operations and financial condition, as well as our reputation and brand. See the chapter ***"Our Business—Our Fleet"*** beginning on page 135 for more information.

3. Any production delays or real or perceived problems faced by our aircraft and engine manufacturers, could adversely affect our operations.

We have encountered production delays and operational issues with our new A320neo aircraft and engines. The deliveries of several of our initial A320neo aircraft were delayed by Airbus in late 2015 and 2016. In addition, we have experienced operational issues with the P&W1100G-JM GTF engines in our A320neo aircraft since we took delivery of our first A320neo aircraft in 2016, which has adversely impacted our operations. These operational issues have required the supplier of those engines to deliver upgraded parts and temporarily provide spare engines to mitigate short-term disruptions to our operations. We have also been required to temporarily ground various A320neo aircraft for short intervals, including as many as eight A320neo in August 2017. If we are compelled to cancel flights due to the unavailability of aircraft, our service, reputation and profitability may be adversely affected. The DGCA is monitoring the performance issues with the P&W1100G-JM GTF engines in aircraft operated by Indian domestic carriers, including our airline, and has issued certain guidelines with respect to engines inspection. DGCA may issue more guidelines to domestic carriers, including our airline, with respect to inspections of these engines, which may affect our operations. We cannot assure you that new Airbus and ATR aircraft to be delivered in the future will not encounter similar production delays or operational issues.

Our aircraft and engine manufacturers may not be able to resolve production delays or equipment problems in a timely manner or at all. Any defect or problem discovered in an aircraft or engine may result in equipment recalls or the issuance of maintenance advisories. Because of the high degree of uniformity of our fleet and engines, a substantial portion of our fleet may have to be grounded in such circumstances while the defect or problem is corrected, assuming it can be corrected at all. Any such defect or problem may also result in aviation authorities in India or elsewhere implementing certain airworthiness directives which may require substantial cost to comply with.

Our operations could be adversely affected if passengers avoid flying with us as a result of a negative perception of Airbus A320 family aircraft, ATR 72-600 turboprop aircraft or IAE or Pratt & Whitney engines due to real or perceived safety concerns or other problems. In addition, a change in engine suppliers or contractual terms with existing engine suppliers, including a change in fuel saving terms, may lead to less favorable terms in our future engine orders, which may increase our fixed and variable costs.

Due to these production delays and operational issues, together with increasing passenger demand, we have acquired 29 previously-used A320 aircraft on short-term leases to meet our immediate capacity needs. The introduction of previously-used aircraft on short-term leases with different engine types into our fleet may cause our operational costs to increase and disrupt our low-cost structure. Our costs may also increase in the future if our capacity needs require us to acquire additional aircraft on wet or damp leases due to the higher financing costs typically associated with such leases.

4. If we fail to successfully integrate the new ATR 72-600 turboprop aircraft that we have agreed to purchase into our operations, our business could be harmed.

In August 2017, we placed an order with ATR for the purchase of up to 50 ATR 72-600 turboprop aircraft, with the flexibility to reduce the number of aircraft based on certain conditions. We expect to launch our turboprop operations towards the end of calendar year 2017 and to have 20 ATR aircraft in our fleet by the end of calendar year 2018.

The addition of a second type of aircraft to our fleet involves a variety of risks, including our inability to obtain adequate pilots, our inability to obtain financing for these aircraft on acceptable terms or at all and manufacturer's delays in meeting the agreed upon delivery schedule. We may experience difficulties in integrating these new aircraft into our existing infrastructure and operations. We have no experience in managing turboprop operations and limited experience operating regional routes or flying to "tier 2" and "tier 3" cities in India that we expect our ATR 72-600 turboprop aircraft to primarily serve. Expansion of our domestic markets and regional flight frequencies may strain our existing management resources and operational, financial and management information systems to the point where they may no longer be adequate to support our operations, requiring us to make significant expenditures in these areas.

Currently, our fleet comprises entirely of Airbus A320 family aircraft, and we believe that the uniformity of our fleet has contributed to our low cost structure. We expect to incur increased costs related to our ATR 72-600 turboprop aircraft, including to hire and train new pilots, crew, technicians and other skilled support personnel and to maintain a larger inventory of spare parts and components. Therefore, the addition of a second type of aircraft to our fleet may result in the loss of benefits that we believe we currently enjoy due to the uniformity of our fleet.

Certain regional routes that we may seek to operate, particularly routes that would be serviced using our ATR 72-600s, may be eligible for subsidies from the Government of India under the UDAN regional air connectivity scheme. In the event that we apply for such subsidies, we cannot assure you that we would be able to obtain or retain desired regional routes under the UDAN scheme, which grants access to routes through a competitive bidding process and, in some cases, on an exclusive basis. Therefore, we cannot assure you that the benefits of the UDAN or similar schemes will be available to us.

If we fail to successfully take delivery of, place into service and integrate into our operations the new ATR 72-600 turboprop aircraft, we may be unable to maintain our low-cost structure and our business, financial condition and results of operations could be harmed.

5. Any expansion of our international operations, including a move into the long-haul international market through acquisitions, may expose us to potential risks.

We are evaluating opportunities to strategically grow international operations, including opportunities to move into the long-haul international market through potential acquisitions. For example, in June 2017, we informed the Ministry of Civil Aviation of our interest in acquiring the international operations of government-owned airlines Air India and Air India Express. There can be no assurance that we would be able to successfully complete an acquisition of this magnitude.

The success of any acquisition to expand our international operations depends on a number of factors, including our ability to identify suitable opportunities for acquisitions, whether we are able to complete an acquisition on terms that are satisfactory to us, the economic, business or other strategic objectives and goals of the targeted company or business compared to those of our airline, our ability to maintain business relationships with customers, suppliers, employees and other favorable business relationships of the acquired operations and restructuring or terminating unfavorable relationships, our ability to finance the acquisition in a manner that would optimize our capital structure or at all, and our ability to integrate successfully the acquired company or business with our group.

As of June 30, 2017, we operated short-haul scheduled services to seven international destinations using our existing fleet of Airbus A320 family aircraft. We have no experience operating international long-haul flights or widebody aircraft. We expect to incur significant costs associated with any introduction of international long-haul routes, including costs associated with financing and acquiring the acquisition of widebody aircraft, hiring and training qualified pilots, crew, technicians and other skilled support personnel and costs to maintain a larger inventory of spare parts and components.

There can be no assurance that we will be able to maintain our low cost structure following any expansion of our international operations. The addition of widebody aircraft to our fleet may result in the loss of benefits that we believe we currently enjoy due to the uniformity of our fleet. If we expand our operations to include international long-haul routes, we may have to consider full service flights, business class seating, code sharing arrangements and other measures where we lack experience from our adherence to the low-cost carrier business model to date.

We may incur significant costs to address regulatory and legal barriers and face other risks to grow our international operations. Please see "***—Risks associated with international activities may affect our international routes and any international expansion initiatives that we may undertake***". beginning on page 55.

For the forgoing reasons, we may not succeed in expanding our business into new international jurisdictions or in existing international jurisdictions in which we operate on a timely basis or in achieving profitability in these locations.

More generally, we may undertake the acquisition of, and investment in, complementary businesses or assets from time to time as part of our growth strategy. The success of any acquisition that we undertake will depend on a number of factors, many of which are outside of our control. Investments may involve risks associated with the possibility that the other shareholders or joint venture partners may have economic or business interests or goals that are inconsistent with ours, take actions contrary to our policies or objectives, be unable or unwilling to fulfill their obligations under the relevant joint venture or shareholders' agreements or have financial difficulties. Laws relating to foreign investment could be altered in a manner that may result in an adverse effect on our business and results of operations. If we undertake any material acquisitions, investments or joint ventures in the future, our management's attention and resources may be diverted from our existing business. Any difficulties encountered in the acquisition and integration process may have an adverse effect on our business, results of operations, financial condition and prospects.

6. Our levels of indebtedness could adversely affect our business. Further, we may incur a significant amount of debt in the future to finance the acquisition of aircraft and our expansion plans.

We generally assign our right to purchase each aircraft under our purchase agreements to a third-party lessor and lease the aircraft from the lessor following delivery of the aircraft under a sale-and-leaseback agreement. Under the terms of our assignment, third-party lessors are typically required to pay the agreed purchase price between the lessor and us for each delivered aircraft directly to the manufacturer. If we are unable to assign our right to purchase under our purchase agreements to a third-party lessor or if such third-party lessor defaults in purchasing the aircraft from the manufacturer, we may have to incur a significant amount of debt to finance the acquisition of the aircraft ourselves.

We may incur significant indebtedness to fund pre-delivery payments or to finance the purchase of new aircraft directly from the manufacturer. There is no assurance that we will be able to raise such financing in time, on acceptable terms or at all. If we are unable to obtain financing for new aircraft on acceptable terms, this may increase the cost of financing, affect our profitability and cash flow, delay our fleet expansion plans and result in a breach of our purchase agreements and penalties for any delay or cancellation of deliveries under our purchase agreements.

As of June 30, 2017, we were subject to interest rate fluctuations on our floating-rate lease arrangements related to 14 aircraft on finance leases and our floating rate indebtedness. While our current exposure to interest rate fluctuations is relatively contained with respect to the remainder of our fleet on fixed-rate operating leases, significant increases in interest rates will increase our obligations under our floating-rate leases and indebtedness and may adversely impact our results of operations. Furthermore, we may increase our exposure to interest rate fluctuations through new leases or financing arrangements.

The degree to which we are indebted could adversely affect our business operations, including (i) increasing our vulnerability to adverse general economic and industry conditions, (ii) affecting our ability to obtain additional financing to fund future acquisitions of aircraft or for other general corporate purposes, (iii) affecting our ability to pay dividends, (iv) requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal and interest on indebtedness, thereby reducing funds available for operations and future business opportunities and (v) causing us to be vulnerable to increases in interest rates as certain of our borrowings may be at variable rates of interest. In addition, certain agreements governing our future indebtedness may contain covenants that require the creation of security interests over our assets and limit our operating and financial flexibility. Our ability to meet our payment obligations will depend on the success of our business strategy and our ability to generate sufficient revenue to satisfy our obligations which are subject to many uncertainties and contingencies beyond our control.

7. Our maintenance and fuel costs will increase as our fleet ages.

Our fleet will require more maintenance as it ages, including more extensive scheduled maintenance obligations known as heavy maintenance. As our aircraft age, we expect our aircraft fuel expenses to increase in absolute terms and may also increase relative to newer aircraft and engine models which may become available in the market. Our maintenance cost may also increase if the expected increase in the proportion of owned aircraft in our fleet leads to an increase in the age of our fleet. Any significant increase in maintenance and repair expenses or aircraft fuel expenses due to the aging of our fleet would have a material adverse effect on our business, results of operations and financial condition.

8. A failure to comply with covenants contained in our aircraft and engine lease agreements or our financing agreements could have a negative impact on us.

We have entered into aircraft and engine lease agreements with various lessors. These agreements contain customary termination events and also require us to comply with certain covenants during the term of each agreement, including regulatory compliance. Failure to comply with such covenants could result in a default under the relevant agreement, and ultimately in a re-possession of the relevant aircraft or engine. Certain of these agreements also contain cross-default clauses, as a result of which default under any one of the lease agreements may be treated as a default under certain of our other lease agreements. As such, a failure to comply with the covenants in our aircraft and engine lease agreements could have an adverse effect on our business, results of operations, financial condition and prospects.

Our financing arrangements contain restrictive covenants regarding, among other things, restrictions on dividends, reorganization, amalgamation or merger, incurrence of additional indebtedness, the disposition of assets and the expansion of our business.

In the event we are unable to obtain the consents of our lessors or lenders under these agreements in a timely manner, or at all, the same could have an adverse impact on our business. Alternatively, should we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. We may be forced to sell our assets if we do not have sufficient cash or credit facilities to make repayments. Additionally, if our borrowings are secured against all or a portion of our assets, lenders may be able to sell those assets to enforce their claims for repayment.

9. There is no assurance that the new routes which we expand into will be profitable or become profitable over time.

We continually review our route network and consider the addition of new routes, including our current strategy of adding new routes to "tier 2" and "tier 3" cities in India and new international destinations. There can be no assurance that the new domestic and international markets we enter into will provide passenger traffic that is sufficient to make our operations in those new markets profitable. The expansion of our route portfolio and commencement of our flight service to new routes that we successfully identify for expansion will also involve start-up costs as well as additional administrative and staff costs associated with complying with local regulations and operating requirements. Furthermore, on our newly commenced routes, our load factors and fares initially tend to be lower than those on our established routes, which may result in initial losses. We may also periodically run special promotional fare campaigns and conduct road shows and sales meets for travel agents, in particular, in connection with the opening of new routes. Promotional fares and incentives may have the effect of increasing load factors but tend to reduce our yield and passenger revenues on such routes during the periods that they are in effect. We also generally increase our marketing efforts in connection with the opening of new routes**,** such as putting up billboards in strategic locations and advertising in regional languages to reach out to more people, which increases our costs associated with expansion. These costs are likely to lead to initial losses that could have an adverse impact on our results. The failure of new routes to be profitable or become profitable over time may adversely affect our business, results of operations, financial condition and cash flows.

10. Airport congestion, lack of airport infrastructure and facilities, increased airport costs and other airport operational challenges could adversely affect our business.

Our operations and future growth are dependent on access to sufficient airport infrastructure in India and other markets where we currently operate or may seek to operate. Adverse changes in the availability and cost of terminal space, slots and aircraft parking may adversely affect our operations. One of the key airports from which we operate, Mumbai, is highly congested aircraft movement handling is currently at or near maximum capacity, according to CAPA. Parking bays for aircraft and prime time departure slots in Mumbai are approaching full capacity, according to CAPA. In addition, in some of the major airports, such as New Delhi, Bengaluru and Chennai, there is limited availability of parking bays, and capacity constraints may become issues in the future, according to CAPA. We are expanding our fleet and require additional ground and maintenance facilities, including gates, hangars and support equipment. These and other required facilities and equipment may not be available in a timely manner or on economic terms in certain airports that we operate in. Our inability to lease, acquire or access airport facilities on reasonable terms or at preferred times to support our growth could have a material adverse effect on our operations. The cost of using airport infrastructure and facilities such as landing and parking charges at airports such as New Delhi, Mumbai and Hyderabad has increased in the past and may continue to increase in the future. Such cost increases may adversely affect our operating results. Our ability to pass on such increased costs to our passengers is limited by several factors, including economic and competitive conditions.

Airport operators or the relevant aviation regulator may refuse to grant us, or may modify or revoke our access to, terminal space, slots and parking bays, which may adversely affect us. For example, we expect to transfer a portion of our operations at Indira Gandhi International Airport in New Delhi from Terminal 1D to Terminal 2 by the end of calendar year 2017 at the request of Delhi International Airport Private Limited, the airport's operator, which may result in additional operational challenges, complexities and costs and passenger inconvenience.

11. We depend on our key management and operational personnel, especially our executive officers and key management, some of our Promoters and our pilots, for the continued success of our business and operate in a highly competitive labor market.

Our success depends to a significant extent upon the continued services of our executive officers and other Key Management Personnel, including our President and Whole-time Director, Mr. Aditya Ghosh, and our Chief Financial Officer, Mr. Rohit Philip, along with support of our Promoters, Mr. Rahul Bhatia and Mr. Rakesh Gangwal. The loss of any of our Promoters, executive officers and other Key Management Personnel, or failure to recruit suitable or comparable replacements, could have an adverse effect on us. Please see the chapter "***Board of Directors and Senior Management***" beginning on page 149.

Our business also requires us to attract and retain highly-skilled, dedicated and efficient management personnel, pilots, cabin crew, engineers and other personnel. Our growth plans will require us to hire, train and retain a significant number of new employees in the future, and we will seek to add functional expertise by attracting and hiring well-qualified, skilled candidates, particularly those with domestic air travel industry experience. In particular, the growth of our fleet of A320 family aircraft, the addition ATR 72-600s to our fleet and any acquisition of widebody aircraft for future international long-haul operations will require us to hire and train additional pilots, cabin crew, engineers and other personnel. From time to time, the airline industry has experienced a shortage of skilled personnel, especially pilots. There can be no assurance that we will be able to hire sufficient additional pilots to meet our future operational requirements. We compete against all other airlines, including major full-service airlines, for highly skilled personnel. Large scale attrition could add to our costs since we may have to invest in the hiring and training of new pilots, cabin crew, engineers and other personnel. We have in the past been investigated by the DGCA concerning the hiring of unqualified pilots. We may have to increase wages and benefits to attract and retain qualified personnel or risk considerable employee turnover. As we are based in India, the market rates for wages are lower as compared to other Asian countries due to the lower cost of living and qualified candidates may choose to work in regions where wages are higher. In August 2017, the DGCA extended the mandatory notice period for commander pilots switching employers from six months to one year, which may adversely affect our ability to hire additional pilots to meet our additional requirements in a timely manner. If we are unable to hire, train and retain qualified employees at a reasonable cost, we may be unable to execute our growth strategy.

12. The advent of superior aircraft technology or the introduction of a new line of aircraft could cause our existing fleet of aircraft to become outdated and therefore less desirable, which could adversely affect our financial results and growth prospects.

As manufacturers introduce technological innovations and new types of aircraft, the aircraft in our fleet may become less desirable to consumers and potential lessors or purchasers. Such technological innovations may increase the rate of obsolescence of existing aircraft and the Airbus and ATR aircraft that we have committed to purchase faster than currently anticipated by our management or accounted for in our accounting policy. Our competitors may induct newer models of aircraft into their fleet and benefit from lower operating costs associated with newer, more technologically advanced aircraft. In addition, Embraer S.A., Bombardier Inc., Commercial Aircraft Corporation of China Ltd and Sukhoi Company (JSC) are developing aircraft models that will compete with existing Airbus and Boeing aircraft. It is not certain how these new aircraft offerings will impact our operations or the Indian aviation industry. In addition, the imposition of more stringent noise or emissions standards may make certain of our aircraft less desirable to consumers and potential lessors or purchasers. These risks may increase as we increase the number of owned aircraft in our fleet in the future. Any of these risks could increase our operating costs and adversely affect demand for our services, our ability to lease or sell our aircraft in the future, all of which could have an adverse effect on our financial results and growth prospects.

13. We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into transactions with our Promoters and with certain other affiliates. The services that we obtain from related parties most notably include the operation of our call center by InterGlobe Technologies Private Limited, the operation of our sales function supported by InterGlobe Air Transport Limited, crew accommodations from InterGlobe Hotels Private Limited and Caddie Hotels Private Limited, legal and professional services from InterGlobe Enterprises, our Promoter the use of flight training facilities of CAE Simulation Training Private Limited, the lease of our Registered Office from InterGlobe Air Transport Limited and other office spaces from InterGlobe Enterprises, our Promoter and InterGlobe Air Transport Limited; and the lease of our Corporate Office from Acquire Services and InterGlobe Enterprises, our Promoters. Our total revenue expenses incurred towards services from related parties amounted to ₹ 2,550.07 million or 1.5% of our total expenses in fiscal 2017. Please see the chapter "***Financial Statements***" beginning on page 251. While our transactions with related parties have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that these related entities will not breach their obligations to us. Also, if these entities are for whatever reason unable to provide any of these services to us, we will need to find alternate service providers, which we may not be able to either in a timely manner or on similar economic terms. There can be no assurance that related party transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

14. Our business and activities are regulated by the Competition Act, 2002 and our Company is one of the airlines which are the subject of ongoing investigations and proceedings.

Our Company is involved in certain proceedings initiated by the Competition Commission of India, for alleged violation of the Competition Act, 2002 ("**Competition Act**") in relation to: (a) cartelization in the airline industry with respect to the similar/identical pricing of air fares by domestic airlines; (b) collusion amongst the airlines to impose fuel surcharges for the transportation of cargo; and (c) cartelization in the airline industry in relation to air fares during the Jat agitation in February 2016 in India. For further details on such investigations, please see "***Legal Proceedings***" beginning on page 215 of this Red Herring Prospectus.

The Competition Act was enacted for the purpose of preventing business practices that have an appreciable adverse effect on competition in India. Under the Competition Act, any agreement which directly or indirectly determines purchase or sale prices, limits or controls production or allocates control of a market by geography or number of customers is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by an enterprise and may be applied to prevent mergers, amalgamations or acquisitions proposed by us. If any business activity we conduct is held to be part of an arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India, we may be prohibited from engaging in the activity and subject to substantial monetary penalties. If any enforcement proceedings are initiated by the CCI, or if any adverse publicity generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it may have a material adverse effect on our business, results of operations, financial condition and prospects.

15. Depreciation of the Rupee against the U.S. Dollar may have an adverse effect on our results of operations.

While substantially all of our revenues are denominated in Rupees, we are exposed to foreign exchange rate risk as a substantial portion of our expenses are denominated in U.S. Dollars, including our aircraft fuel expenses, aircraft and engine rental payments, aircraft and engine maintenance and aircraft insurance. Our aircraft orders with Airbus and ATR are also denominated in U.S. Dollars. The cost of aircraft fuel sourced domestically could be adversely impacted by the depreciation of the Rupee against the U.S. Dollar as domestic aircraft fuel prices are derived from international fuel prices which are denominated in U.S. Dollars. Imported aircraft fuel must be paid for in advance at a U.S. Dollar price determined approximately two months prior to delivery, which further exposes us to fluctuations in the exchange rate between the U.S. Dollar and the Rupee.

Any depreciation of the Rupee against the U.S. Dollar will increase the Rupee cost of our operations. We may or may not be able to pass increased costs to our customers by increasing our passenger ticket prices without a decrease in our load factors. Accordingly, depreciation of the Rupee against the U.S. Dollar may have an adverse effect on our business, results of operations and financial condition. Please see the chapter ***"Exchange Rates"*** beginning on page 22.

16. The market price of aircraft we have ordered may decline, and we may also not be able to negotiate favorable terms in future aircraft or engine purchases, which may adversely affect our financial results.

We receive non-refundable incentives from manufacturers in connection with our past aircraft and engine orders. The application of these credits to our operating leases results in a net reduction in our aircraft rental expenses which are amortized over the initial terms of the operating leases. As of March 31, 2017, we had unamortized deferred incentives of ₹ 21,873.73 million as a result of these credits. Under our A320neos Order, we would not receive such credits in the event that the market price of the A320neos was to decrease below the order price.

There is also no guarantee that we will be able to negotiate favorable terms in our future aircraft purchases. We have yet to select the engines for 280 of the 430 aircraft in our A320neos Order. There can be no assurance that we will be able to secure engines for these aircraft on terms comparable to our existing orders. If the terms of our future aircraft or engine purchases are less favorable than the terms of our existing agreements with aircraft and engine suppliers, our financial results may be adversely affected.

17. Our reputation and business could be adversely affected in the event of an emergency, accident or incident involving our aircraft or personnel.

We are exposed to potential significant losses in the event that any of our aircraft is subject to an emergency, accident, terrorist incident or other disaster and, consequently, significant costs and harm to our reputation arising from passenger claims, repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. There can be no assurance that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise (see *"—We are exposed to certain risks against which we do not insure and may have difficulty obtaining insurance on commercially acceptable terms or at all on risks that we insure against today*") and any such event could cause a substantial increase in our insurance premiums. In addition, any future aircraft accidents or incidents, even if fully insured, may create a public perception that we are less reliable or safe than other airlines, which could have an adverse impact on our reputation and business.

18. Risks associated with international activities may affect our international routes and any international expansion initiatives that we may undertake.

While we operated short-haul international flights to seven destinations as of June 30, 2017 and are evaluating organic and inorganic opportunities to strategically grow our international operations, the majority of our existing operations are focused within India, and we have less experience operating in international sectors. Our international operations involve, and future international expansion initiatives that we may undertake would involve, risks that are not generally encountered when doing business only in India. These risks include, but are not limited to:

- changes in foreign currency exchange rates and financial risk arising from transactions in multiple currencies;
- obtaining or maintaining landing rights and the allocation of parking bays and slot timings, and agreements with third-party service providers for maintenance and ground handling services, in foreign airports where locally-based airlines may receive more favorable terms;
- difficulty in developing, managing and staffing international operations because of distance, language and cultural differences;
- consumer attitudes, including the preference of customers for locally-based airlines;
- increasing labor costs due to high wage inflation across different international locations, differences in general employment conditions and the degree of employee unionization and activism;
- business, political and economic instability in foreign locations, including actual or threatened terrorist activities, and military action;
- unfamiliar or adverse laws and regulatory requirements, including more comprehensive regulation than in India;
- export or trade restrictions or currency controls;
- more restrictive data privacy requirements;
- governmental policies or actions, such as consumer, labor and trade protection measures;
- taxes, restrictions on foreign investment, and limits on the repatriation of funds;
- diminished ability to legally enforce our contractual rights; and
- decreased protection for intellectual property.

Any of the foregoing risks may adversely affect our ability to conduct and grow our business internationally.

19. We may be subject to industrial unrest, slowdowns and increased wage costs, which could adversely impact our operations and financial condition.

India's labor legislations are intended to protect the interest of workers, including legislations that set forth detailed procedures for dispute resolution and employee removal and legislations that impose certain financial obligations on employers during employment and upon retrenchment. Under Indian law, employees have a right to establish trade unions. Although our employees (including pilots) are not currently unionized, we cannot assure that they will not unionize in the future. If some or all of our employees unionize or if we experience strikes, unrest or slowdowns, it may adversely impact our operations and make it difficult for us to maintain flexible labor policies and we may experience increased wage costs adversely impacting our profitability. In order to retain flexibility and keep our fixed overhead to a minimum, in line with industry practice, we appoint contractors who in turn engage on-site contract labor for performance of our low-skill operations in India such as cargo handling and loading. We are subject to the risk that on an application made by the contract laborers, the appropriate government may direct that such contract laborers be treated as our employees or that we pay certain contributions for such contract-laborers. Any industrial unrest or slowdowns which our third-party contractors may experience could disrupt the provision of services to us and may adversely impact our operations and financial condition. Any inability to support our growth with the required skilled laborers may affect operations and profitability.

20. We rely on third-party service providers to perform functions integral to our operations within and outside India.

We have entered into agreements with third-party service providers to furnish certain facilities and services required for our operations, including aircraft maintenance services and some aspects of ground handling services (excluding airports in Srinagar, Jammu), which include (i) loading and unloading of baggage, (ii) movement of passengers, crew and towable ground support equipment at the airport, (iii) cleaning of aircraft and (iv) fumigation of aircraft (done only at New Delhi, Mumbai, Kolkata, Bangalore, Hyderabad, Chennai, Jaipur and Ahmedabad airports). We outsource a portion of our call center and our sales operations as well as IT support services. See also "***– We have in the past entered into related party transactions and may continue to do so in the future***". In addition, certain aspects of our aircraft maintenance is outsourced to a maintenance, repair and operations facility approved by European Aviation Safety Agency, and aspects of our ground handling operations are outsourced to several parties. In 2016, we entered into a strategic partnership with Travelport International Operations Ltd. – UK and Travelport LP – U.S., or, collectively, Travelport, to sell our tickets and ancillary products through Travelport's Travel Commerce Platform, a global distribution system used by travel agencies throughout India and key international markets. Please see the chapter "***Our Business— Our Operations***" beginning on page 132. There can be no assurance that we will be able to renew our contracts with third-party service providers or negotiate replacement contracts with other service providers on the expiration or termination of such contracts. Our inability to renew contracts with third-party service providers or negotiate replacement contracts with other service providers at comparable or acceptable rates, or at all, upon the termination or expiration of such contracts may adversely affect our business and results of operations. We are likely to enter into similar service agreements in new markets we decide to enter and there can be no assurance that we will be able to obtain the necessary services at acceptable rates or at all.

Although we seek to monitor the performance of our third-party service providers, the efficiency, timeliness and quality of performance by third-party service providers are often beyond our control, and any failure by our service providers to perform their contracts may have an adverse impact on our business and operations. We expect to be dependent on such third-party arrangements for the foreseeable future. If the third party that is currently providing aircraft maintenance services to us is unable to provide its services to us for any reason during the course of our contract with it, our business and results of operations may be adversely affected.

21. We cannot ensure that our intellectual property is protected from copy or use by others, including our competitors, and intellectual property infringement actions may be brought against us.

We have registered trademarks (including "IndiGo Airways", "IndiGo Airlines", "IndiGo" and "IndiGo Air") under various classes and have made applications for the registration of various trademarks associated with our business and operations. For details see "***Our Business – Intellectual Property***" on page 147.

Our name and trademarks are significant to our business and operations. We cannot assure that we will be able to successfully prevent any unauthorized misuse of registered trademarks or register all of the trademarks applied for in our name, and such failure may materially and adversely affect our business prospects, reputation and goodwill. Any third-party claim on any of our brands may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly, and a favorable outcome cannot be assured. Even if our trademarks are registered, we may not be able to detect any unauthorized use or infringement or take appropriate and timely steps to enforce or protect our intellectual property, nor can we provide any assurance that any unauthorized use or infringement will not cause material damage to our business prospects, reputation and goodwill.

Tata Motors Limited had issued notices in 2005 claiming that our use of the name 'IndiGo' is an infringement of their trademark 'indigo'. However, the mark has subsequently been registered by our Company under a separate application. Till date, Tata Motors has not filed any legal action against our Company.

Further, GoAir issued notices in December 2013 claiming that our use of 'goindigo' as our internet website domain name constitutes infringement and passing off of their trademark 'goair.' We have disputed this claim and proceedings are ongoing. For further details, see "***Legal Proceedings***" on page 215.

We may be subject to claims that we have breached our licensed use of software or otherwise infringed on the intellectual property of third parties, including infringement by service providers who use such licenses to provide services to us. In the event we are held liable for such breach or infringement, we may be required to pay compensation, which may increase our expenses and adversely affect our reputation.

22. Our operating results may fluctuate due to seasonality.

Seasonal variations in traffic affect our results of operations. We generally experience higher load factors during the first quarter of each fiscal year (that is, April to June), as this quarter coincides with the summer holiday season in India, and during the third quarter of each fiscal year (that is, October to December), as this quarter coincides with the festival season in India as well as the Indian winter holiday season. In addition, some of our areas of operations in north and east India experience adverse weather conditions in winter, resulting in additional expenses caused by delayed and cancelled flights. Given our high proportion of fixed cost obligations, these seasonal factors are likely to cause our results of operations to vary from quarter to quarter during a particular fiscal year.

23. We are subject to incidences of credit card fraud.

A significant portion of our airline passenger ticket and ancillary service sales are made through our website, in which our customers can pay for such tickets or services using their credit or debit cards. We have in the past experienced, and expect to continue to experience in the future, fraudulent bookings of our airline tickets and services using credit cards. Such fraudulent bookings of tickets through credit cards in each of fiscal 2015, 2016 and 2017 aggregated to an amount of ₹ 4.65 million, ₹ 5.19 million and ₹ 1.85 million, respectively, which amounts were written-off in our books of account as unrecoverable. While we have established systems and procedures to reduce incidences of credit card fraud, there can be no assurance that we will not experience increased fraud levels in the future. Any such increase in fraud levels could adversely affect our future financial condition and results of operations.

24. We rely on automated systems and the internet in the operation of our business and retain customer data, which exposes us to risks from systems failures and security breaches.

We use automated systems in the operation of our business, including our website and our online booking and revenue management systems, some of which are provided by third parties and online travel agencies. Any inability of such third parties to deliver such services could significantly disrupt our operations and harm our business. Our website and online reservation system must be able to accommodate a high volume of traffic, deliver important flight information and have adequate protection from security breaches. Hence, we incur costs on our website and online reservation systems. Although, we have not experienced any significant system failures or security breaches, there can be no assurance that system failures or security breaches will not occur in the future. Any disruption in our automated systems may result in the loss of important data, increase our expenses and materially and adversely affect our reputation and ticket sales and, consequently, our business. Please see the chapter "***Our Business—Information Technology***" beginning on page 146.

We retain personal information received from customers and have put in place security measures to protect against unauthorized access to such information. Personal information held both offline and online is highly sensitive and, if third parties were to access such information without the customers' prior consent or misappropriate that information, it could deter people from transacting on our website, our reputation could be adversely affected and customers could possibly bring legal claims against us, any of which could adversely affect our business, results of operations, financial condition and prospects. In addition, we may be liable to credit card companies should any credit card information be accessed and misused as a result of lack of sufficient security systems implemented by us.

25. This Red Herring Prospectus contains information that we have commissioned CAPA and SAP to provide.

In connection with the Issue, we commissioned CAPA and SAP to provide certain information in this Red Herring Prospectus related to the air travel industry, including in the section entitled "***Industry Overview***" beginning on page 103. Neither we, nor any of the BRLMs, nor any other person connected with the Issue has verified the statements herein attributed to CAPA or SAP. CAPA and SAP have advised that while they have taken due care and caution in preparing such information based on the information they obtained from sources which they consider reliable, neither guarantees the accuracy, adequacy or completeness of the information attributed to CAPA or SAP herein and neither is responsible for any errors or omissions or for the results obtained from the use of such information. Industry and market data from CAPA and SAP concerning our Company and our competitors is subject to many assumptions. There are no standard data gathering methodologies in our industry, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that CAPA's and SAP's assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Red Herring Prospectus. Statements herein attributed to CAPA and SAP are not recommendations to invest or disinvest in any company. CAPA and SAP are not responsible for any loss or damage arising from the use of information attributed to them. Prospective investors are advised not to unduly rely on statements herein attributed to CAPA and SAP when making their investment decisions.

26. Grants of stock options under our employee stock option scheme will result in a change to our profit and loss and will, to that extent, reduce our profits.

We adopted the InterGlobe Aviation Limited Employee Stock Option Scheme - 2015 ("**ESOS 2015-II**"), pursuant to the approval of the shareholders of the Company at its extraordinary general meeting held on June 25, 2015. The ESOS 2015–II was further amended by the shareholders through special resolution passed by postal ballot on September 7, 2016. The Compensation Committee (merged with Nomination and Remuneration Committee since June 2017) has granted 2,620,442 stock options out of 3,107,674 stock options under ESOS 2015-II as on date of this Red Herring Prospectus, of which 1,846,613 stock options were granted at ₹ 765 per stock option (being the issue price in our initial public offering) and 773,829 stock options were granted at exercise price of ₹ 10 stock per option. As on the date of this Red Herring Prospectus, 2,032,800 options were outstanding (net of exercise) under ESOS 2015-II.

The grant-date fair value of equity-settled share-based payment arrangements granted to employees under the Employee Stock Option Scheme, or ESOS, is generally recognized as an employee stock option scheme expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The increase in equity recognized in connection with a share based payment transaction is presented in the "Employee stock option outstanding account", as separate component in equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The exercise of stock options under these plans may also result in a dilution to our shareholders.

27. Contingent liabilities could adversely affect our financial condition.

As of June 30, 2017, our contingent liabilities were as below:

a. **Income Tax-** ₹ 4,177.82 million, the income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. We have received a favorable order from the Income Tax Appellate Tribunal, or ITAT, against the disallowance and/or adjustments made by tax authorities in assessment years 2007, 2008 and 2009. The Indian tax authorities have appealed the order to the High Court of Delhi. We believe, based on advice from counsels/experts, that the views taken by the ITAT are sustainable at higher levels and accordingly no provision is required to be recorded in the books of account on account of the same. This tax exposure as of June 30, 2017 is net of ₹ 1,017.21 million, which represents minimum alternate tax recoverable written off.

b. The Company is party to ongoing legal proceedings for various disputed legal matters related to customs, octroi, service and value added tax. The total amount involved in these proceedings, not acknowledged as debt, is ₹ 227.92 million. We believe, based on advice from counsels/experts, that the views taken by the tax authorities in these proceedings are not sustainable and accordingly no provision is required to be recorded in the books of account

c. As per the notification dated January 1, 2016, The Payment of Bonus (Amendment) Act, 2015 is applicable retrospectively with effect from April 1, 2014. While the Company has considered the impact of this amendment for the current and previous financial year, in view of the partial stay granted by Karnataka and Kerala High Court, the impact of this amendment for the period April 1, 2014 until March 31, 2015 amounting to ₹ 19.47 million has not been acknowledged as debt.

d. In addition to above, the Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial statements and hence no provision has been set-up against the same.

For further details regarding contingent liabilities, please see the chapter *"**Financial Statements**"* beginning on page 251.

Our contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities materialize, our business, results of operations, financial condition and prospects may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

28. We and certain of our Directors are involved in certain legal proceedings which, if determined adversely, may adversely affect our business and financial condition.

Our Company and certain of our Directors are involved in certain legal proceedings at different levels of adjudication before various courts, tribunals and appellate authorities. In the event of adverse rulings in these proceedings or consequent levy of penalties by other statutory authorities, our Company and/or our Directors may need to make payments or provisions for future payments, which may increase expenses and current or contingent liabilities and also adversely affect our reputation.

Our Company has from time to time received notices from various statutory and regulatory authorities, including from the Bureau of Civil Aviation Security alleging, among others, violation of Aircraft (Security) Rules, 2011. In the event we are required to pay a penalty, our business, results of operations and financial condition would be adversely affected.

For details of material litigation involving our Company and certain of our Directors, please see the chapter "***Legal Proceedings***".

29. Following the Issue, we will continue to be controlled by our Promoters and Promoter Group who will at completion of the Issue collectively control, directly or indirectly, approximately 77.91% of our outstanding Equity Shares (assuming full subscription to the Issue).

Pursuant to our Articles of Association and the shareholders' agreement dated April 23, 2015, as amended vide the agreement dated September 17, 2015 ("**SHA**"), that we entered into with IGE, Acquire Services, Mr. Kapil Bhatia, Mr. Rahul Bhatia and Ms. Rohini Bhatia, (together the "**IGE Group**") and Caelum Investment LLC (subsequently amalgamated into our Company), Mr. Rakesh Gangwal, Ms. Shobha Gangwal and The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware) (together the "**RG Group**"), without regard to minimum shareholding: (i) the IGE Group has the right to nominate three non-independent Directors and the RG Group has the right to nominate one non-independent Director; one of the Directors nominated by the IGE Group and the one Director nominated by the RG Group are non-retiring Directors, which means that these directors once appointed would not need to stand for election at future shareholder meetings, (ii) the Chairman of the Board is required to be nominated by the IGE Group, and (iii) the IGE Group has the right to nominate and appoint the Managing Director, the Chief Executive Officer, and the President of our Company, subject to compliance with Indian law that requires that any such appointment be approved by the shareholders at a shareholders' meeting in the case of the Managing Director, and by the Board in the case of the Chief Executive Officer and the President.

Our Articles of Association and the SHA also grant the IGE Group and the RG Group rights of first refusal to any of our Equity Shares proposed to be transferred by the other group to any third party, including through transfers of our Equity Shares other than through a Stock Exchange. Such rights are exercisable by IGE Group and RG Group until October 27, 2019, four years from our initial public offering. Upon successful completion of the Issue, our Promoters and Promoter Group will collectively control, directly or indirectly, approximately 77.91% of our outstanding Equity Shares (assuming full subscription to the Issue). As a result, our Promoters and Promoter Group will continue to have the ability to exercise significant control over our Company and all matters requiring shareholder approval, including election of Directors, our business strategy and policies, and approval of significant corporate transactions such as mergers and business combinations. Their ability to exercise control of our Company may also have the effect of delaying, preventing or deterring a change in control of our Company, even if such a transaction may be beneficial to the other shareholders.

Their interests as controlling shareholders of our Company could be in conflict with the interests of our other shareholders. We cannot assure you that our Promoters and Promoter Group will act to resolve any conflicts of interest in favor of our Company or the other shareholders. To the extent that the interests of our Promoters and Promoter Group differ from your interests, you may be disadvantaged by any action that our Promoters and Promoter Group may seek to pursue.

Risks Related to Our Industry

30. The airline industry is characterized by low profit margins and high fixed costs.

The airline industry is characterized by low profit margins and high fixed costs. A significant proportion of our expenses, including depreciation, maintenance, overhaul, aircraft fuel expenses, aircraft handling and navigation fees, finance costs, operating lease payments, and labor costs for flight deck and cabin crew and ground personnel, are either comprised of fixed costs or do not vary based on our load factors. Revenue generated from a flight is directly related to the number of passengers, the volume and weight of cargo carried, and the fare structure. A relatively small change in the number of passengers in relevant markets or in pricing, load factors or traffic mix could have a disproportionate impact on our results of operations. In addition, a minor shortfall in expected revenue levels could have a material adverse effect on our financial performance.

31. The airline industry is significantly affected by the price and availability of aircraft fuel.

Aircraft fuel expenses represent the single largest item of our total expenses, accounting for 46.1% of our total expenses in fiscal 2015 as per Indian GAAP and 34.6%, 36.8% and 36.4% of our total expenses in fiscal 2016 and 2017 and the three months ended June 30, 2017, respectively, as per Ind AS. As such, our operating results are significantly impacted by changes in the availability and the cost of aircraft fuel.

Both the cost and the availability of aircraft fuel are subject to many economic and political factors and events occurring throughout the world that we can neither control nor accurately predict. Aircraft fuel prices have been subject to high volatility, fluctuating substantially over the past several years. Due to the large proportion of aircraft fuel expenses in our total expenses, even a relatively small increase in the price of aircraft fuel can have a significant negative impact on our total expenses. Our ability to pass on increased fuel expenses to our customers by raising ticket prices is limited.

In addition, there can be no assurance that the Indian government will continue with the prevailing policies and aircraft fuel subsidies enjoyed by us and other airlines in India. The price of aircraft fuel in India is also dependent on other factors including the following:

- limited competition in India because aircraft fuel is currently available at airports primarily from three government-controlled oil marketing companies (Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited, and Hindustan Petroleum Corporation Limited), and two private companies (Shell MRPL Aviation Fuels and Services Private Limited and Reliance Industries Limited);

- periodic variations in the ex-refinery price charged for aircraft fuel by oil marketing companies: the price is fixed every month based on the Arab Persian Gulf Platt aircraft fuel prices and the cost of crude oil;
- fluctuations in the exchange rate between the U.S. Dollar and the Rupee, since a substantial percentage of crude oil is imported;
- excise duty on aircraft fuel, which is currently 14% (in addition, applicable education cess is also required to be paid);
- VAT/sales tax on aircraft fuel, which is currently up to 30%; and
- concessional rates on fuel provided by certain states where we operate, which may be revoked or modified at any time by government action.

We largely rely on the three government-controlled companies and two private fuel companies for our aircraft fuel requirements and hence our aircraft fuel supply options are limited. As delivery of imported aircraft fuel is made free on board, we are also subject to risks of contamination and pilferage. Inadequate supplies of aircraft fuel or disruption in supply may result in increases in the cost of aircraft fuel or could cause significant disruptions to our business.

32. The airline industry tends to experience disproportionately high adverse financial performance during economic downturns.

Since a substantial portion of airline travel, for both business and leisure, is discretionary, the airline industry tends to experience disproportionately high adverse financial performance during economic downturns compared to the other sectors of the economy.

As the airline industry is generally characterized by high fixed costs, principally for lease and other aircraft acquisition charges, airport charges, engineering and maintenance charges, financing commitments, staff costs and IT costs, a shortfall in revenue levels as a result of slower economic cycles could have an adverse impact on our results of operations and financial conditions. If the global economy, and in particular the Indian economy, suffers due to a slowdown and demand for business and leisure travel decreases in India and in foreign markets, our results of operations may be adversely affected. Moreover, an economic slowdown and investor reaction in one country may adversely affect the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general.

We currently conduct a majority of our operations and generate predominantly all of our revenue in India, but also offer flights to certain seven international destinations: Dubai, Muscat, Bangkok, Singapore, Kathmandu, Sharjah and Doha. Although we expect to continue focusing our business in the Indian market for the foreseeable future, we may expand our flight routes internationally to additional destinations in Southeast Asia, South Asia and the Middle East. As a result, the performance and growth of our business may be dependent on the economic conditions in these regions, and in particular, in India. The rate of growth of India's economy and of the demand for civil aviation services in India may not be as high or may not be sustained for as long as we have anticipated. During periods of slow or stagnant growth, such demand may exhibit slow or even negative growth.

In addition, if there is a tightening of credit in the financial markets in the future, financing for our route and fleet expansion and working capital may not be available on commercially acceptable terms or at all, and as a result, we may experience serious cash flow problems, and the implementation and planning of our growth strategy may be delayed. Uncertainty and adverse changes in the economy could also increase costs (including increased costs of fuel) associated with our growth strategy in a number of ways and increase our exposure to material losses from our investment in our fleet.

33. The airline industry is exposed to risks from extraneous catastrophic events such as terrorist attacks or the outbreak of contagious diseases, as well as catastrophic events involving passenger aircraft.

The airline industry is exposed to extraneous events such as terrorist attacks or the outbreak of contagious diseases as well as catastrophic events involving passenger aircraft. Terrorist attacks, such as those on September 11, 2001, and catastrophic events involving passenger aircraft, such as the missing Malaysia Airlines Flight MH370, Malaysia Airlines Flight MH17 being shot down over Ukraine, the crash of Indonesia Air Asia Flight 8501 and the crash of Germanwings Flight 9525, had a negative impact on the airline industry. The effect of such incidents on the airline 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 significantly reduced passenger traffic and yields due to the subsequent dramatic drop in demand for air travel globally. Terrorist attacks, or the fear of such attacks, or other world events could result in decreased cabin factors and passenger yields and could also result in increased costs, such as increased aircraft fuel expenses or insurance costs, for the airline industry, including us. Further, on account of such potential threats of terrorist attacks, we may be forced to change our flight routes, which may adversely affect our operations. We cannot assure you that we would be able to pass any portion of any such increased costs to passengers. Other events, such as rare but high-impact meteorological phenomena, may also cause major disruptions in aviation operations. For example, the volcanic eruptions in Iceland in April 2010 caused thousands of flight cancellations in Europe and around the world. If any similar events or circumstances occur in the future, our business could be adversely affected.

An outbreak of Ebola, Severe Acute Respiratory Syndrome, Middle Eastern Respiratory Syndrome, H1N1, avian flu, or another contagious disease with the potential to become a pandemic, or the measures taken by the governments of affected countries against such potential outbreaks could also seriously disrupt our operations, which could have an adverse effect on our business. The perception that an outbreak of another pandemic may occur could also have an adverse effect on the economic condition of India and other countries in which we operate, which may also negatively impact our business.

34. Competition in the airline industry may adversely affect our business.

The airline industry is highly competitive. We face intense competition from other low-cost carriers as well as full-service passenger airlines that operate on our routes. Our principal competitors include (in alphabetical order) Air India (including Air India Express and Alliance Air), AirAsia India, GoAir, Jet Airways (including the Jet Lite and JetKonnect brands), SpiceJet and Vistara, as well as potential new entrants into the routes/markets that we serve or plan to serve. We may also face competition from airlines that could be established in the future in the markets that we serve. It may be difficult for us to deliver higher revenues and capture greater market share, if we face prolonged or intense competition, particularly price competition. We have lowered our fares in the past due to temporary price discounting by our competitors, which resulted in a short-term decrease in our profitability, and we expect to continue to face price competition from time to time in the future.

The intensity of the competition we face varies from route to route and depends on a number of factors, including the strength of competing airlines. Our competitors may have better brand recognition and greater financial and other resources than us. In addition, some competitors may have a longer operating history and greater experience than us in operating certain routes. Presently, we are not integrated with any global distribution service. This could lead to the loss of travellers who make reservations through travel agents outside India, since these travel agents typically make flight reservations through a global distribution service network. Further, in the event our competitors reduce their fares to levels which we are unable to match while sustaining profitable operations, we may reduce or withdraw services on the relevant routes, which may cause us to incur losses or impact our growth.

In addition to fare competition, an increase in the number of airlines operating at any of the airports at which we operate may result in an increase in congestion and delays at such airports which could harm our business.

For our international routes, we may also face competition from other Indian carriers that operate in the international sectors such as Jet Airways, SpiceJet and Air India (including Air India Express), full-service carriers with long-haul international operations and potential new providers of international flight service such as GoAir.

We also face competition from ground transportation, especially from Indian Railways, which offers cheaper alternative modes of transportation than airlines. The efforts of the Indian Government to introduce high speed rail through the High Speed Rail Corporation of India Limited and upgrade highways through the National Highways Development Project are likely to increase the attractiveness of these modes of transportation for the Indian middle class who comprise the bulk of our current and targeted passengers.

The market for aviation labor is also very competitive. Strong demand within the aviation industry for skilled and technical labor, such as maintenance and overhaul personnel, may cause labor costs to rise. It may become more costly to meet our labor needs should our business expand in the future. Meanwhile, we presently employ skilled personnel in our own workforce who may be highly sought by our competitors. We may incur greater costs to retain or replace our own skilled workers.

35. Our business could be adversely affected if we are unable to obtain regulatory approvals in the future or maintain or renew our existing regulatory approvals.

We are required to obtain, maintain and renew permits, registrations, certifications, licenses and approvals (collectively, "**Permits**"), under various legislations including under the Aircraft Act, 1934 and the Aircraft Rules, 1937 (the "**Aircraft Rules**") and under the Air Transport Advisory Circulars, Aeronautical Information Circulars and other such circulars. For instance, the Aircraft Rules require all aircraft registered in India to possess a current and valid certificate of airworthiness, issued by the DGCA before they are flown. Further, we are required under the Aircraft Rules to obtain certification from the DGCA in respect of the maintenance, design and manufacture of aircraft and aircraft components. In addition to pilots, the DGCA also mandates the licensing of personnel such as cabin crew, flight dispatchers and aircraft maintenance engineers. Some of these Permits have expired or will expire shortly, including those for which we have either made or are in the process of making an application for renewal. Further, each of these Permits may be subject to conditions imposed by the applicable regulatory authority. For instance, our Company has been granted an air operator certificate dated July 27, 2017 by the DGCA which enables us to undertake commercial air operations ("**AoP**"). The AoP is subject to the receipt of fresh security clearances for our Company and our Directors. We have made an application to the MoCA for issuance of fresh security clearances for our Company and our Directors on January 27, 2017 and such application is currently pending. While we have in the past received such security clearances for our Company and our Directors, in the unlikely event that such security clearances are not granted, our AoP may be invalidated.

Failure to comply with the requirements of any of the Permits could result in the revocation of such Permit, and this will have an adverse effect on our business and financial condition. We may not meet the conditions for such Permits or receive such Permits or renewals in the time frame anticipated by us or at all, which could adversely affect our business. Additionally, the Government could also revoke subsidies such as aircraft fuel subsidies, granted to the airline industry and/or to privately-owned airlines such as ours, which could adversely impact our profitability. Please see "*—Changes in government regulation could reduce our operating flexibility, increase our operating expenses, and result in service delays and disruptions.*"

Our failure to obtain any of these or any other applicable Permits or renewals thereof may adversely affect our reputation and the continuity of our business and may hinder our operations in the future.

36. Changes in laws and government rules and regulations could reduce our operating flexibility, increase our operating expenses, result in service delays and disruptions, prevent us from successfully implementing our growth strategy or otherwise adversely affect us.

The civil aviation industry in India is regulated by the MoCA, the DGCA and the Airports Authority of India. The DGCA is responsible for handling the issuance and regulation of operating permits, certification, import and registration of aircraft, security clearances for designated personnel, route frequencies, and administration of all related aviation regulations. For example, the Route Dispersal Guidelines of the DGCA stipulate that we operate on certain routes to economically less developed parts of India. Also, private scheduled air transport operators require the approval of the MoCA for the acquisition of additional aircraft.

Further, as per the Civil Aviation Regulations Section 3 Series 'M' Part IV, issued by the DGCA on August 6, 2010, the DGCA has made it mandatory for airlines to pay passengers compensation or provide certain facilities like meals, refreshment and accommodation for delay and cancellation of flights or in case passengers are denied boarding despite having a confirmed ticket. For further details, please see "***Regulations and Policies***" on page 233.

Private airport operators and the Airports Economic Regulatory Authority determine landing charges, route navigation facility charges, terminal navigation landing charges, allocation of parking bays and allocation of slot timings at all of the airports which we fly to in India. Such charges and the allocation of parking bays and slot timings are determined by private airports for the remainder of our destinations. Our performance may be affected by any adverse increase in such charges or the unavailability of parking bays and departure slots required by us.

The National Civil Aviation Policy of 2016 ("**NCAP**"), requires domestic scheduled airline operators to carry out ground handling services either by themselves, through a subsidiary or through authorized ground handling agents to be notified by the Government of India. The Government of India is in the process of formulating detailed regulations for ground handling activities to implement the NCAP. Given that such regulations are expected to be notified soon, our Company has incorporated a wholly-owned Subsidiary, the principal business of which will be to carry out ground handling activities. We currently outsource our ground handling activities and in order to comply with the proposed regulations, we may be required to incur additional costs towards hiring of employees. We cannot predict with certainty how future regulations related to ground handling services may affect our business and results of operations.

We are also required to comply with various international laws and conventions related to international air carriage and our business, including the Cape Town Convention and the Cape Town Protocol intended to facilitate asset-based financing and leasing and sale of aviation equipment. In some instances, the Government of India has extended these acts to non-international air carriage.

The Goods and Services Tax ("**GST**") in India was introduced on July 1, 2017. GST is a unified and comprehensive, multi stage and destination based tax which has subsumed the multiple indirect taxes levied by the central and state governments. India has adopted a dual model of GST. While we cannot predict with accuracy how the implementation of GST will affect our business and results of operations, there could be a possibility of increases in cost, operational complexity and compliance requirements and other adverse effects on our business and operations. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

Further, the General Anti Avoidance Rules, or GAAR, have come into effect from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes in law or interpretations of existing, or the promulgation of new laws, rules and regulations in India applicable to us and our business, including the instances mentioned above, may reduce our operating flexibility, increase our operating expenses, result in service delays and disruptions, prevent us from successfully implementing our growth strategy or otherwise adversely affect us. Accordingly, our business, results of operations, financial condition and prospects, may be adversely affected to the extent that we are unable to suitably respond to and comply with changes in applicable law and policy. In addition, we may have to incur capital and operational expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations.

37. We are exposed to certain risks against which we do not insure and may have difficulty obtaining insurance on commercially acceptable terms or at all on risks that we insure against today.

Insurance is fundamental to airline operations. We maintain customary insurance for the airline industry in India, which includes insurance for our international operations. Please see the chapter "***Our Business—Insurance***" beginning on page 148. Some of our business risks are uninsured, including business interruptions, loss of profit or revenue and consequential business losses arising from mechanical breakdown. To the extent that uninsured risks materialize, we could be materially and adversely affected. There can be no assurance that our coverage will cover actual losses incurred. To the extent that actual losses incurred by us exceed the amount insured, we may have to bear substantial losses which will have an adverse impact on our business.

As a result of terrorist attacks or other world events, certain aviation insurance could become more expensive, unavailable or available only for reduced amounts of coverage that are insufficient to comply with the levels of coverage required by our aircraft lessors or applicable government regulations. Any inability to obtain insurance for our general operations or specific assets on commercially acceptable terms or at all could harm our business. Please see the chapter "***Our Business—Insurance***" beginning on page 148.

Risks Relating to the Issue and Investments in Our Equity Shares

38. Our Equity Shares may experience price and volume fluctuations.

The price of the Equity Shares has fluctuated in the past and may fluctuate in the future as a result of various factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian civil aviation sector, changing perceptions in the market about investments in the Indian civil aviation sector, adverse media reports on us or the Indian civil aviation sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. For details, see the chapter "***Market Price Information***" beginning on page 70.

The trading price of our Equity Shares might also decline in reaction to events that affect the entire market and/or other companies in our industry even if these events do not directly affect us and/or are unrelated to our business, results of operations, financial condition and prospects.

39. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

40. **Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.**

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

41. **Any future issuance of our Equity Shares may dilute prospective investors' shareholding, and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of our Equity Shares. Additionally, any sales of our Equity Shares by our Promoters or other major shareholders in order to comply with minimum public shareholding requirements prescribed under the SCRR may adversely affect the trading price of our Equity Shares.**

Any future equity issuances by us, including in a primary offering or pursuant to an offer for sale, a preferential allotment or issuances of stock options under employee stock option plans, or by our Promoters, or any perception by investors that such issuances or sales might occur, may lead to the dilution of investor shareholding in our Company or affect the trading price of the Equity Shares and could affect our ability to raise capital through an offering of our securities.

In particular, in accordance with the Securities Contract (Regulation) Rules, 1957, our Company is required to have at least 25% public shareholding within three years from the date of listing of its Equity Shares on the Stock Exchanges, i.e. on or before November 10, 2018, in the manner as specified therein, with the term "public", excluding, among other things, the Promoters and Promoter Group. Following the Issue (assuming full subscription to the Issue), we will have a 22.09% public shareholding. Under the aforementioned regulations, we are required to ensure that we reach the 25% threshold, which may require us to issue additional Equity Shares or require our Promoters or Promoter Group to sell their Equity Shares, which may adversely affect the trading price of our Equity Shares.

Further, upon completion of the Issue, the public shareholding in the Company will be approximately 22.09% of our outstanding Equity Shares (assuming full subscription to the Issue). In order to achieve 'minimum public shareholding' in terms of Rule 19(2)(b) and Rule 19A of the SCRR, Rahul Bhatia, IGE, Acquire Services Private Limited and their respective Promoter Group entities have agreed that they will, after a period of 60 days from the date of Allotment in the Issue and no later than November 9, 2018 (the "**Sale Period**"), undertake a sale of equity shares through an 'offer for sale through the stock exchange mechanism' prescribed by the Securities and Exchange Board of India or any other permitted mechanism under applicable law. Any sale by the Promoters and Promoter Group in order to comply with minimum public shareholding requirements prescribed under the SCRR or by other major shareholders may adversely affect the trading price of our Equity Shares.

42. **We will have considerable discretion as to the use of the Net Proceeds to be received by us from the Issue.**

We intend to use the net proceeds of the Issue ("**Net Proceeds**") for the acquisition of aircraft and ground support equipment, to repay or prepay certain outstanding aircraft lease liabilities (which may include certain lenders who are foreign affiliates of J.P. Morgan India Private Limited, a BRLM) and for general corporate purposes. For further details please see the chapter "*Use of Proceeds*". Deployment of the proceeds of the Issue is at the discretion of our management. Our allocation of the net proceeds of the Issue to be received by is based on current plans and business conditions. The amounts and timing of any expenditure will vary depending on the amount of cash generated by our operations and our future growth and expansion plans. Accordingly, our management will have considerable discretion in the application of the Net Proceeds received by us.

43. **You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.**

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to long-term capital gains tax in India if Securities Transaction Tax, or STT, is paid on the sale transaction and, additionally, as stipulated by the Finance Act, 2017, STT has been paid at the time of acquisition of such shares, except in the case of such transactions where STT could not have been paid, as notified by the Central Board of Direct Taxes through its notification dated June 5, 2017. Accordingly, you may be subject to payment of long-term capital gains tax, in addition to STT, on shares held for more than 12 months. STT is levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange, is subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of equity shares are exempt from taxation in India where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

44. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and the terms of our financing arrangements.

We declared dividends (including dividend distribution tax) of ₹ 12,911.07 million and ₹ 18,596.65 million for fiscal 2015 and 2016, respectively. On May 9, 2017, the Board recommended dividends (including dividend distribution tax) of ₹ 14,791.86 million for fiscal 2017. Our ability to pay dividends will depend on our earnings, cash position, and cash requirements, and applicable Indian legal restrictions. Our business is capital intensive and we may incur additional expenses to acquire aircraft or other assets. Our ability to pay dividends may also be restricted by the terms of financing arrangements that we may enter into. Our historical payment of dividends is not indicative of any payments of dividends in the future. We may be unable to pay dividends in the near or medium term and our future dividend policy will depend on our capital requirements, financial condition and results of operations. For further details, please see the chapter "***Dividends***" beginning on page 76.

45. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in certain other economies. Indian Stock Exchanges have in the past experienced substantial fluctuations in the prices of listed securities. In 2015, the SENSEX decreased by roughly 5%, representing 1,390 points, and increased by about 2% in 2016, representing 465 points. In the period between January 2, 2017 and June 30, 2017, the SENSEX increased by approximately 16%, representing around 4,326 points. The Indian Stock Exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian Stock Exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies, the Indian Stock Exchanges, and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

46. Fluctuations in currency exchange rates may have an adverse impact on the investment in our Equity Shares.

The exchange rate between the Indian Rupee and the U.S. Dollar has changed substantially in the past and may fluctuate substantially in the future. Fluctuations in the exchange rate between the U.S. Dollar and the Indian Rupee may affect the value of the investment in our Equity Shares of a person resident outside India. Specifically for persons resident outside India, if there is a change in relative value of the Indian Rupee to the U.S. Dollar, each of the following values will also be affected:

- the U.S. Dollar equivalent of the Indian Rupee trading price of our Equity Shares in India;
- the U.S. Dollar equivalent of the proceeds that you would receive upon the sale in India of any of our Equity Shares; and
- the U.S. Dollar equivalent of cash dividends, if any, on our Equity Shares, which will be paid only in Indian Rupee.

You may be unable to convert Indian Rupee proceeds into U.S. Dollars or any other currency or the rate at which any such conversion could occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Indian Rupee if U.S. investors analyse our value based on the U.S. Dollar equivalent of our financial condition and results of operations.

While substantially all of our revenues are denominated in Rupees, we are exposed to foreign exchange rate risk as a substantial portion of our expenses are denominated in foreign currency, including our aircraft orders with Airbus and ATR, all of our aircraft and engine leases and financing payments, our aircraft fuel and a significant portion of our aircraft maintenance expenses. Any depreciation of the Rupee against these foreign currencies will increase the Rupee cost of our operations.

Risks Relating to India

47. Political, economic and social developments in India could adversely affect our business.

The Central and State Governments serve multiple roles in the Indian economy, including as producers, consumers and regulators, which have significant influence on the civil aviation industry and us. Economic liberalization policies have encouraged private investment in the civil aviation sector, and changes in these governmental policies could have a significant impact on the business and economic conditions in India in general and the civil aviation sector in particular, which in turn could adversely affect our business, future financial condition and results of operations.

Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares.

48. We are subject to the risks associated with doing business in India, Southeast Asia, South Asia and the Middle East and are vulnerable to extraneous events in these regions.

Our current operations are conducted in India, Southeast Asia, South Asia and the Middle East. We are subject to special considerations and significant risks typical for these regions. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange rate fluctuations.

Our results may be adversely affected by changes in the political and social conditions in India, Southeast Asia, South Asia and the Middle East, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things. Volatility in social and political conditions in certain countries in these regions may interrupt, limit or otherwise affect our flight operations and may result in the closure of airports. In recent years, certain countries and territories have implemented various measures aimed to result in economic or political reforms and changes. Some of these measures have led to increased incidents or higher risks of political instability and social unrest. Government-imposed wage and price controls, higher unemployment rates, mandated industry restructuring and trade barriers, such as high tariffs and customs duties that negatively affect any domestic industry are some examples of events causing increased volatility in social and political conditions in these regions. We have no control over these matters and we do not carry political risk or other insurance with respect to losses caused by these matters.

Further, terrorist attacks and other acts of violence or war involving countries in these regions, and in particular India, may adversely affect the Indian markets and the worldwide financial markets. In recent years, there have been instances of military confrontations, civil unrests and terrorist attacks in these regions, such as the Bhopal-Ujjain passenger train bombing on March 7, 2017. Such military activity, terrorist attacks or other adverse social, economic and political events may also result in a reduction in confidence in the Indian travel industry and could adversely impact our business prospects. In addition, such events may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. The occurrence of any of these events may result in a loss of investor confidence, which could potentially lead to economic recession and generally have an adverse effect on our business, results of operations and financial condition Furthermore, if India were to become engaged in military confrontations, we might not be able to continue our operations. Our insurance policies do not cover loss of business from terrorist attacks, war or civil unrest.

India has experienced natural calamities such as earthquakes, tsunami, floods and droughts in the past few years, such as the floods in Srinagar and a cyclone in Vishakhapatnam in the second half of 2014. The extent and severity of these natural disasters determines their effect on the Indian economy and the travel industry in particular. Any such natural disaster could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares. In addition, pandemic diseases, caused by virus such as Ebola, H5N1 or H1N1, could adversely affect tourism and travel and our business.

49. Increases in the inflation rate may adversely affect the Indian economy and our business.

The inflation rate in India was 6.35% in 2014, 5.87% in 2015 and 4.94% in 2016, according to the Organisation for Economic Cooperation and Development, or OECD. As of June 30, 2017, the inflation rate in India for 2017 had decreased from 3.17% in January 2017 to 1.54% in June 2017, according to the Indian Ministry of Statistics and Programme Implementation. Although India's inflation rate has recently declined, India's inflation rate between 2014 and 2016 remained higher than all of the 35 OECD member states other than Turkey, according to the OECD. India has also experienced high levels of inflation in the past, and there can be no assurance that the inflation rate will remain at its current level or continue to decline in the future. Any future increase in the level of inflation may adversely affect the growth of the Indian economy and our business, results of operations and financial condition.

50. Indian laws limit our ability to raise capital outside India and to enter into acquisition transactions with non-Indian companies.

Indian laws constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities and restrict the ability of non-Indian companies to acquire us.

Under the current foreign investment policy, foreign direct investment, or FDI, in the domestic scheduled airline sector is permitted up to 49% and investments by Non-Resident Indians are permitted up to 100%, in both cases through the automatic route and does not require any approval from the Ministry of Civil Aviation. Further, with prior government approval, foreign direct investment up to 100% is permitted in this sector. The FDI policy allows foreign airlines to invest in the capital of Indian companies operating scheduled and non-scheduled air transport passenger services, other than Air India, up to the limit of 49% of their paid-up capital subject to certain conditions. In addition, our permission to operate scheduled services granted by the DGCA and guidelines issued by the DGCA, including AIC No. 12 of 2013, specify certain additional restrictions. For details on these conditions and restrictions, please see "***—Changes in laws and government rules and regulations could reduce our operating flexibility, increase our operating expenses, result in service delays and disruptions, prevent us from successfully implementing our growth strategy or otherwise adversely affect us.***" beginning on page 63.

As of June 30, 2017, we have FDI of 22.28% of our pre-Issue capital. However, if the Government does not approve any additional investment or acquisition, equity ownership in the Company beyond the ceiling mentioned above, our ability to obtain investments, and/or enter into acquisitions with, foreign investors will be limited. In addition, making investments in and/or the strategic acquisition of a foreign company by us requires various approvals from the government and the relevant foreign jurisdiction, and we may not be able to obtain such approvals.

Indian laws also restrict the taking of foreign debt by Indian companies. Under the ECB Master Directions, ECB by an eligible borrower in the aviation sector is permitted under the automatic route up to US$ 500 million in a year, with a minimum average maturity of three years for ECB up to US $50 million and five years for ECB of US$ 50 million to US$ 500 million, for permissible end-uses (except in the case of foreign currency convertible bonds where the minimum average maturity must be at least 5 years). A company in the aviation sector can use ECBs only for the import of aircraft. Further, the ECB Master Directions provide ceilings on the all-in-cost incurred on such funding. ECB not complying with these requirements is permitted with prior approval of the RBI, in accordance with the ECB Policy. In addition, there are certain routine procedural and disclosure requirements in relation to any such ECB.

Further, in raising funding in the international capital markets, our Company will be required to comply with the unfamiliar capital markets laws of such countries.

These limitations on ECB may constrain our ability to raise cost effective funding for implementing asset purchases, refinancing existing indebtedness or financing acquisitions and other strategic transactions in the future, which may adversely affect our business, results of operations, financial condition and prospects.

51. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

52. It may not be possible for you to enforce any judgment obtained outside India, including in the United States, against our Company or any of our Directors and executive officers that are resident in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and most of our Directors and executive officers reside in India. Furthermore, all of our Company's assets are located in India. As a result, you may be unable to:

- effect service of process in jurisdictions outside India, including in the United States, upon our Company; or
- enforce in Indian courts judgments obtained in courts of jurisdictions outside India against our Company, including judgments predicated upon the civil liability provisions of the securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended, or the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on 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 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 or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on 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.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

53. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, results of operations and cash flows.

Our financial statements for fiscal 2017 and the three months ended June 30, 2017 included in this Red Herring Prospectus are prepared in accordance with Ind AS, consistently applied during the periods stated in those reports. Our financial statements for fiscal 2016 and 2015 and the selected historical financial information for fiscal 2014, 2013 and 2012 included in this Red Herring Prospectus are prepared in accordance with Indian GAAP. While note 28 to our financial statements for fiscal 2017 provides a reconciliation of select line items in our financial statements as of and for the year ended March 31, 2016 from Indian GAAP to Ind AS, no attempt has been made to reconcile any of the information given in this Red Herring Prospectus to any other principles or to base the information on any other accounting standards. Ind AS is a new concept, subject to various interpretations and may lack implementation solutions. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, such as Indian GAAP, IFRS or U.S. GAAP. Accordingly, our financial statements for fiscal 2017 and the three months ended June 30, 2017 prepared in accordance with Ind AS may not be comparable to our financial statements for prior years and periods. The degree to which the financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS and, with Indian accounting practices in general. Persons not familiar with Ind AS and Indian accounting practices in general should limit their reliance on the financial disclosures presented herein.

MARKET PRICE INFORMATION

The Equity Shares have been listed and are available for trading on the BSE and the NSE. As on the date of this Red Herring Prospectus, 361,684,551 Equity Shares have been issued and are fully paid up.

On September 8, 2017, the closing price of the Equity Shares on the BSE and the NSE was ₹ 1,224.40 and ₹ 1,222.00 per Equity Share, respectively. Because the Equity Shares are actively traded on the BSE and the NSE, the market price and other information for each of the BSE and the NSE has been given separately.

(i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded for Fiscals ended March 2016 and March 2017:

BSE

Fiscal	High (₹)	Date of High	Total Volume on date of High (Number of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (in ₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (in ₹ million)	Average price for the year (₹)
2016	1,341.8	January 1, 2016	775,723	1,039.0	722.3	February 11, 2016	386,905	282	992.3
2017	1,086.1	May 5, 2016	134,097	144.7	794.6	August 11, 2016	702,091	562	923.8

(Source: www.bseindia.com)

NSE

Fiscal	High (₹)	Date of High	Volume on date of High (Number of Equity Shares traded on the date of high)	Total Volume of Equity shares traded on the date of high (in ₹ million)	Low (₹)	Date of low	Volume on date of Low (Number of Equity Shares traded on the date of low)	Total Volume of Equity shares traded on the on date of low (in ₹ million)	Average price for the year (₹)
2016	1,343.5	January 1, 2016	4,914,713	6,575.2	719.7	February 11, 2016	2,840,007	2,056.6	993.0
2017	1,088.4	May 5, 2016	616,887	665.8	793.5	August 11, 2016	997,841	798.1	924.7

(Source: www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case of two days with the same high or low price, the date with the higher volume has been considered.*

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the BSE and the NSE on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month Year	High (₹)	Date of High	(Volume on date of High) Number of Equity Shares traded on the date of high	Total Volume of Equity shares traded on the date of high in ₹ (million)	Low (₹)	Date of low	(Volume on date of Low) Number of Equity Shares traded on the date of low	Total Volume of Equity shares traded on the on date of low in ₹ (million)	Average price for the month (₹)
March 2017	1,053.2	March 27, 2017	156,340	164.1	856.7	March 3, 2017	19,716	16.9	931.4
April 2017	1,157.3	April 20, 2017	153,307	174.1	1,035.8	April 7, 2017	34,064	35.2	1,090.2
May 2017	1,140.1	May 9, 2017	78,137	88.8	1,044.1	May 22, 2017	53,832	56.0	1,095.0
June 2017	1,262.9	June 28, 2017	53,072	66.0	1,113.8	June 6, 2017	63,849	72.7	1,180.5
July 2017	1,290.8	July 31, 2017	98,307	127.8	1,191.7	July 3, 2017	76,366	90.5	1,247.2
August 2017	1,313.2	August 16, 2017	1,162,299	1,544.7	1,172.1	August 29, 2017	413,571	489.1	1,256.5

(Source: www.bseindia.com)

NSE

Month Year	High (₹)	Date of High	(Volume on date of High) Number of Equity Shares traded on the date of high	Total Volume of Equity shares traded on the date of high in ₹ (million)	Low (₹)	Date of low	(Volume on date of Low) Number of Equity Shares traded on the date of low	Total Volume of Equity shares traded on the on date of low in ₹ (million)	Average price for the month (₹)
March 2017	1,052.7	March 27, 2017	1,174,991	1,233.8	859.1	March 3, 2017	113,486	97.6	932.2
April 2017	1,157.6	April 20, 2017	1,285,491	1,455.4	1,038.8	April 7, 2017	607,270	628.4	1,091.2
May 2017	1,140.3	May 9, 2017	974,100	1,107.0	1,041.7	May 22, 2017	701,066	727.9	1,094.8
June 2017	1,264.9	June 28, 2017	537,883	670.5	1,113.2	June 6, 2017	632,030	719.5	1,181.9
July 2017	1,290.8	July 31, 2017	983,921	1,277.5	1,192.2	July 3, 2017	1,000,385	1,187.2	1,247.9
August 2017	1,313.2	August 16, 2017	1,162,299	1,544.7	1,172.1	August 29, 2017	413,571	489.1	1,256.5

(Source: www.nseindia.com)

Notes:

1. *High, low and average prices are based on the daily closing prices.*
2. *In case two days with the same high or low price, the date with the higher volume has been considered.*

(iii) The following table set forth the details of the number of Equity Shares traded and the volume of business transacted during the last six months and the Fiscals ending March 2016 and March 2017 on the BSE and the NSE:

Period	**Number of Equity Shares Traded**		**Volume of Business Transacted (in ₹ million)**	
	BSE	**NSE**	**BSE**	**NSE**
Year ending 2016	37,428,795	209,039,727	37,272.4	208,890.9
Year ending 2017	15,478,850	105,681,963	14,556.7	99,919.2
March 2017	1,503,378	17,614,098	1,446.6	16,854.0
April 2017	1,427,428	9,473,568	1,548.0	10,369.7
May 2017	1,022,192	10,845,084	1,125.3	11,929.4
June 2017	1,389,464	12,372,938	1,647.1	14,746.5
July 2017	930,579	11,794,467	1,160.6	14,712.7
August 2017	1,669,769	13,737,156	2,123.8	17,406.5

(*Source: www.bseindia.com and www.nseindia.com*)

(iv) The following table sets forth the market price on the BSE and NSE on August 1, 2017, i.e., the first Working Day following the approval of the Board of Directors for the Issue:

BSE						**NSE**					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (in ₹ million)**	**Open**	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Turnover (in ₹ million)**
1,334.0	1,334.0	1,270.0	1,289.0	229,901	298.1	1,320	1,330.8	1,266.7	1,290.3	2,405,404	3,125.6

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The Issue comprises of a Fresh Issue and an Offer for Sale by the Selling Shareholders.

Offer for Sale

The Offer for Sale is to allow the Selling Shareholders to sell an aggregate of up to 11,192,807 Equity Shares held by them through this Issue and increase the total public shareholding in the Company. The proceeds from the Offer for Sale (net of Issue related expenses attributable to the Offer for Sale portion and borne by the Selling Shareholders) will go to the Selling Shareholders and our Company will not receive any such proceeds, except to the extent of reimbursement of Issue expenses incurred by our Company on behalf of the Selling Shareholders.

Issue expenses

Expenses in relation to the Issue will be borne by our Company and each of the Selling Shareholders in proportion of the Equity Shares contributed to the Fresh Issue and the Offer for Sale, respectively, provided that listing fees will be borne solely by the Company.

Purpose of the Fresh Issue

The Fresh Issue comprises up to 22,385,614 Equity Shares aggregating up to ₹ [●] million. The total estimated gross proceeds of the Fresh Issue will be ₹ [●] million. After deducting Issue related expenses attributable to the Fresh Issue of approximately ₹ [●] million, the net proceeds of the Fresh Issue will be approximately ₹ [●] million (the "**Net Proceeds**").

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds for one or more of the following: acquisition of aircraft, purchase of ground support equipment, repayment/prepayment of debt, including finance leases for aircraft, and general corporate purposes.

(a) Acquisition of aircraft

Our Company proposes to deploy a portion of the Net Proceeds towards the acquisition of aircraft. The terms and the manner in which an aircraft will be acquired have not been decided at this stage. An aircraft could be acquired through direct acquisitions, equity contribution in an entity which in turn would acquire such aircraft or through any other manner as may be decided by the Company.

Cost of acquisition of aircraft: The cost of acquiring an aircraft will depend on a variety of factors, including without limitation, the type of aircraft, the manner of acquisition (direct investment, equity contribution, operating lease/ finance lease/ any other means of acquisition), timing of acquisition, our ability to negotiate commercial terms, foreign currency exchange rates and other factors affecting the airline industry.

Means of financing the acquisition of aircraft: The acquisition of an aircraft would be funded through the Net Proceeds or a combination of the Net Proceeds, financing from banks, financial institutions, other lenders, debt and equity issuances, internal accruals and any other means of raising capital as may be determined by the Company in compliance with applicable laws.

Proposed deployment of Net Proceeds: The deployment of Net Proceeds towards acquisition of aircraft will depend on various factors including the manner of acquisition of each aircraft, type of aircraft proposed to be acquired and the timing of delivery.

(b) Purchase of ground support equipment

We propose to utilise a part of the Net Proceeds to purchase ground support equipment for our airline operations, either directly or through our Subsidiary, which typically include ramp coaches, tractors, ground power units and push-backs.

Cost of purchase: The cost of purchasing the ground support equipment will vary depending on the particular equipment and quantities we elect to purchase, the commercial terms for such purchase that we are able negotiate and other industry and market driven factors.

Means of financing: We intend to purchase ground support equipment through a combination of the Net Proceeds and internal accruals.

Proposed deployment of Net Proceeds**:** The deployment schedule of Net Proceeds towards purchase of ground support equipment will depend on a variety of factors, including, but not limited to, number of aircraft inducted in our fleet, any new airports we operate on, specific requirements of airport operators, the need for replacement of existing equipment and applicable law.

(c) ***Repayment or Prepayment of debt***

Our Company has entered into finance leases of different types with respect to certain aircraft. Our Company proposes to retire certain of our finance lease obligations using a portion of the Net Proceeds. Upon retirement of these lease liabilities, the ownership of the aircraft shall stand transferred automatically to our Company or our Company could exercise the option to acquire the ownership of such aircraft, simultaneous with the retirement of the lease liabilities through separate legal agreements.

The particular finance lease or any other debt which we select and the aggregate amount of such repayment/prepayment will be determined by our Company based on various commercial considerations including, among others, the interest rate on the borrowing, the amount outstanding and the remaining tenor of the borrowing, any conditions attached to the borrowings restricting our ability to pre-pay/repay the borrowings, receipt of consents for pre-payment from the respective lenders/lessors and applicable law governing such borrowings.

(d) General Corporate Purposes

Our Company intends to also use a part of the Net Proceeds towards general corporate purposes in keeping with our business requirements. Such general corporate purposes may include, but will not be restricted to marketing, brand building and promotional activities; servicing our interest obligations under our financing arrangements; and ongoing general corporate purposes or business exigencies. The allocation or quantum of utilisation of the Net Proceeds towards general corporate will be determined by our Company based on our business requirements and other relevant considerations, from time to time.

Use of Net Proceeds

Our fund requirements and deployment of the Net Proceeds is based on internal management estimates and are based on current conditions and are subject to change in light of external circumstances or costs, or financial condition, business or strategy.

CAPITALISATION STATEMENT

The following table sets forth the capitalisation of our Company as of March 31, 2017, on a standalone basis, on an:

i. actual basis; and
ii. as adjusted basis to give effect to the Issue.

This table should be read together with the section "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on page 77 and our Company's audited consolidated and standalone financial statements as on and for the March 31, 2017 and the related notes thereto contained in the section "***Financial Statements***" beginning on page 251.

	As at March 31, 2017, on a standalone basis	
	Actual	**As adjusted**[(1)]
	(In ₹ million)	
Short term borrowing:		
Secured	-	[●]
Unsecured	-	[●]
Current maturities of long term borrowing/finance lease obligations	2,004.66	[●]
Long term borrowing:		
Secured	23,957.08	[●]
Unsecured	-	[●]
Total debt (A)	**25,961.74**	**[●]**
Equity:		
Equity share capital	3,614.68	[●]
Other equity	34,177.49	[●]
Total Equity (B)	**37,792.17**	**[●]**
Total capitalisation (A+B)	**63,753.91**	**[●]**

(1) Will be updated following closure of the Issue.

The following table sets forth the capitalisation of our Company as of June 30, 2017, on a standalone basis, on an:

i. actual basis; and
ii. as adjusted basis to give effect to the Issue.

	As at June 30, 2017, on a standalone basis	
	Actual	**As adjusted**[(1)]
	(In ₹ million)	
Short term borrowing:		
Secured	-	[●]
Unsecured	-	[●]
Current maturities of long term borrowing/finance lease obligations	2,029.07	[●]
Long term borrowing:		
Secured	23,212.08	[●]
Unsecured	-	[●]
Total debt (A)	**25,241.15**	**[●]**
Equity:		
Equity share capital	3,615.99	[●]
Other equity	42,437.60	[●]
Total Equity (B)	**46,053.59**	**[●]**
Total capitalisation (A+B)	**71,294.74**	**[●]**

(1) Will be updated following closure of the Issue.

Note: *Our Company has allotted 85,236 Equity Shares on July 24, 2017 under ESOS 2015-II, listing approval from Stock Exchanges was received on July 31, 2017. Post allotment, the paid-up capital of our Company comprises of 361,684,551 Equity Shares having face value of ₹ 10 each.*

DIVIDENDS

Our Company has a formal dividend distribution policy. In accordance with the dividend distribution policy of our Company and the Companies Act, 2013, dividend shall be paid out of (a) relevant financial year's profit, after providing for depreciation and after transferring to free reserves such amount as may be prescribed, subject to applicable law, or as may be otherwise considered appropriate by the Board, at its discretion; or (b) net profit from any previous financial year(s), after providing for depreciation and remaining undistributed.

Dividend amounts are determined each Fiscal in accordance with the Board's assessment of our Company's earnings, cash flows, financial conditions and other factors prevailing at the time. The declaration and payment of interim dividends, if any, will be approved by the Board of Directors in their discretion, subject to the provisions of the Articles of Association and the Companies Act, 2013. Further, the declaration and payment of final dividends, if any, will be recommended by the Board of Directors and approved by the shareholders of our Company, in their discretion, subject to the provisions of the Articles of Association and the Companies Act, 2013.

Our Company has declared dividends on the Equity Shares for the Fiscals 2017, 2016 and 2015:

Particulars	Fiscal 2017[4]	Fiscal 2016[1]		Fiscal 2015[2]
Face value per share (in ₹)	10	10[3]	1,000	1,000
Final dividend (₹ in million)	12,289.92	5,422.03	-	-
Interim dividend (₹ in million)	-	-	10,029.10	10,796.89
Dividend (in ₹ per share)	34	15	32,668	35,169
Dividend Tax (₹ in million)	2,501.94	1,103.80	2,041.72	2,114.18
Equity Share Capital (₹ in million)	3,614.68	3,603.57	307.00	307.00
Rate of dividend (%)	340	150	3,266.81	3,516.90

[1] *The Board recommended a final dividend of ₹ 15.00 per Equity Share which was approved by the shareholders of the Company on September 21, 2016. The dividend was declared on September 21, 2016.*

[2] *The Company declared four interim dividends of ₹ 1,606.91 million, ₹ 5,932.37 million, ₹ 2,260.23 million and ₹ 997.38 million, for fiscal 2015.*

[3] *The equity shares of the Company were sub-divided into Equity Shares of ₹ 10.00 each on June 25, 2015.*

[4] *The Board recommended a final dividend of ₹ 34.00 per Equity Share which was approved by the shareholders of the Company on August 28, 2017 and declared on such date.*

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. The declaration of dividends will be dependent on a number of internal and external factors, including but not limited to our Company's earning, general financial condition, short term and long term capital requirements, acquisitions including any strategic acquisitions, investments in subsidiaries or associates, results of operations, cash positions, contractual obligations, overall financial position, general state of the economy, government policy and general outlook of the aviation sector. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

For a summary of certain Indian consequences of dividend distributions to shareholders, see "***Taxation***" on page 197.

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

The following discussion is intended to convey management's perspective on our financial condition and results of operations as of and for the fiscal years ended March 31, 2015, 2016 and 2017 and the three months ended June 30, 2016 and 2017.

Prior to April 1, 2016, we prepared our financial statements in accordance with Indian GAAP and the Companies Act. With effect from April 1, 2016, we adopted Ind AS as notified under the Companies Act and, accordingly, our financial statements as of and for the year ended March 31, 2017 and subsequent periods have been prepared in accordance with Ind AS and the Companies Act. In this section, (i) the financial information as of and for the year ended March 31, 2015 and, where indicated, 2016, has been extracted or derived from the IGAAP Audited Financial Statements, (ii) the financial information as of and for the year ended March 31, 2017 and corresponding 2016 and, where indicated, 2016, have been extracted or derived from the standalone IND AS Audited Financial Statements and (iii) the financial information as of and for the three months ended June 30, 2016 and 2017 has been extracted or derived from the standalone Reviewed Financial Results as of and for the three months ended June 30, 2017 (which were prepared in accordance with Ind AS).

Ind AS and Indian GAAP differ in certain respects from each other and from IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. As a result, certain financial information presented in this section as of and for the years ended March 31, 2015 and 2016 may not be comparable to similarly titled financial information presented in this section as of and for the years ended March 31, 2016 and 2017 and the three months ended June 30, 2016 and 2017. For more information on our transition to Ind AS and reconciliation between Indian GAAP and Ind AS, see note 28 to the IND AS Audited Financial Statements. See also "Risk Factors— Indian corporate and other disclosure and accounting standards differ from those observed in other jurisdictions such as U.S. GAAP and IFRS".

The following discussion of our financial condition and results of operations should be read in conjunction with our Company's Ind AS Audited Financial Statements, Reviewed Financial Results and IGAAP Audited Financial Statements, the notes thereto and the other information included elsewhere in this Red Herring Prospectus. Our Company incorporated a wholly-owned subsidiary in February 2017 to conduct ground handling operations. As this subsidiary has not commenced operations, the financial information in this section has been extracted or derived from the standalone Ind AS Audited Financial Statements as of and for the year ended March 31, 2017 or the standalone Reviewed Financial Results as of and for the three months ended June 30, 2017 appearing elsewhere in this Red Herring Prospectus, and not the consolidated Ind AS Audited Financial Statements or the consolidated Reviewed Financial Results.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the sections "Forward-looking Statements" and "Risk Factors".

Overview

We operate IndiGo, India's largest passenger airline with a 40.1% and 41.0% market share of domestic passengers carried for fiscal 2017 and the three months ended June 30, 2017, respectively, according to the DGCA. We operate on a low-cost carrier, or LCC, business model and were the fourth largest low-cost carrier globally in terms of seat capacity in fiscal 2017, according to CAPA. We strive to maintain low costs as measured by Cost per Available Seat Kilometer, or CASK, a high frequency of flights and high quality of service to fulfil our simple brand message of providing "low fares, on-time flights and a courteous, hassle-free service" to our passengers.

We primarily operate in India's domestic air travel market. India was the third largest air travel market in the world in terms of domestic passenger traffic in 2016, according to CAPA. By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus. We are also evaluating opportunities to strategically grow our international operations.

Our market share of domestic passengers carried grew from 20.3% in fiscal 2012 to 40.1% in fiscal 2017, according to the DGCA. Our domestic capacity, measured in terms of Available Seat Kilometers, or ASKs, increased at a CAGR of 24.2% from 16.7 billion ASKs in fiscal 2012 to 49.2 billion ASKs in fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to the DGCA. As on the date of this Red Herring Prospectus, we operate scheduled services to 46 airports, including seven international destinations. We operated a peak of 937 flights per day during the month of June 2017.

We commenced operations in August 2006 with a single aircraft, and have grown our fleet to 135 aircraft as of June 30, 2017, with 113 A320 aircraft and 22 A320neo aircraft. As on the date of this Red Herring Prospectus, we have 139 aircraft in our fleet. The A320, A320neo, and A321neo aircraft in our Airbus orders are all short- to medium-range narrow-body commercial passenger twin-engine jet aircraft from the Airbus A320 family. The 250 A320neo aircraft in August 2015 was the largest single order of aircraft by number from Airbus at the time of the order and, together with our firm order of 180 A320neo aircraft from June 2011 represents the largest cumulative number of A320neo aircraft on order, according to Airbus. We believe that the magnitude of our 2005, 2011 and 2015 aircraft orders helped us to negotiate favorable terms with Airbus and our other aircraft-related suppliers and service providers, which provides us with a structural cost advantage by reducing the overall costs associated with the acquisition, maintenance and operation of our aircraft. We refer to our June 2011 and August 2015 orders with Airbus collectively as our A320neos Order.

We have an order book of 430 A320neo aircraft (including the right to convert a certain number of A320neo aircraft into A321neo aircraft), of which 22 A320neos have been delivered as of June 30, 2017. We were one of the first airlines globally to order, and in 2016 became the first airline in Asia to take delivery of the A320neo aircraft, according to Airbus.

We placed an order with Avions de Transport Regional G.I.E., or ATR, in August 2017 for the purchase of up to 50 ATR 72-600 turboprop aircraft. We expect to launch our turboprop operations with ATR 72-600 turboprop aircraft by the end of calendar year 2017, and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018. In addition to expanding our market presence, we anticipate that our future turboprop operations will enable us to serve new cities and markets, including "tier 2" and "tier 3" cities in India.

We believe that we have considerable flexibility to prudently manage the expansion of our fleet. Our contract with Airbus, subject to certain terms and conditions, may allow us to advance or defer aircraft deliveries. We may also be able to advance or defer aircraft deliveries under our order with ATR, subject to negotiation with the manufacturer. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order. We expect to begin taking delivery of A321neos towards the end of calendar year 2018. As of June 30, 2017, we have added 29 previously-used A320 aircraft on short-term leases and extended the operating leases of some of our current aircraft to help meet our short-term capacity needs.

In fiscal 2017, our total revenue was ₹ 193,695.70 million, our profit was ₹ 16,591.88 million and our EBITDAR was ₹ 54,408.48 million. In fiscal 2016 as per Ind AS, our total revenue was ₹ 166,550.30 million, our profit was ₹ 19,861.61 million and our EBITDAR was ₹ 56,801.54 million. Please see "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Results of Operations***". We became profitable in fiscal 2009 and have remained profitable in each subsequent fiscal year through fiscal 2017. Our profit for the three months ended June 30, 2017 was ₹ 8,111.46 million. No other Indian airline has consistently remained profitable over the same period, according to CAPA.

We had lower CASK excluding fuel expenses for fiscal 2017 than our publicly listed competitors Jet Airways and SpiceJet and for fiscal 2015 than Air India, according to SAP. We also had one of the lowest CASK excluding fuel expenses compared with the 15 largest global low-cost carriers by ASKs, according to SAP. We believe that we have a strong balance sheet measured in terms of our liquidity and indebtedness. As of March 31, 2017 and June 30, 2017, we had total indebtedness of ₹ 25,961.74 million and ₹ 25,241.15 million, respectively, and no net debt (net of free cash). As of March 31, 2017 and June 30, 2017, all of our indebtedness was aircraft related and we did not have any indebtedness for working-capital. As of March 31, 2017 and June 30, 2017, we had total cash of ₹ 93,432.13 million and ₹ 101,847.44 million, respectively.

Factors Affecting Our Results of Operations and Financial Condition

Our business and results of operations have been affected by a number of important factors that are expected to continue to affect our business and results of operations in the future. These factors include the following:

General Economic and Business Conditions

We are predominantly a domestic carrier operating out of India. As of June 30, 2017, we operated scheduled services to 46 airports, including seven international destinations, with a peak of 937 flights per day during the month of June 2017. By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus, driven by economic growth, favorable demographics and relatively low air travel penetration.

As a result, we will be significantly affected by general economic conditions in India and in the destinations we serve, in particular economic conditions that affect business and leisure travel within India. The GDP of the countries where we currently operate has been and will continue to be of importance in determining our operating results and future growth.

We face intense competition from other LCCs as well as full-service passenger airlines that operate on our routes. In addition, passenger airlines in India face competition from other modes of low-cost transportation, such as rail travel. Our principal domestic competitors include (in alphabetical order) Air India (including Air India Express and Alliance Air), AirAsia India, GoAir, Jet Airways (including former Jet Lite/Konnect brands), SpiceJet and Vistara, as well as potential new entrants into the routes/markets that we serve or plan to serve. For our international routes, we face competition from our domestic competitors with international operations, as well as international carriers which service India. The intensity of the competition we face varies from route to route and depends on a number of factors, including the strengths of competing airlines and, for domestic travel, other modes of transportation.

We also face competition from ground transportation, especially from the Indian railways, which offers cheaper alternative modes of transportation than airlines. The efforts of the Indian Government to introduce high speed rail through the High Speed Rail Corporation of India Limited and upgrade highways through the National Highways Development Project are likely to increase the attractiveness of these modes of transportation for the Indian middle class who comprise the bulk of our current and targeted passengers.

Seasonality

Seasonal variations in air travel affect our results of operations. We generally experience higher passenger demand during the first quarter of each fiscal year (April to June), as this quarter coincides with the summer holiday season in India, and during the third quarter of each fiscal year (October to December), as this quarter coincides with the festival season in India as well as the Indian winter holiday season. In addition, some of our areas of operations in North and East India experience bad weather conditions in winter, resulting in additional expenses caused by delayed and cancelled flights. Given our high proportion of fixed cost obligations, these seasonal factors are likely to cause our results of operations to vary from quarter to quarter during a particular fiscal year.

Expansion of Aircraft Fleet

The continued growth in our fleet size has enabled a corresponding ramp-up in our operations and will be a critical factor in any future expansions of our operations. The size of our fleet has a major effect on both our revenues and expenses.

Since commencing scheduled airline operations with a single aircraft in August 2006, our fleet size has grown annually to 135 aircraft as of June 30, 2017. As on the date of this Red Herring Prospectus, we have a fleet of 139 aircraft. The following table sets forth our fleet size and capacity (in available seat kilometers, or ASKs), for the periods indicated.

	Fiscal Year Ended March 31,			**Three Months Ended June 30,**
	2015	**2016**	**2017**	**2017**
Fleet size[1]	94	107	131	135
ASK (millions)	35,327	42,826	54,583	15,076
Departures	192,920	236,385	300,526	83,063
Block Hours	354,276	436,739	558,567	155,057

Note:
(1) Total aircraft on the last day of the period indicated.

We placed firm orders with Airbus in June 2005 for 100 A320 aircraft, in June 2011 for 180 A320neo aircraft and in August 2015 for 250 A320neo aircraft. We took delivery of all 100 aircraft under our 2005 order by November 3, 2014, about two years ahead of the initially scheduled final delivery date as a result of our advancement of deliveries to meet our capacity needs. We refer to our June 2011 and August 2015 orders with Airbus collectively as our A320neos Order. We have taken delivery of 22 A320neo aircraft under our A320neos Order as of June 30, 2017. Our A320neos Order with Airbus to acquire 430 A320neo aircraft has secured a series of scheduled deliveries from November 2015 to December 2025, subject to any delivery advancements or deferrals to be negotiated with Airbus. We have taken delivery of 22 aircraft under our A320neos Order as of June 30, 2017. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order. We expect to begin taking delivery of A321neos towards the end of calendar year 2018.

In August 2017, we placed an order with ATR for the purchase of up to 50 ATR 72-600 turboprop aircraft. We expect to launch our turboprop operations with ATR 72-600 turboprop aircraft by the end of calendar year 2017 and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018. In addition to expanding our market presence, we anticipate that our future turboprop operations will enable us to serve new cities and markets, including “tier 2” and “tier 3” cities in India.

As of June 30, 2017, we have added 29 previously-used A320 aircraft on short-term leases and extended the operating leases of some of our current aircraft to help meet our short-term capacity needs. The average lease term for the used aircraft in our fleet was 3.5 years as of June 30, 2017, with similar specifications and, in most cases, the same engine type as our A320 aircraft delivered from Airbus.

We expect that our continued fleet growth over the next several years will have a corresponding impact on our results of operations and financial condition, including continued growth in our capacity and capital expenditure for the foreseeable future.

Route Portfolio Management

The significant expansion of our aircraft fleet since we commenced flight operations in August 2006 has resulted in a corresponding expansion in our route portfolio. The following table sets out certain information regarding our total departures, routes operated and airports served by our operations (domestic and international) for the periods presented.

	Fiscal Year Ended March 31,			Three Months Ended June 30,
	2015	2016	2017	2017
Total departures during period	192,920	236,385	300,526	83,063
Number of routes operated at end of period	126	139	169	171
Number of airports served at end of period	37	40	44	46

We believe that our profit margins have been suppressed by our growth in capacity between fiscal 2012 and fiscal 2017. Our rapid growth typically results in lower Revenue per ASKs, or RASK, because it typically takes at least six months for a new market or route to mature from the time that we enter the market or begin operating the new route. In comparison, our CASK typically increases when we enter a new market or begin operating a new route due to upfront costs before operations commence, such as hiring and training additional pilots and crew and investing in equipment and infrastructure. See also “– Description of Components of Our Revenue and Expenses – Revenue – RASK” and “– Description of Components of Our Revenue and Expenses – Expenses – CASK”.

We select routes which we believe have the potential to deliver high RASK. When selecting a potential route, we typically choose a destination that has the potential to service other key cities, and also consider whether the route is a good fit with our existing network, the attractiveness of alternative modes of transport for the route (such as rail) and whether the route has proven to be successful for our competitors. We also consider economic indicators to identify the growth opportunities in a particular market. We strive to achieve high frequencies on key business routes to offer preferred flight times to business travelers and to offer a maximum amount of routes and frequencies from the airports at which we operate.

We have maintained high utilization of our aircraft through efficient schedule management resulting in a low turnaround time between our flights. In fiscal 2017, our average aircraft utilization in block hours was 12.9 hours per day per aircraft, higher than the average of 11.4 block hours for all other Indian carriers, according to CAPA. Thus, our average aircraft utilization was higher than the average for all other Indian carriers in fiscal 2017. For fiscal 2012, 2013, 2014, 2015, 2016 and 2017, and the three months ended June 30, 2017, our average aircraft utilization for each day was 10.4 hours, 11.1 hours, 11.4 hours, 11.4 hours, 11.9 hours, 12.9 hours and 12.8 hours, respectively.

Selecting and flying good routes, competing effectively on those routes and handling aircraft and passengers efficiently at the airports on those routes are crucial for the successful performance of our airline operations and, as a result, our financial condition and results of operations.

Aircraft Leases and Purchases

Our fleet of 135 aircraft as of June 30, 2017 comprises 118 aircraft on operating leases, 14 aircraft on European Export Credit Agency-backed finance leases and 3 aircraft purchased with internal funds. All of our operating aircraft leases are sale-and-leaseback agreements as of June 30, 2017, except for 29 previously-used aircraft on short-term operating leases from third-party lessors, which we acquired to meet our short-term capacity requirements. The average lease term for the used aircraft in our fleet was 3.5 years, as of June 30, 2017.

It has generally been our practice to assign our right to purchase each aircraft under our purchase agreement with Airbus to a third-party lessor and lease the aircraft from such lessor following delivery of the aircraft. Under the terms of our assignment, the third-party lessor is typically required to pay the purchase price for each delivered aircraft directly to Airbus. Accordingly, in the past, we have not generally been required to expend significant funds for the acquisition of aircraft, other than for aircraft pre-delivery payments, which have been paid using internal accruals and borrowings.

We intend to complement our current sale-and-leaseback aircraft financing structure with a higher proportion of owned A320 family and ATR aircraft. We believe that we can gradually reduce our higher aircraft lease expenses while assuming relatively lower costs associated with aircraft ownership, which we anticipate will help to improve our results of operations and financial condition. We may focus on purchasing A320neos and, in the future, A321neos and ATR as we believe that the risk of technological obsolescence associated with these aircraft is relatively low. We intend to use a portion of the proceeds from this Issue and internal resources to fund future aircraft ownership in addition to considering third-party financing options.

Passenger Carried and Yield

As a low cost carrier, we operate in a highly competitive fare market. Our revenues are predominantly derived from passenger ticket revenue, which is determined by passenger load factor, number of passengers carried and yields as detailed in the table below for the periods indicated.

The following table sets forth our passenger load factor, passengers carried, passenger ticket revenue and yields for the periods indicated.

	Fiscal Year Ended March 31,			**Three Months Ended June 30,**
	2015[(1)]	**2016[(2)]**	**2017[(2)]**	**2017[(2)]**
Passenger load factor (%)	79.8	84.0	84.8	88.0
Passengers carried (thousands)	25,180	33,104	43,532	12,484
Passenger ticket revenue (₹ million)	122,938.97	140,624.22	161,970.72	50,780.29
Yields (₹)	4.36	3.91	3.50	3.83

Notes:
(1) As per Indian GAAP
(2) As per Ind AS

As a result of increased capacity, our number of passengers carried has increased annually from fiscal 2015 to fiscal 2017. Our passenger load factor has been fairly consistent and exceeded 75% in each of these years. Our yields decreased each of these years primarily due to an increased competitive environment.

Aircraft Fuel Expenses

Aircraft fuel is a major cost component for airlines. The cost of our aircraft fuel has fluctuated significantly in recent years, accounting for 46.1% of our total expenses in fiscal 2015 as per Indian GAAP and 34.6%, 36.8% and 36.4% of our total expenses in fiscal 2016 and 2017 and the three months ended June 30, 2017, respectively, as per Ind AS.

The cost of aircraft fuel cannot be predicted with any degree of certainty. To date, we have not undertaken any forward fuel purchases or other hedging strategies with respect to our fuel purchases. However, we have developed a platform to hedge fuel (which has included, among other things, obtaining necessary Governmental approvals and establishing relationships with potential hedging counterparties), if required.

We have taken steps to reduce our fuel consumption. We have started taking deliveries of A320neo aircraft and had 22 A320neos in our fleet as of June 30, 2017. The A320neo aircraft incorporate more efficient engines and large wing-tip devices called "sharklets" and deliver improved fuel savings, according to Airbus. A320neos currently give us about 15% better fuel efficiency compared to current generation A320ceos without sharklets, which has reduced our fuel consumption per block hour as these aircraft have entered our fleet. All of the current generation A320 aircraft delivered to us by Airbus since January 2013 incorporate sharklets.

We have an order book of 430 Airbus A320neo aircraft (including the right to convert a certain number of A320neo aircraft into A321neo aircraft), of which 22 A320neos had been delivered as of June 30, 2017. The A320neo aircraft incorporate more efficient engines and large wing-tip devices called "sharklets" and deliver improved fuel savings, according to Airbus. A320neos currently give us about 15% better fuel efficiency compared to current generation A320 aircraft without sharklets, which has reduced our fuel consumption per block hour as these aircraft have entered our fleet. In addition to the A320neos, all of the A320 aircraft delivered to us by Airbus since January 2013 have also been equipped with sharklets which, according to Airbus, reduce fuel consumption compared to A320 aircraft which are not fitted with sharklets because of their improved aerodynamics. All of the A320 aircraft delivered to us by Airbus since September 2008 use the V-2527-A5 variant of the V2500. These engines use various technological advances intended to reduce aircraft fuel consumption compared to previous IAE engines. We have also sought to reduce the weight of our aircraft by selecting lighter seats and by choosing to not have in-flight entertainment systems. For more information on our fuel consumption policies, see "Our Business – Managing Fuel Costs".

Fluctuations in Currency Exchange Rates

Substantially all of our operating income is received in Indian Rupees. Our aircraft fuel expenses, aircraft and engine rental payments, aircraft and engine maintenance and finance cost are mainly denominated in USD and constituted 61.1% of our total expenses for fiscal 2017. In addition, our indebtedness comprises entirely of secured loans for aircraft acquisitions denominated in USD. We had total debt of ₹ 25,961.74 million and ₹ 25,241.15 million as of March 31, 2017 and June 30, 2017 as per Ind AS, respectively

The exchange rate between the Indian Rupee and the U.S. Dollar has changed substantially in the past and may fluctuate substantially in the future. We have in the past entered into short term currency hedging to manage our exposure to fluctuations between the USD and Indian Rupees within the parameters allowed by the Reserve Bank of India. We may in the future enter into additional hedging arrangements in order to manage our exposure to currency fluctuations. Fluctuations in the USD/Indian Rupee exchange rate have a substantial effect on our results of operations.

Our Significant Accounting Policies

The preparation of our financial statements requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of cash flows and contingent liabilities, among other items. Our management bases its estimates on historical experience and various other assumptions that they believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Certain key accounting policies relevant to our business and operations have been described below. For more information, see note 2.b to our Ind AS Audited Financial Statements and note 1 to our IGAAP Audited Financial Statements included elsewhere in this Red Herring Prospectus.

Critical Accounting Policies Under Ind AS

Recognition of Revenue and Expenses

Passenger and Cargo Revenue: passenger revenue is recognized on a flown basis when the flight takes off and the service is rendered, net of discounts, applicable taxes and airport charges such as passenger service and user development fees, if any. Cargo revenue is recognized when goods are transported, net of airport charges and applicable taxes. The sale of tickets not yet flown is credited to unearned revenue disclosed as 'Forward Sales' under other current liabilities. Fees charged for ancillary services such as changes to or cancellations of flight tickets or for special service requests are recognized as revenue immediately on rendering of services. Forward sales unutilized for more than a year are recognized as revenue based on historical statistics, data and management estimates, and considering our cancellation policy.

In flight Sales: revenue from the sale of merchandise is recognized upon the transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognized upon the sale of goods to the passenger, net of applicable taxes.

Tours and packages: income and related expense from the sale of tours and packages are recognized upon services being rendered, net of discounts and applicable taxes. The income and expense are stated on a gross basis. Passenger revenue earned from the sale of tours and packages is recognized on a flown basis and disclosed under tours and packages. The sale of tours and packages not yet serviced is credited to unearned revenue and disclosed as 'Forward Sales' under current liabilities.

Interest income: interest income is recognized using the effective interest rate method on a time proportion basis.

Claims and other credits – non-refundable: claims relating to reimbursement of operational expenses such as operating lease rentals and aircraft repair and maintenance are adjusted against such expenses over the estimated period for which the reimbursement pertains. When credits are used against purchases of goods and services, the credits are adjusted against the relevant expenses on a utilization basis. Claims and credits on the same transaction are netted off. Any claim or credit not related to reimbursement of operational expenses and not used for the purchase of goods and services is recognized as income in our statement of profit and loss when the contractual entitlement arises, the amount can be reliably measured and receipt is virtually certain.

Commission: commission and advertisement income is recognized on an accrual basis in accordance with the terms of the underlying contracts with agents, net of applicable taxes. As we act as a principal in these arrangements, commission is recognized as an expense in our statement of profit and loss.

Aircraft repair, maintenance and redelivery cost: We recognize aircraft repair and maintenance cost on an incurred basis in our statement of profit and loss, except for heavy maintenance visits, engine overhaul and landing gear overhaul expenses for owned aircraft and aircraft taken on finance lease. Aircraft maintenance covered by third-party maintenance agreements is also charged to our statement of profit and loss at a contractual rate per hour in accordance with the terms of the agreements.

Aircraft maintenance costs also include provision for overhaul expenses for certain aircraft held under operating lease. These costs are recorded at discounted value where effect of the time value of money is material.

Aircraft redelivery costs are estimated by our management based on historical trends and data and are recorded in our financial statements in proportion to the expired lease period and are recorded at discounted value where the effect of the time value of money is material.

Aircraft fuel expense: recognized at the time fuel is uplifted and consumed, net of any discounts.

Redelivery and overhaul costs: Our aircraft lease contracts require us to redeliver our aircraft to the lessors at the end of the lease term under stipulated contractual return conditions. Redelivery costs are estimated by management based on historical trends and data and are recorded in our financial statements in proportion to the expired lease period. Aircraft maintenance costs include provisions for overhaul expenses certain aircraft held under operating lease.

Redelivery and overhaul costs are recorded at discounted value, where the effect of the time value of money is material.

Leased assets

Leases of property, plant and equipment that transfer substantially all of the risks and rewards or ownership to us are classified as finance lease. Leases in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered.

Finance lease: assets taken on finance leases are capitalized at the lower of the fair value of the assets and the present value of the minimum lease rentals (which includes initial amount paid to the lessors) with the corresponding amount payable shown as lease liability. The principal component of the lease rentals is adjusted against the lease liability and the interest component is charged to the Statement of Profit and Loss.

Operating lease: Lease rentals in respect of assets taken on operating leases are charged to the Statement of Profit and Loss with reference to the lease term and other considerations. Additionally, operating leases are not reflected in our consolidated balance sheet and accordingly, neither a lease asset nor an obligation for future lease payments is reflected in our consolidated balance sheets.

Sale and lease back transactions

Profit or loss on sale and lease back transactions from operating leases are recognized immediately when the transaction is established at fair value; the excess of sale price over the fair value is deferred and amortized over the period for which the asset is expected to be used. Any excess or deficiency of sales proceeds over the carrying amount for a sale and leaseback transaction in a finance lease is deferred and amortized over the lease term in proportion to the depreciation of the leased asset.

Manufacturers' incentives – non-refundable

Cash incentives

For owned aircraft or for aircraft held under finance lease, incentives are recorded as a reduction to the cost of the related aircraft or engines. For aircraft held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the initial lease period of the related lease. If we return an aircraft before the expiry of the lease term, the unamortized balance of the deferred incentive is recorded in the Statement of Profit and Loss.

We also receive non-refundable milestone incentives from the engine manufacturer upon achieving certain milestones relating to delivery of aircraft. These milestone incentives are recorded as a reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. For aircraft held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining lease period of the related lease. Where the aircraft is held under finance lease, the incentives are deferred and recognized under the heading 'Other operating revenue' in the Statement of Profit and Loss, on a straight line basis over the remaining lease period of the related lease.

In case of prepayment of finance lease obligations for aircraft taken on finance lease and consequently taking the ownership of the aircraft, before the expiry of the lease term, the unamortized balance of deferred incentive is recorded as a reduction to the carrying value of the aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortized balance of deferred incentive is recorded in our statement of profit and loss.

Non-cash incentives

Non-cash incentives are recorded as and when due by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned assets and aircraft held under finance lease. For aircraft held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives. The deferred asset is reduced on the basis of utilization of incentives against the purchase of goods and services.

Critical Accounting Policies Under Indian GAAP

Revenue

Passenger and Cargo Revenue: passenger revenue is recognized on a flown basis when the flight takes off and the service is rendered, net of airport charges and discounts, if any. Cargo revenue is recognized when goods are transported, net of airport charges. The sale of tickets not yet flown is credited to unearned revenue disclosed as 'Forward Sales' under current liabilities. Fees charged for ancillary services such as changes to flight tickets or for special service requests are recognized as revenue immediately on rendering of services. Forward Sales unutilized for more than a year are recognized as revenue based on historical statistics, data and management estimates, and considering our cancellation policy.

In flight Sales: revenue from the sale of merchandise is recognized upon the transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognized upon the sale of goods to the passenger.

Dividend income: dividend is recognized as and when the right to receive such income is established.

Tours and packages: income and related expense from the sale of tours and packages are recognized upon services being rendered, net of applicable discounts. The income and expense are stated on a gross basis. Passenger revenue earned from the sale of tours and packages is recognized on a flown basis and disclosed under tours and packages. The sale of tours and packages not yet serviced is credited to unearned revenue and disclosed as 'Forward Sales' under current liabilities.

Interest income: interest income is recognized on a time proportion basis.

Commission and advertisement income: commission and advertisement income is recognized on an accrual basis in accordance with the terms of the underlying contracts, net of applicable taxes.

Leased assets

Leased assets under which we assume substantially all risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance lease: assets taken on finance leases are capitalized at the lower of the fair value of the assets and the present value of the minimum lease rentals (which includes initial amount paid to the lessors) with the corresponding amount payable shown as lease liability. The principal component of the lease rentals is adjusted against the lease liability and the interest component is charged to the Statement of Profit and Loss.

Operating lease: Lease rentals in respect of assets taken on operating leases are charged to the Statement of Profit and Loss with reference to the lease term and other considerations.

Sale and lease back transactions

Profit or loss on sale and lease back transactions from operating leases are recognized immediately when the transaction is established at fair value; the excess of sale price over the fair value is deferred and amortized over the period for which the asset is expected to be used. Any excess or deficiency of sales proceeds over the carrying amount for a sale and leaseback transaction in a finance lease is deferred and amortized over the lease term in proportion to the depreciation of the leased asset.

Manufacturers' incentives – non-refundable

Cash incentives

We receive non-refundable incentives from manufacturers in connection with the acquisition of aircraft and engines. For owned aircraft or for aircraft held under finance lease, incentives are recorded as a reduction to the cost of the related aircraft or engines. For aircraft held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the period of the related lease. If we return an aircraft before the expiry of the lease term, the unamortized balance of the deferred incentive is recorded in the Statement of Profit and Loss.

We also receive non-refundable milestone incentives from the engine manufacturer upon achieving certain milestones relating to delivery of aircraft. These milestone incentives are recorded as a reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. For aircraft held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining lease period of the related lease. Where the aircraft is held under finance lease, the incentives are deferred and recognized under the heading 'Other operating revenue' in the Statement of Profit and Loss, on a straight line basis over the remaining lease period of the related lease.

Non-cash incentives

Non-cash incentives are recorded as and when due by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned assets and aircraft held under finance lease. For aircraft held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives. The deferred asset is reduced on the basis of utilization of incentives against the purchase of goods and services.

Description of Components of Our Revenue and Expenses

Revenue

Revenue from Operations

As an airline, we principally derive our revenue from passenger ticket revenue, which we recognize as revenue at the time such tickets are used by passengers. We also derive revenue from ancillary products and services, which is composed of:

(i) revenue from ancillary passenger related services, consisting of special services requests which includes seat selection, charges for infants, assistance for unaccompanied minors, excess baggage, ticket modifications or cancellations (including expiry of credit shell) and lounge use as well as convenience fees; and

(ii) revenue derived from products and services that are ancillary to our airline passenger services, consisting of cargo services, in-flight sales, commissions, advertisement, and tours and packages.

The following table sets out the amounts and percentage share of total revenue from operations of our passenger ticket revenue, ancillary revenue and other operating revenue for the periods indicated.

	Fiscal Year Ended March 31,					
	2015[(2)]	**%**	**2016**[(3)]	**%**	**2017**[(3)]	**%**
Passenger ticket revenue	122,938.97	88.3	140,624.22	87.1	161,970.72	87.2
Revenue from ancillary products and services	15,724.94	11.3	20,019.97	12.4	22,667.58	12.2
Other operating revenue[(1)]	589.45	0.4	754.90	0.5	1,166.70	0.6
Revenue from operations	139,253.36	100.0	161,399.09	100.0	185,805.00	100.0

Note:
(1) Representing amortization of credits received on finance lease aircraft and claims received from service providers.
(2) As per Indian GAAP
(3) As per Ind AS

For the three months ended June 30, 2016, our passenger ticket revenue and ancillary revenue were ₹ 39,717.37 million and ₹ 5,805.78 million, respectively, as per Ind AS. For the three months ended June 30, 2017, our passenger ticket revenue and ancillary revenue were ₹ 50,780.29 million and ₹ 5,885.11 million, respectively.

Passenger revenues are dependent on capacity measured in terms of ASK, utilization measured in terms of RPK, passengers and yields (passenger revenue / RPK). The table below provides information relating to our passenger revenues for the periods indicated.

	Fiscal Year Ended March 31,			**Three Months Ended June 30,**
	2015[(1)]	**2016**[(2)]	**2017**[(2)]	**2017**[(2)]
ASK (millions)	35,327	42,826	54,583	15,076
RPK (millions)	28,177	35,968	46,288	13,271
Load Factor	79.8%	84.0	84.8	88.0
Passengers ('000)	25,180	33,104	43,532	12,484
Yields (₹)	4.36	3.91	3.50	3.83

Notes:
(1) As per Indian GAAP.
(2) As per Ind AS.

Other Income

The primary components of our other income are finance income, primarily consisting of interest on fixed deposits, net gain on sale of investments and mark-to-market gain on investments, foreign exchange gains and other miscellaneous items.

Our other income is recurring from regular business and investing activities, other than profits from sale of spare parts.

RASK

RASK is calculated as total revenue (excluding finance income) divided by the number of ASKs in the relevant period.

The table below sets out the determination of our RASK for fiscal 2015 and 2016 as per Indian GAAP.

	Fiscal Year Ended March 31,	
	2015	**2016**
	(₹ in millions)	
Total revenue	143,199.19	166,013.02
Finance income	3,739.65	4,059.72
% of total revenue	2.6%	2.4%
Total revenue less finance income	139,459.54	161,953.30
RASK (in ₹)	**3.95**	3.78

The table below sets out the determination of our RASK for fiscal 2016 and 2017 and the three months ended June 30, 2016 and 2017 as per Ind AS.

	Fiscal Year Ended March 31,		**Three Months Ended June 30,**	
	2016	**2017**	**2016**	**2017**
	(₹ in millions)			
Total revenue	166,550.30	193,695.70	47,414.58	59,555.47
Finance income	4,597.00	6,168.98	1,367.64	1,915.93
% of total revenue	2.8	3.2	2.9	3.2
Total revenue less finance income	161,953.30	187,526.72	46,046.95	57,639.54
RASK (in ₹)	3.78	3.44	3.62	3.82

EBITDA and EBITDAR Non-GAAP Financial Measures

EBITDAR is earnings before finance income and cost, income taxes, depreciation and amortization and aircraft and engine rentals. It is calculated as EBITDA plus aircraft and engine rentals. EBITDA is earnings before finance income and cost, income taxes, and depreciation and amortization. It is calculated as total revenue subtracting total expenses but excluding finance cost, finance income and depreciation and amortization. EBITDAR margin is calculated as EBITDAR / revenue from operations. EBITDA margin is calculated as EBITDA / revenue from operations.

EBITDA and EBITDAR are included as supplemental disclosure as our management considers that they are useful indicators of our operating performance. Derivations of EBITDA and EBITDAR are well-recognized performance measurements in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing the operating performance of companies in our industry. Our management also considers EBITDA to be useful for evaluating performance of our senior management team. EBITDAR is useful in evaluating our operating performance compared to our competitors because its calculation isolates the effects of financing in general, the accounting effects of capital spending and acquisitions (primarily aircraft, which may be acquired directly, directly subject to acquisition debt, by finance lease or by operating lease, each of which is presented differently for accounting purposes) and income taxes, which may vary significantly between periods and for different companies for reasons unrelated to overall operating performance. However, because derivations of EBITDA and EBITDAR are not determined in accordance with Ind AS / Indian GAAP, such measures are susceptible to varying calculations, and not all companies calculate the measures in the same manner. As a result, derivations of EBITDA and EBITDAR as presented may not be directly comparable to similarly titled measures presented by other companies.

These non- GAAP financial measures have limitations as an analytical tool. Some of these limitations are: they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments; they do not reflect changes in, or cash requirements for, our working capital needs; they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and other companies in our industry may calculate EBITDA and EBITDAR differently than we do, limiting their usefulness as a comparative measure. Because of these limitations, EBITDA and EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with Ind AS / Indian GAAP.

Expenses

Aircraft fuel expenses

Aircraft fuel comprises our largest expense. In recent years, our fuel cost has increased due to increased consumption in line with the increased size of our fleet and the expansion of our operations, while aircraft fuel prices have fluctuated due to shifts in global crude oil prices and the Indian Rupee to U.S. Dollar exchange rate as our aircraft fuel costs are denominated in U.S. Dollars. In India, aircraft fuel is available for domestic purchase primarily from three government-controlled companies and two private companies. The price of aircraft fuel is fixed by these companies monthly and announced for the various airports in the country. We import some of our aircraft fuel.

Aircraft and engine rentals (net)

This cost reflects lease payments for the aircraft we operate under operating lease arrangements, as well as lease payments we make to our engine supplier, IAE for spare engines. This item also includes supplementary rental payments to our lessors accrued on the basis of actual utilization of aircraft. We receive incentives and certain other credits from Airbus and our other aircraft-related suppliers and service providers. These incentive payments are amortized over the course of the relevant operating lease and are reduced from aircraft and engine rental payments.

Purchase of stock in trade & changes in inventories of stock in trade

These costs relate to our inflight sales and consumption of related inventory.

Employee benefits

This cost consists primarily of salaries, bonuses and allowances, as well as statutory mandatory contributions pursuant to provident and other funds, recruitment costs and staff welfare costs. InterGlobe Enterprises (which includes our Company), was ranked among the "Best Companies to Work For" in India in 2015 for the eighth consecutive year by a study done by the Great Places to Work® Institute in partnership with The Economic Times. No other airline was included in these rankings during this period. We were also named as an "AON Best Employers India" by AON Hewitt in 2016 and 2017. We undertake numerous employee-friendly programs. We do not have any unionized employees and strive to maintain high employee retention by creating a positive corporate culture, ensuring our employees are paid on a timely basis and by providing incentives such as bonuses to flight crews based on our financial and operational performance.

Finance costs

This cost consists of (i) interest payments on our indebtedness, which primarily consists of indebtedness we incurred in order to finance our pre-delivery payments under our aircraft purchase agreement with Airbus, (ii) finance lease charges, which primarily reflect the interest component of the lease payments we make under our aircraft finance leases and (iii) interest accretion on provisions and other financial liabilities, each measured at amortized cost.

Depreciation and amortization

This item primarily relates to depreciation on aircraft that we own and aircraft with finance lease arrangements, with the balance primarily relating to depreciation on ground support equipment, computer equipment, vehicles and furniture that we own.

Other expenses

Our other operating expenses consist primarily of landing fees, en-route charges, aircraft repair and maintenance expenses, selling and distribution costs, and also include aircraft insurance costs, rent (primarily in respect of office space and various commercial premises), legal and professional fees, operating costs of software, other operating costs and in-flight and passenger costs.

Landing fees and en route charges. These costs include landing charges, route navigation facility charges, terminal navigation landing charges, parking and housing charges, X-ray charges and CUTE charges (at CUTE-enabled airports). Airport related charges are typically payable to the AAI or the operator of the airport. Airport charges are fixed by various airport operators and are primarily determined on the basis of number of passengers carried, aircraft weight and type of airport (domestic or international).

Aircraft repair and maintenance (net). As an operator of aircraft, we are required to and are responsible for maintaining and repairing the aircraft. Our maintenance and repair expenses consist of scheduled and unscheduled maintenance of our aircraft, engines and other parts. We maintain our aircraft in accordance with standards that meet or exceed Indian regulatory standards and have entered into several fleet hour agreements for our engines, APUs and other components. We outsource most of the maintenance of our aircraft and engines.

Selling and Distribution Cost: This item includes costs towards our call centers, reservation system, commissions and other miscellaneous expenses towards selling and distribution.

CASK

CASK is calculated as total expenses (net of finance income) divided by the number of ASKs in the relevant period.

The table below sets out the determination of our CASK for fiscal 2015 and 2016 as per Indian GAAP.

	Fiscal Year Ended March 31,	
	2015	**2016**
	(₹ in millions)	
Total expenses	124,733.96	137,723.52
Finance income	3,739.65	4,059.72
% of total expenses	3.0%	2.9%
Total expenses less finance income	120,994.31	133,663.80
CASK (in ₹)	**3.42**	**3.12**

The table below sets out the determination of our CASK for fiscal 2016 and 2017 and the three months ended June 30, 2016 and 2017 as per Ind AS.

	Fiscal Year Ended March 31,		Three Months Ended June 30,	
	2016	**2017**	**2016**	**2017**
	(₹ in millions)			
Total expenses	138,315.23	172,252.30	39,947.62	48,312.12
Finance income	4,597.00	6,168.98	1,367.64	1,915.93
% of total expenses	3.3%	3.6%	3.4%	4.0%
Total expenses less finance income	133,718.23	166,083.32	38,579.99	46,396.19
CASK (in ₹)	3.12	3.04	3.04	3.08

Tax Expense

The elements of our tax expenses are as follows:

- *Minimum alternate tax (MAT) and MAT credit entitlement*. Under Indian tax laws, a company is required to pay the higher of (i) Minimum Alternate Tax, or MAT, computed on book profit or (ii) income tax computed on taxable profit. From fiscal 2018, the MAT payments can be carried forward and set-off against regular tax payable by us on taxable profit during the 15 assessment years immediately following the assessment year in which we pay MAT. In comparison, in fiscal 2017 and prior years, MAT payment could be carried forward and set-off against regular tax payable by us on taxable profit for 10 assessment years. We record such carried forward MAT payments on our Statement of Profit and Loss as "MAT credit entitlements" in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961. We paid MAT in fiscal 2015 and income tax computed on taxable profits in fiscal 2016, fiscal 2017 and the three months ended June 30, 2017. MAT was assessed at the rate of 20.9% (inclusive of surcharge and education cess) for fiscal 2015. In fiscal 2014, a portion of MAT recoverable amounting to ₹ 1,602.03 million was written off, of which ₹ 584.82 million was subsequently written back in fiscal 2017. Income tax computed on taxable profits was assessed at the rate of 34.6%, 34.6% and 34.6% (inclusive of surcharge and education cess) for fiscal 2016, fiscal 2017 and the three months ended June 2017 which, respectively, resulted in effective tax rates of 29.7%, 22.6% (MAT recoverable was written back in fiscal 2017) and 27.9% for fiscal 2016, 2017 and three month ended June 2017.

- *Deferred tax*. Deferred tax under Ind AS is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable that the related tax benefit will be realized. Significant management judgement is required to determine the probability of deferred tax asset. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Our Results of Operations for Fiscal 2016 and 2017 and the Three Months Ended June 30, 2016 and 2017 (as per Ind AS)

The following table shows a breakdown of our results of operations and each item as a percentage of total income or total expenses for the periods indicated.

	Fiscal Year Ended March 31,				Three Months Ended June 30,			
	2016		2017		2016		2017	
	(₹ in millions)	(%)	(₹ in millions)	(%)	(₹ in millions)	(%)	(₹ in millions)	(%)
REVENUE								
Revenue from operation	161,399.09	96.9	185,805.00	95.9	45,788.52	96.6	57,529.12	96.6
Other income	5,151.21	3.1	7,890.70	4.1	1,626.06	3.4	2,026.35	3.4
Total revenue	166,550.30	100.0	193,695.70	100.0	47,414.58	100.0	59,555.47	100.0
EXPENSES								
Aircraft fuel expenses	47,793.24	34.6	63,415.13	36.8	13,674.11	34.2	17,591.66	36.4
Aircraft and engine rentals[(1)]	25,067.63	18.1	31,253.73	18.1	7,126.96	17.8	8,536.92	17.7
Purchase of stock in trade	1,147.82	0.8	1,238.32	0.7	347.41	0.9	317.67	0.7
Change in inventories of stock in trade	(11.32)	0.0	(2.94)	0.0	(3.2)	0.0	20.04	0.0
Employee benefits	17,879.84	12.9	20,481.90	11.9	4,789.48	12.0	5,842.77	12.1
Other expenses	38,342.18	23.1	47,985.83	27.9	11,701.53	29.3	14,249.90	29.5
Finance cost	3,041.16	2.2	3,307.80	1.9	1,163.10	2.9	769.75	1.6
Depreciation and amortization	5,054.68	3.7	4,572.53	2.7	1,148.23	2.9	983.41	2.0
Total expenses	138,315.23	100.0	172,252.30	100.0	39,947.62	100.0	48,312.12	100.0
EBITDAR[(2)]	56,801.54		54,408.48		15,537.62		19,617.50	
Margin[(3)]		35.2		29.3		33.9		34.1
EBITDA[(2)]	31,733.91		23,154.75		8,410.66		11,080.58	
Margin[(4)]		19.7		12.5		18.4		19.3
Profit before tax	28,235.07		21,443.40		7,466.96		11,243.35	
Margin[(5)]		17.5		11.5		16.3		19.5

Tax (charge)/benefit								
Current period tax	7,303.93		4,911.51		1,843.28		2,808.80	
Current period minimum alternate tax (MAT)..								
Less: MAT credit entitlement.................								
Deferred tax (credit)/charge....................	1,069.53		(59.99)		(294.05)		323.09	
Profit for the period..............................	19,861.61		16,591.88		5.917.73		8,111.46	
Margin(6)		12.3		8.9		12.9		14.1

Note:

(1) Aircraft and engine rentals are defined as aircraft and engine rentals net of cash and non-cash incentives and certain other credits.
(2) EBITDAR is earnings before finance income and cost, income taxes, depreciation and amortization and aircraft and engine rentals. It is calculated as EBITDA plus aircraft and engine rentals. EBITDA is earnings before finance income and cost, income taxes, and depreciation and amortization. It is calculated as total revenue subtracting total expenses but excluding finance cost, finance income and depreciation and amortization.
(3) EBITDAR margin is calculated as EBITDAR /revenue from operations
(4) EBITDA margin is calculated as EBITDA / revenue from operations
(5) Profit before tax margin is calculated as profit before tax / revenue from operations
(6) Profit after tax margin is calculated as profit after tax/ revenue from operations

Three Months Ended June 30, 2017 compared to Three Months Ended June 30, 2016 (as per Ind AS)

Revenue from operations. Our revenue from operations increased 25.6%, from ₹ 45,788.52 million for the three months ended June 30, 2016 to ₹ 57,529.12 million for the three months ended June 30, 2017. This increase was primarily due to increased passenger ticket revenue.

- *Passenger ticket revenue*. Our passenger ticket revenue increased 27.9%, from ₹ 39,717.37 million for the three months ended June 30, 2016 to ₹ 50,780.29 million for the three months ended June 30, 2017. Our RASK increased 5.5% from ₹ 3.62 for three months ended June 30, 2016 to ₹ 3.82 for three months ended June 30, 2017 driven by a 4.7 point increase in load factors to 88.0% and a 2.0% increase in yields to ₹ 3.83.

- *Ancillary revenue*. Our ancillary revenue increased 1.4%, from ₹ 5,805.78 million for the three months ended June 30, 2016 to ₹ 5,885.11 million for the three months ended June 30, 2017. Our ancillary revenue was impacted by a regulation which capped the amount we could charge for excess baggage to ₹ 100/kg (for the first 5 kgs beyond 15 kgs). Additionally, our cargo revenues did not grow in line with our capacity for the period.

Other income. Our other income increased 24.6%, from ₹ 1,626.06 million for the three months ended June 30, 2016 to ₹ 2,026.35 million for the three months ended June 30, 2017. Our other income largely comprises of finance income generated by our cash. Our finance income increased from ₹ 1,367.64 for three months ended June 30, 2016 to ₹ 1,915.93 for three months ended June 30, 2017.

Expenses. Our expenses increased 20.9%, from ₹ 39,947.62 million for the three months ended June 30, 2016 to ₹ 48,312.12 million for the three months ended June 30, 2017 primarily due to an increase in our capacity during the period.

- *Aircraft fuel expenses*. Our aircraft fuel expenses increased by 28.6%, from ₹ 13,674.11 million for the three months ended June 30, 2016 to ₹ 17,591.66 million for the three months ended June 30, 2017, primarily due to an increase in total block hours by 19.3% and higher Aviation Turbine Fuel prices. The average price of Aviation Turbine Fuel, as reported by IOC for the three months ended June 30, 2017 was ₹ 52,707 per kiloliter compared to ₹ 45,526 per kiloliter for the three months ended June 30, 2016, an increase of 15.8%. We also had 22 fuel-efficient A320neos at the end of June 30, 2017, which provide us with about 15% better fuel efficiency compared to our current generation A320 aircraft without sharklets.

- *Aircraft ownership cost:* Our aircraft ownership costs for the three months ended June 30, 2016 and 2017 are detailed in the table below.

	Three Months Ended June 30,	
	2016	2017
Description	(₹ Million)	

Aircraft and engine rentals	7,126.96	8,536.92
Finance Cost	1,163.10	769.75
Less: Finance Income	(1,367.64)	(1,915.93)
Depreciation and Amortization	1,148.23	983.41
TOTAL	8,070.66	8,374.15

Our aircraft ownership cost increased by 3.8%, from ₹ 8,070.66 million for the three months ended June 30, 2016 to ₹ 8,374.15 million for the three months ended June 30, 2017. While our fleet on operating lease increased by 35.6% to 118 as of June 30, 2017 compared to 87 as of June 30, 2016, we also added 8 previously-used aircraft on short term leases during the year ended June 30, 2017, on which we typically pay lower lease rentals.

- *Purchase of stock in trade*. Our stock in trade decreased 8.6%, from ₹ 347.41 million for the three months ended June 30, 2016 to ₹ 317.67 million for the three months ended June 30, 2017 primarily due to lower in-flight purchases.

- *Changes in inventories of stock in trade.* Change in inventories of stock in trade increased from ₹ (3.20) million for the three months ended June 30, 2016 to ₹ 20.04 million for the three months ended June 30, 2017.

- *Employee benefits*. Our employee benefit expenses increased 22.0%, from ₹ 4,789.48 million for the three months ended June 30, 2016 to ₹ 5,842.77 million for the three months ended June 30, 2017. As a result of the growth of our operations, the number of our employees increased from 12,252 as of June 30, 2016 to 15,368 as of June 30, 2017.

- *Other expenses*. Our other expenses increased 21.8%, from ₹ 11,701.53 million for the three months ended June 30, 2016 to ₹ 14,249.90 million for the three months ended June 30, 2017 broadly in line with the growth in our capacity.

Profit before tax (charge)/benefit. As a result of the above changes, our profit before tax increased 50.6% from ₹ 7,466.96 million for the three months ended June 30, 2016 to ₹ 11,243.35 million for the three months ended June 30, 2017.

Income tax expense.

- *Current tax*. We recorded a book profit before tax and taxable profit in each of the three months ended June 30, 2016 and 2017, as determined in accordance with the Indian Income-tax Act of 1961. As our income tax computed on taxable profits was higher than MAT computed on book profit before tax, we were required to record income tax computed on taxable profits. In the three months ended June 30, 2017, we recorded income tax of ₹ 2,808.80 million, as compared to income tax of ₹ 1,843.28 million in the three months ended June 30, 2016. We did not record a MAT credit entitlement in the three months ended June 30, 2016 and 2017.

- *Deferred tax expense*. We recorded a deferred tax charge of ₹ 323.09 million in the three months ended June 30, 2017, as compared to a deferred tax credit of ₹ 294.05 million in the three months ended June 30, 2016.

Profit for the period. Our profit for the period increased 37.1%, from ₹ 5,917.73 million for the three months ended June 30, 2016 to ₹ 8,111.46 million for the three months ended June 30, 2017, due to the reasons detailed above.

Fiscal 2017 Compared to Fiscal 2016 (as per Ind AS)

Revenue from operations. Our revenue from operations increased 15.1%, from ₹ 161,399.09 million for fiscal 2016 to ₹ 185,805.00 million for fiscal 2017. This increase was primarily due to increased passenger ticket revenue.

- *Passenger ticket revenue*. Our passenger ticket revenue increased 15.2%, from ₹ 140,624.22 million for fiscal 2016 to ₹ 161,970.72 million for fiscal 2017. RASK decreased 9.2% from ₹ 3.78 for fiscal 2016 to ₹ 3.44 for fiscal 2017 driven by a decrease in yield by 10.5% which was partially offset by increase in load factors by 0.8 points.

- *Ancillary revenue*. Our ancillary revenue increased 13.2%, from ₹ 20,019.97 million for fiscal 2016 to ₹ 22,667.58 million for fiscal 2017. Revenue from passenger related ancillary service increased 15.0% from ₹ 10,464.66 million for fiscal 2016 to ₹ 12,039.16 million for fiscal 2017. Our ancillary revenue grew slower than capacity in fiscal 2017 as low fares were available closer to the travel date which resulted in lower ticket cancellation and modification revenues. Our ancillary revenue was also impacted by the regulation which capped the amount we could charge for excess baggage to ₹ 100/kg (for the first 5 kgs beyond 15 kgs). Additionally, our cargo revenues did not grow in line with our capacity during this period.

Other income. Our other income increased 53.2%, from ₹ 5,151.21 million for fiscal 2016 to ₹ 7,890.70 million for fiscal 2017, primarily due to an increase in finance income from ₹ 4,597.00 million in fiscal 2016 to ₹ 6,168.98 million in fiscal 2017.

Expenses. Our expenses increased 24.5% to ₹ 172,252.30 million for fiscal 2017 from ₹ 138,315.23 million for fiscal 2016, primarily due to an increase in our capacity during the year.

- *Aircraft fuel expenses*. Our aircraft fuel expenses increased by 32.7%, from ₹ 47,793.24 million for fiscal 2016 to ₹ 63,415.13 million for fiscal 2017, primarily due to an increase in total block hours by 27.9% and higher Aviation Turbine Fuel prices. The average price of Aviation Turbine Fuel, as reported by IOC for four metros, for fiscal 2017 was ₹ 49,995.78 per kiloliter for fiscal 2017 compared to ₹ 47,843.08 per kiloliter in fiscal 2016, an increase of 4.5%.

- *Aircraft ownership cost:* Our aircraft ownership costs for fiscal 2016 and fiscal 2017 are detailed in the table below.

Description	Fiscal 2016 ₹ Million	Fiscal 2017 ₹ Million
Aircraft and engine rentals	25,067.63	31,253.73
Finance Cost	3,041.16	3,307.80
Less: Finance Income	(4,597.00)	(6,168.98)
Depreciation and Amortization	5,054.68	4,572.53
TOTAL	28,566.47	32,965.08

Our aircraft ownership cost increased by 15.4% from fiscal 2016 to fiscal 2017. While our fleet on operating lease increased by 34.1% from 85 at the end of fiscal 2016 to 114 at the end of fiscal 2017, we also added 8 previously used aircraft during fiscal 2017 on which we typically pay lower lease rentals. The Indian Rupee also appreciated during the year by 2.0% against the U.S. Dollar during 2017 which helped offset our aircraft ownership costs.

- *Purchase of stock in trade*. Our stock in trade marginally increased from ₹ 1,147.82 million for fiscal 2016 to ₹ 1,238.32 million for fiscal 2017 primarily due to higher in-flight purchases.

- *Changes in inventories of stock in trade.* Change in inventories of stock in trade increased from ₹ (11.32) million for fiscal 2016 to ₹ (2.94) million for fiscal 2017.

- *Employee benefits*. Our employee benefit expenses increased 14.6% from ₹ 17,879.84 million for fiscal 2016 to ₹ 20,481.90 million for fiscal 2017 compared to a capacity increase of 27.4% in fiscal 2017. We saw improvements in employee productivity in fiscal 2017 as we received deliveries of A320neos which were earlier delayed and for which we had already provisionally staffed in fiscal 2016.

- *Other expenses*. Our other expenses increased by 25.2% from ₹ 38,342.18 million for fiscal 2016 to ₹ 47,985.83 million for fiscal 2017. Excluding our foreign exchange loss of ₹ 930.50 million in fiscal 2016, our other expenses grew broadly in line with growth of our operations and the increase in our capacity.

The key components of other expenses are landing and en-route charges, selling and distribution cost, aircraft maintenance cost and other operating expenses as detailed in the table below.

Description	Fiscal 2016 ₹ million	Fiscal 2017 ₹ million	% change
Landing and en-route charges	14,099.71	18,680.18	32.5%
Maintenance Cost	5,621.95	8,818.17	56.9%
Selling and Distribution cost	9,016.11	9,053.73	0.4%
Other operating expenses	9,604.41	11,433.75	19.0%
TOTAL	38,342.18	47,985.83	25.2%

Profit before tax (charge)/benefit. As a result of the above changes, our profit before tax decreased 24.1% from ₹ 28,235.07 million for fiscal 2016 to ₹ 21,443.40 million for fiscal 2017.

Income tax expense.

- *Current tax*. We recorded a book profit before tax and taxable profit in each of fiscal 2016 and fiscal 2017, as determined in accordance with the Indian Income-Tax Act of 1961. As our income tax computed on taxable profits was higher than MAT computed on book profit before tax, we were required to record income tax computed on taxable profits. In fiscal 2017, we recorded income tax of ₹ 4,911.51 million, as compared to income tax of ₹ 7,303.93 million in fiscal 2016 as per Ind AS. We did not record a MAT credit entitlement in fiscal 2016 and 2017.

- *Deferred tax expense*. We recorded a deferred tax credit of ₹ 59.99 million in fiscal 2017 post the MAT credit entitlement write back of ₹ 584.82 million, as compared to a deferred tax charge of ₹ 1,069.53 million in fiscal 2016.

Profit for the period. Our profit for the period decreased 16.5%, from ₹ 19,861.61 million for fiscal 2016 to ₹ 16,591.88 million for fiscal 2017, due to the reasons detailed above.

Our Results of Operations for Fiscal 2015 and 2016 (as per Indian GAAP)

The following table shows a breakdown of our results of operations and each item as a percentage of total income or total expenses for the periods indicated.

	Fiscal Year Ended March 31,			
	2015		**2016**	
	(₹ in millions)	**(%)**	**(₹ in millions)**	**(%)**
REVENUE				
Revenue from operation	139,253.36	97.2	161,399.09	97.2
Other income	3,945.83	2.8	4,613.93	2.8
Total revenue	143,199.19	100.0	166,013.02	100.0
EXPENSES				
Aircraft fuel expenses	57,484.86	46.1	47,793.24	34.7
Aircraft and engine rentals[(1)]	19,522.38	15.7	26,121.52	19.0
Purchase of stock in trade	817.10	0.7	1,147.82	0.8
Change in inventories of stock in trade	(31.72)	0.0	(11.32)	0.0
Employee benefits	11,886.91	9.5	17,899.23	13.0
Other expenses	30,876.97	24.8	38,393.71	27.9
Finance cost	1,155.32	0.9	1,348.53	1.0
Depreciation and amortization	3,022.14	2.4	5,030.79	3.7
Total expenses	124,733.96	100.0	137,723.52	100.0
EBITDAR[(2)]	38,425.42		56,730.62	
Margin[(3)]		27.6		35.1%
EBITDA	18,903.04		30,609.1	
Margin[(4)]		13.6		19.0%
Profit before tax	18,465.23		28,289.50	
Margin[(5)]		13.3		17.5%

Tax (charge)/benefit				
Current period tax			(7,303.93)	
Current period minimum alternative tax (MAT)	(3,889.77)			
Less: MAT credit entitlement	2,014.85			
Deferred tax credit/(charge)	(3,548.59)		(1,088.37)	
Profit for the period	13,041.72		19,897.20	
Margin[6]		9.4		12.3%

Note:

(1) Aircraft and engine rentals are defined as aircraft and engine rentals net of cash and non-cash incentives.

(2) EBITDAR is earnings before finance income and cost, income taxes, depreciation and amortization and aircraft and engine rentals. It is calculated as EBITDA plus aircraft and engine rentals. EBITDA is earnings before finance income and cost, income taxes, and depreciation and amortization. It is calculated as total revenue subtracting total expenses but excluding finance cost, finance income and depreciation and amortization.

(3) EBITDAR margin is calculated as EBITDAR / revenue from operations

(4) EBITDA margin is calculated as EBITDA / revenue from operations

(5) Profit before tax margin is calculated as profit before tax / revenue from operations

(6) Profit after tax margin is calculated as profit after tax / revenue from operations

Fiscal 2016 Compared to Fiscal 2015 (as per Indian GAAP)

Revenue from operations. Our revenue from operations increased 15.9%, from ₹ 139,253.36 million for fiscal 2015 to ₹ 161,399.09 million for fiscal 2016. This increase was primarily due to increased passenger ticket revenue.

- *Passenger ticket revenue*. Our passenger ticket revenue increased 14.4%, from ₹ 122,938.97 million for fiscal 2015 to ₹ 140,624.22 million for fiscal 2016. RASK decreased 4.3% from ₹ 3.95 for fiscal 2015 to ₹ 3.78 for fiscal 2016, driven by a 10.4% decrease in yield, which was partially offset by an increase in load factors of 4.2 points.

- *Ancillary revenue*. Our ancillary revenue increased 27.3%, from ₹ 15,724.94 million for fiscal 2015 to ₹ 20,019.97 million for fiscal 2016. Our passenger related ancillary revenue grew in line with our passenger growth of 31.5% and was partially offset by slower growth in cargo revenues of 15.8%.

Other income. Our other income increased 16.9%, from ₹ 3,945.83 million for fiscal 2015 to ₹ 4,613.93 million for fiscal 2016, primarily due to an increase in our finance income from ₹ 3,739.65 million for fiscal 2015 to ₹ 4,059.71 million for fiscal 2016

Expenses. Our expenses totaled ₹ 137,732.52 million for fiscal 2016, an increase of 10.4% compared to fiscal 2015. Our expenses in fiscal 2016 grew as a result of, but at a significantly slower rate than, our increase in capacity primarily due to a decrease in fuel prices during fiscal 2016.

- *Aircraft fuel expenses*. Our aircraft fuel expenses decreased by 16.9%, from ₹ 57,484.86 million for fiscal 2015 to ₹ 47,793.24 million for fiscal 2016 primarily due to increase in block hours by 23.3% which was offset by decrease in Aviation Turbine Fuel prices. The average price of Aviation Turbine Fuel, as reported by IOC for four metros was lower by 43.6% for fiscal 2016 - ₹ 47,843.08 per kiloliter compared to ₹ 68,370.45 per kiloliter fiscal 2015.

- *Aircraft ownership cost:* Our aircraft ownership costs for fiscal 2015 and fiscal 2016 are detailed in the table below.

Description	Fiscal 2015 ₹ Million	Fiscal 2016 ₹ Million
Aircraft and engine rentals	19,522.38	26,121.52
Finance Cost	1,155.32	1,348.53
Less: Finance Income	*(3,739.65)*	(4,059.72)
Depreciation and Amortization	3,022.14	5,030.79
TOTAL	19,960.19	28,441.12

Our aircraft ownership cost increased by 42.5% from fiscal 2015 to fiscal 2016. This was largely due to a 18.1% increase in our fleet on operating lease from 72 at the end of fiscal 2015 to 85 at the end of fiscal

2016. Also, pursuant to identification of major inspection and overhaul costs as separate components as required by Schedule II of the Companies Act, 2013 with effect from April 1, 2015, the depreciation charge for fiscal 2016 increased by ₹ 1,568.31 million from fiscal 2015.

- *Purchase of stock in trade*. Our stock in trade increased 40.5%, from ₹ 817.10 million for fiscal 2015 to ₹ 1,147.82 million for fiscal 2016. The increase in stock in trade was primarily due to increased inflight purchases in fiscal 2016.

- *Changes in inventories of stock in trade.* Change in inventories of stock in trade decreased from ₹ (31.72) million for fiscal 2015 to ₹ (11.32) million for fiscal 2016.

- *Employee benefits*. Our employee benefit expenses increased 50.6% from ₹ 11,886.91 million for fiscal 2015 to ₹ 17,899.23 million for fiscal 2016. This increase in employee benefit expenses was primarily due to regular incremental salary increases and excess staffing in fiscal 2016 as certain scheduled deliveries of A320neo aircraft were delayed by Airbus.

- *Other expenses*. Our other expenses increased by 24.3% from ₹ 30,876.97 million for fiscal 2015 to ₹ 38,393.71 million for fiscal 2016. We had a ₹ 937.71 million foreign exchange loss in fiscal 2016 as compared to a foreign exchange loss of ₹ 592.44 million in fiscal 2015 as the Indian Rupee depreciated against the U.S. Dollar. Our other expenses grew broadly in line with the growth of our operations and the increase in our capacity. The key components of other expenses are landing and en-route charges, selling and distribution cost, aircraft maintenance cost and other operating expenses as detailed in the table below.

Description	Fiscal 2015 ₹ million	Fiscal 2016 ₹ million	% change
Landing and en-route charges	10,901.32	14,099.71	29.3%
Maintenance Cost	4,174.85	5,666.27	35.7%
Selling and Distribution cost	8,729.76	9,016.10	3.3%
Other operating expenses	7,071.04	9,611.63	35.9%
TOTAL	30,876.97	38,393.71	24.3%

Profit before tax (charge)/benefit. As a result of the above changes, our profit before tax increased 53.2% from ₹ 18,465.23 million for fiscal 2015 to ₹ 28,289.50 million for fiscal 2016.

Tax (charge)/benefit.

- *Minimum Alternate Tax (MAT)*. We recorded a book profit before tax and taxable profit in each of fiscal 2015 and fiscal 2016, as determined in accordance with the Indian Income-tax Act of 1961. As our income tax computed on taxable profit for fiscal 2016 was higher than MAT computed on book before tax profit in each year, we were required to record income tax computed on taxable profits. In fiscal 2016, we recorded income tax of ₹ 7,303.93 million, as compared to MAT of ₹ 3,889.77 million in fiscal 2015.

- *MAT credit entitlement*. In fiscal 2015, we recorded a MAT credit entitlement of ₹ 2,014.85 million. We did not record a MAT credit entitlement in fiscal 2016.

- *Deferred tax credit/(charge)*. We recorded a deferred tax charge of ₹ 1,088.37 million in fiscal 2016, as compared to a deferred tax charge of ₹ 3,548.59 million in fiscal 2015.

Profit for the period. Our profit for the period increased 52.6%, from ₹ 13,041.72 million for fiscal 2015 to ₹ 19,897.20 million for fiscal 2016, due to the reasons detailed above.

Liquidity and Capital Resources

We achieved positive net profit in fiscal 2009 and have remained profitable in each subsequent fiscal year through fiscal 2017. No other Indian airline has consistently remained profitable over the same period, according to CAPA. We have also remained profitable in the three months ended June 30, 2017. We generate sufficient cash through our operations to meet our working capital requirements. We have relied on cash from internal accruals and borrowings from banks and other institutions to finance our aircraft pre-delivery payments under our 2005, 2011 and 2015 aircraft purchase agreements with Airbus. We have also made the pre-delivery payments due under the ATR order from our internal accruals.

As of the June 30, 2017, our material unused sources of liquidity comprised cash and cash equivalents (including fixed deposits and investments in liquid mutual funds) of ₹ 51,888.72 million and restricted cash (reflecting fixed deposits under lien and non-current investments) of ₹ 49,958.72 million as per Ind AS. Our liquid investments are readily convertible into a known amount of cash and they are subject to an insignificant risk of change in value.

Our Company has declared dividends (including dividend distribution tax) on the Equity Shares in the following amounts: ₹ 12,911.07 million for fiscal 2015, ₹ 18,596.65 million for fiscal 2016 and ₹ 14,791.86 million for fiscal 2017. Please see "*Dividends*".

We believe that, after taking into account the expected cash to be generated from operations, we have sufficient liquidity for our present requirements and anticipated requirements for capital expenditure and working capital for 12 months following the date of this Red Herring Prospectus without taking into account the proceeds from the Issue.

The following table sets forth information on our free cash and restricted cash for fiscal 2016 and 2017 and the three months ended June 30, 2017 as per Ind AS:

	As of March 31,		**As of June 30,**	
	2016	**2017**	**2016**	**2017**
	(₹ in millions)			
Free cash (including investments in liquid mutual funds)(1)	22,743.01	44,326.48	22,161.88	51,888.72
Restricted cash(2)	37,845.18	49,105.65	39,804.43	49,958.72
Total cash(3)	60,588.19	93,432.13	61,966.31	101,847.44

(1) Free cash comprises of current investments, cash and bank balances excluding deposits under lien, deposits with a maturity of more than 12 months from the reporting date excluding any deposits under lien (2) Restricted Cash comprises of all bank deposits under lien and non-current investments
(3) Total cash comprises of free cash and restricted cash

The following table sets forth information on our free cash and restricted cash for fiscal 2015 and 2016 as per Indian GAAP:

	As of March 31,	
	2015	**2016**
	(₹ in millions)	
Free cash (including investments in liquid mutual funds)(1)	11,626.73	22,622.90
Restricted cash(2)	28,653.60	37,845.18
Total cash(3)	40,280.33	60,468.08

(1) Free cash comprises of current investments, cash and bank balances excluding deposits under lien, deposits with a maturity of more than 12 months from the reporting date excluding any deposits under lien
(2) Restricted Cash comprises of all bank deposits under lien and non-current investments
(3) Total cash comprises of free cash and restricted cash

The following table sets forth certain information concerning our cash flows for fiscal 2016 and 2017 and the three months ended June 30, 2017 as per Ind AS:

	Fiscal Year Ended March 31,		**Three Months Ended June 30,**	
	2016	**2017**	**2016**	**2017**
	(₹ in millions)			
Net cash flows Operating activities	31,157.24	37,820.70	6,525.21	7,925.94
Net cash flows Investing activities	(13,428.43)	(30,378.67)	(6,072.18)	(7,121.60)
Net cash flows Financing activities	(12,199.64)	(14,012.06)	(5,850.34)	(854.06)

The following table sets forth certain information concerning our cash flows for fiscal 2015 and 2016 as per Indian GAAP:

	Fiscal Year Ended March 31,	
	2015	**2016**
	(₹ in millions)	
Net cash flows Operating activities	23,838.84	30,990.75
Net cash flows Investing activities	(9,405.06)	(13,261.94)
Net cash flows Financing activities	(13,081.13)	(12,199.64)

Net Cash Flows From Operating Activities

Our cash flow from operations largely depends on our net profits. We have been profitable in each of fiscal 2015 as per Indian GAAP and fiscal 2016 and 2017 and the three months ended June 30, 2017 as per Ind AS, generating sufficient cash flow from operations. We have been able to meet all our working capital requirements through the cash generated from our operations and have not taken any working capital loans to finance our various regular expenses such as employees' salaries, aircraft fuel, aircraft rentals and airport charges.

Our cash flow from operating activities increased from ₹ 23,838.84 million in fiscal 2015 to ₹ 30,990.75 million in fiscal 2016 as per Indian GAAP and from ₹ 31,157.24 million in fiscal 2016 to ₹ 37,820.70 million in fiscal 2017 as per Ind AS, in each case primarily because of the growth in our profitability.

Net Cash Flows Used In Investing Activities

Our net cash flow used in investing activities is determined by our aircraft and other capital asset acquisition. The rapid growth of our company operations has contributed to an increased cash outflow on account of investing activities.

We had 18 aircraft on finance leases at the beginning of fiscal 2015. During fiscal 2015, we added 4 aircraft on finance lease. During fiscal 2016 and fiscal 2017, we retired the debt for 5 and 3 aircraft on finance lease respectively. We did not add aircraft on finance lease during the three months ended June 30, 2017. These remaining 14 aircraft on finance leases were supported by Export Credit Agency guarantees. We were required to arrange for financing of up to 80% of acquisition value of each aircraft.

Our net cash used in investing activities increased from ₹ 9,405.06 million in fiscal 2015 to ₹ 13,261.94 million in fiscal 2016 as per Indian GAAP and from ₹ 13,428.43 million in fiscal 2016 to ₹ 30,378.67 million in fiscal 2017 as per Ind AS reflecting an increase in our bank deposits.

Net Cash Flows From / (Used in) Financing Activities

Our net cash flow from financing activities is determined by the amount of principal and interest payments on our outstanding aircraft acquisition loans (we do not have any working capital loans) and dividend payments (including tax on dividend). We paid dividends in fiscal 2015, fiscal 2016 and fiscal 2017.

We have also raised funds to finance our aircraft on finance leases. We added 4 aircraft between fiscal 2015 and fiscal 2017 through secured loans guaranteed by the Export Credit Agencies. We have taken a loan to finance our pre-delivery payments for our 2011 order from Airbus.

Our net cash from financing activities decreased from ₹ 13,081.13 million in fiscal 2015 to ₹ 12,199.64 million in fiscal 2016 as per Indian GAAP and from ₹ 12,199.64 million in fiscal 2016 to ₹ 14,012.06 million in fiscal 2017 as per Ind AS.

Capital Expenditure

Our capital expenditure is mainly related to finance leases of aircraft, and also includes spares, acquisition of ground support equipment, purchase of software and various IT-related equipment and office equipment.

For fiscal 2016 and 2017 and the three months ended June 30, 2017, our capital expenditure was ₹ 2,331.57 million, ₹ 2,455.96 million and ₹ 558.57 million as per Ind AS, respectively. These expenditures are accounted for as additions to property, plant and equipment and intangible assets. For fiscal 2015 and 2016, our capital expenditure was ₹ 10,801.03 million and ₹ 2,165.09 million as per Indian GAAP, respectively. Capital expenditure in fiscal 2015 was incurred primarily to acquire 4 aircraft on finance lease.

Planned Capital Expenditure

We will continue to incur capital expenditure on the acquisition of aircraft, airport infrastructure, engineering and maintenance facilities, setting up IT system, ground support equipment and vehicle and other related infrastructure.

As of March 31, 2017 and June 30, 2017, we had total capital commitments of ₹ 1,430,211.59 million and ₹ 1,428,646.52 million, respectively, which amounts principally relate to our aircraft purchase obligations under our 2011 and 2015 orders with Airbus and do not include our subsequent purchase obligations under our ATR order.

The anticipated sources of funding for our planned capital expenditure are the assignment and leaseback arrangements described under "—***Capital Resources***" below, cash flows from operations (including cash incentive payments we receive under our aircraft purchase agreements with Airbus and under our agreements with our various aircraft component manufacturers) and internal accruals, proceeds from the Issue and borrowings. The eventual sources of funding for our capital expenditure will depend on, among others, factors such as the cost and availability of financing and our available cash balances at any point in time.

Capital Resources

Our fleet of 135 aircraft as of June 30, 2017 comprises 118 aircraft on operating leases, 14 aircraft on European Export Credit Agency-backed finance leases and 3 aircraft purchased with internal funds. Our aircraft on operating lease include 29 used aircraft on short-term operating leases from third-party lessors.

To date, we have generally assigned our right to purchase each aircraft under our purchase agreements with Airbus to a third-party lessor and lease the aircraft from the lessor following delivery of the aircraft under a sale-and-leaseback agreement. Under the terms of our assignment, third-party lessors are typically required to pay the agreed purchase price between the lessor and us for each delivered aircraft directly to Airbus. The basic price for each of the aircraft delivered pursuant to our contracts with Airbus and ATR is increased or decreased by (a) any change to the standard specifications of the aircraft, and increased by (b) an "Escalation Factor" designed to increase the basic price of any individual aircraft to reflect increases in the labor and material indexes published by the U.S. Department of Labor Bureau of Labor Statistics from the time the basic price is set to a specified date falling within a set number of months prior to the delivery of such aircraft.

Currently, there is a liquid market for the Airbus A320 and A320neo aircraft because A320 family aircraft are widely used. As a result, international leasing companies are generally willing to enter into sale and leaseback arrangements and banks or financial institutions are willing to provide aircraft financing in respect of such aircraft.

We are required to pay certain pre-delivery payments under our purchase contracts with Airbus. Pre-delivery payments are funded through a combination of debt and equity. Relating to the 2011 order, we have entered into a loan agreement for funding certain portions of the pre-delivery payments. The balance amount is being paid through our internal accruals. We have made all pre-delivery payments to Airbus relating to our 2005 order. We have made all the required pre-delivery payments due till date to Airbus towards the 2011 order. For the 2015 Airbus order and the ATR order, all the required pre-delivery payments due till date have been made through our internal accruals.

Where we have acquired aircraft directly from Airbus rather than assigning the right to acquire such aircraft to third-party lessors, we have financed the purchase of such aircraft pursuant to internal accruals, secured loans or finance leases. As of June 30, 2017, we owned 3 aircraft in our fleet. We retired the debt for these aircraft using a portion of the proceeds from our initial public offering.

Contractual Obligations

The table below sets forth, as of March 31, 2017, our contractual obligations as per Ind AS with definitive payment terms. These obligations primarily relate to repayments of our operating and finance lease commitments and other long-term debt obligations in respect of aircraft.

	As of March 31, 2017			
	Total	Less than 1 year	1 to 5 years	After 5 years
	(₹ in millions)			
Operating lease commitments in respect of aircraft(1)	83,208.83	25,603.42	54,159.89	3,445.52
Finance lease commitments in respect of aircraft(2)	21,357.74	2,004.66	9,055.35	10,297.73
Other long-term debt obligations in respect of aircraft(3)	4,604.00	NIL	NIL	4,604.00

(1) Total future minimum lease payments due under non-cancellable operating leases (except supplementary rental which are based on aircraft utilization and calculated on number of hours or cycles operated)

(2) Total present value of finance lease commitments. Certain aircraft have been obtained on finance lease. The legal title to these items vests with the lessors and the security trustee. The finance lease term for aircraft ranges between 10 - 12 years with equated monthly payments beginning from the month subsequent to the commencement of the lease.
(3) These are revolving facilities and the repayments are adjusted according to aircraft deliveries.

Contingent Liabilities

As of June 30, 2017, our contingent liabilities were as below:

a. **Income Tax-** ₹ 4,177.82 million, the income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. We have received a favorable order from the Income Tax Appellate Tribunal, or ITAT, against the disallowance and/or adjustments made by tax authorities in assessment years 2008, 2009 and 2010. The Indian tax authorities have appealed the order to the High Court of Delhi. We believe, based on advice from counsels/experts, that the views taken by the ITAT are sustainable at higher levels and accordingly no provision is required to be recorded in the books of account on account of the same. This liability as of June 30, 2017 is net of ₹ 1,017.21 million, which represents minimum alternate tax recoverable written off.

b. The Company is party to ongoing legal proceedings for various disputed legal matters related to customs, octroi, service and value added tax. The total amount involved in these proceedings, not acknowledged as debt, is ₹ 227.92 million. We believe, based on advice from counsels/experts, that the views taken by the tax authorities in these proceedings are not sustainable and accordingly no provision is required to be recorded in the books of account

c. As per the notification dated January 1, 2016, The Payment of Bonus (Amendment) Act, 2015 is applicable retrospectively with effect from 1 April 1, 2014. While the Company has considered the impact of this amendment for the current and previous financial year, in view of the partial stay granted by Karnataka and Kerala High Court, the impact of this amendment for the period April 1, 2014 until March 31, 2015 amounting to ₹ 19.47 million has not been acknowledged as debt.

d. In addition to above, the Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial statements and hence no provision has been set-up against the same.

Off-Balance Sheet Transactions

We use aircraft operating leases in the ordinary course of our business. For further details, please see *"— Liquidity and Capital Resources — Capital Resources*" above for additional information on these transactions.

Market Risks

Aircraft Fuel, Exchange Rate Risk, Seasonality

For further details, please see "*—Factors Affecting Results of Operations and Financial Condition*" above.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds. As of June 30, 2017, our total indebtedness as per Ind AS aggregated ₹ 25,241.15 million in secured loans, which are on a floating rate basis, and we had no unsecured loan. Our floating rate loans are linked to three/six month USD LIBOR. Any increase in LIBOR could increase our interest expenses on these loans and base rental under these aircraft leases.

Inflation

The inflation rate in India was 6.35% in 2014, 5.87% in 2015 and 4.94% in 2016, according to the Organisation for Economic Cooperation and Development, or OECD. As of June 30, 2017, the inflation rate in India for 2017 had decreased from 3.17% in January 2017 to 1.54% in June 2017, according to the Indian Ministry of Statistics and Programme Implementation. Although India's inflation rate has recently declined, India's inflation rate between

2014 and 2016 remained higher than all of the 35 OECD member states other than Turkey, according to the OECD. India has also experienced high levels of inflation in the past, and there can be no assurance that the inflation rate will remain at its current level or continue to decline in the future. A sharp rise in inflation rates may adversely affect growth in the Indian economy and our results of operations.

Provisions, contingent liabilities and contingent assets

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognized nor disclosed in our financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

Unusual or Infrequent Events or Transactions

Except as described in this Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent."

Known Trends or Uncertainties

Other than as described in the section "*Risk Factors*," elsewhere in this chapter "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and elsewhere in this Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on the revenues or income of our Company from continuing operations.

Future Relationships Between Costs and Income

Other than as described in the section "*Risk Factors*," elsewhere in this chapter "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and elsewhere in this Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on the operations or finances of our Company.

New Product or Business Segments

Other than as described in this Red Herring Prospectus, there are no new products or business segments in which we operate.

Significant Dependence on a Few Suppliers

One of the key elements of our low-cost business strategy for our Company is to operate a uniform fleet of aircraft for each service type, each having similar equipment, including engines. All of our narrowbody operations utilize Airbus A320 family aircraft and our turboprop operations will utilize ATR 72-600 turboprop aircraft from ATR. Having a uniform fleet also allows us to use any aircraft for any route, thereby simplifying and increasing the flexibility of our flight scheduling arrangements. Due to the similarities between A320, A320neo and A321neo model aircraft within the A320 family, we believe that we will continue to benefit from fleet uniformity as we increase the number of A320neo aircraft in our fleet and begin taking delivery of A321neo aircraft towards the end of calendar year 2018. Except for several of our previously-used aircraft on short-term leases, all of our Airbus A320 aircraft carry the V-2527-A5 variant of the V2500 engine manufactured by IAE AG. To further increase the uniformity of our fleet, the first 150 aircraft delivered under our A320neos Order will carry PW1100G-JM Geared Turbo Fan (GTF) engines manufactured by International Aero Engines, LLC, or IAE LLC, including the 22 A320neos that have been delivered to us as of June 30, 2017. In respect of the PW1100G-JM GTF engines, we entered into an engine purchase and comprehensive maintenance agreement with United Technologies International Corporation through its Pratt & Whitney division, which agreement was subsequently assigned to IAE LLC. We have yet to select the engines for the remainder of the aircraft in our A320neos Order. All of our ATR 72-600 turboprop aircraft will utilize PW127M engines manufactured by Pratt & Whitney, Canada. This uniformity lowers costs by allowing us to have common maintenance procedures, training and spare part inventories

Our current A320 family aircraft each have 180 seats. Going forward, most of our A320neo aircraft expected to be delivered towards the end of calendar year 2017 and onwards will have 186 seats and our A321neo aircraft expected to be delivered towards the end of calendar year 2018 and onwards will have 232 seats compared to our current A320 family aircraft, which have 180 seats. All of the seats in our current A320 and A320neo aircraft are, and all of the seats in the aircraft to be delivered under our A320neos Order will be, economy class seats.

While commonality provides us with many operational and cost benefits, our dependence on Airbus A320 family and ATR 72-600 turboprop aircraft and their engines exposes us to any design defects or mechanical failures that might arise with such aircraft or engines. We have encountered production delays and operational issues with our new A320neo aircraft and engines. The deliveries of several of our initial A320neo aircraft were delayed by Airbus for "industrial reasons" in late 2015 and 2016. In addition, we have experienced operational issues with the P&W1100G-JM GTF engines in our A320neo aircraft since we took delivery of our first A320neo aircraft in 2016, which has adversely impacted our operations. These operational issues have required the supplier of those engines to deliver upgraded parts and temporarily provide spare engines to mitigate short-term disruptions to our operations. Although these issues with the PW1100G-JM GTF engines have not affected our profitability to date, we have also been required to temporarily ground various A320neo aircraft for short intervals, including as many as eight A320neo in August 2017, add 29 previously-used A320 aircraft on short-term leases and extend the operating leases of some of our current aircraft to maintain the capacity needed for our operations. The continuation of these problems or the occurrence of other such problems in the future could lead to the loss of use of aircraft or engines and other significant disruptions or costs, apart from causing customers to avoid airlines operating with such aircraft or equipment. Our operations could also be harmed by the failure or inability of our aircraft and engine manufacturers or any of our other main suppliers to provide equipment or sufficient parts or related support services on a timely basis. See "Risk Factors – Any production delays or real or perceived problems faced by our aircraft and engine manufacturers, could adversely affect our operations".

Competitive Conditions

We expect competitive conditions in our industry to intensify further as new entrants emerge, as existing competitors seek to extend their operations and flight frequencies over routes that we operate and as we enter into new markets through our domestic and international route expansion strategies. For further details, please refer to the competition discussion in the sections entitled "*Risk Factors*" and "*Our Business*".

Significant Developments after June 30, 2017 that may affect our Future Results of Operations

Except as disclosed in this Red Herring Prospectus, to our knowledge, there is no subsequent development after the date of our Reviewed Financial Results contained in this Red Herring Prospectus, which materially and adversely affects, or is likely to affect, the operations or profitability of our Company, or the value of our assets, or our ability to pay our material liabilities within the next twelve months.

INDUSTRY OVERVIEW

*The information in this section is derived from data dated July 31, 2017 that we commissioned the Centre for Asia Pacific Aviation India Private Limited ("**CAPA**") to prepare, and data dated July 30, 2017 that we commissioned The SAP Group ("**SAP**") to prepare, as well as from various governmental agencies, market research reports and other publicly available sources, including various operating statistics for the Indian civil aviation industry published by the Directorate General of Civil Aviation, Government of India ("**DGCA**") and the Airports Authority of India ("**AAI**"); the Indian Ministry of Tourism for travel information regarding Indian nationals as well as foreign tourist arrivals; the International Monetary Fund's ("**IMF**") April 2017 "World Economic Outlook"; the Economic Intelligence Unit ("**EIU**"), regarding projected Real Gross Domestic Product ("**Real GDP**"), Real GDP growth for select regions and countries, household income data and forecasts for foreign tourist arrivals; historic and projected Indian population data from the National Commission on Population, Ministry of Health and Family Welfare of India; and Airbus' Global Market Forecast 2017-2036 ("**Airbus**"). Neither we nor any other person connected with the Issue has verified this information. Prospective investors are advised not to unduly rely on the information in this section when making their investment decisions.*

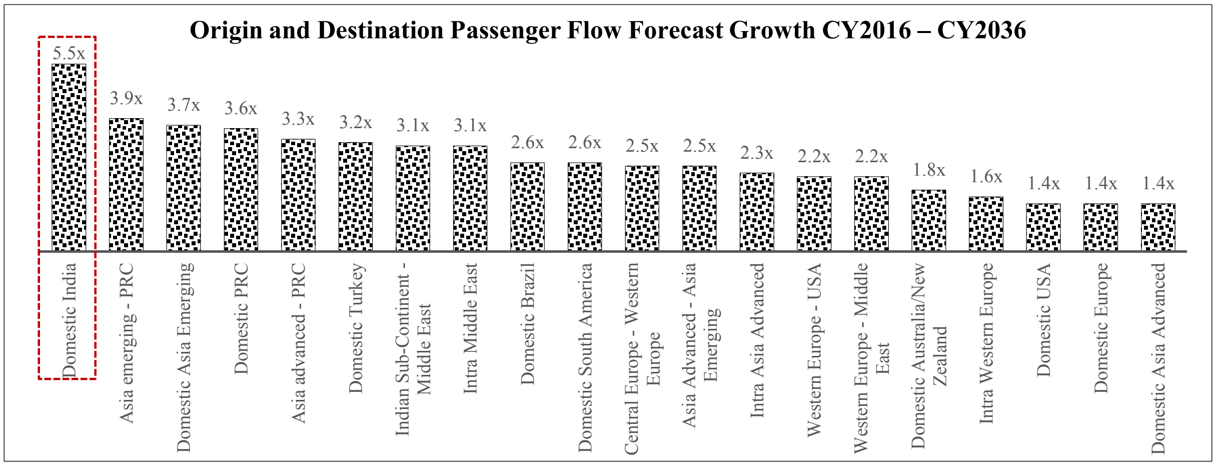
*We commissioned the data from CAPA ("**CAPA data**"), and the data from SAP ("**SAP data**"), for the purpose of confirming our understanding of the industry in connection with the Issue. Neither we nor any other person connected with the Issue has verified the information in the CAPA data or SAP data. CAPA has confirmed that: CAPA is an independent agency and has no affiliation, direct or indirect, with the Company; all data from CAPA concerning airlines was prepared independently without any direct or indirect inputs from the Company; and, CAPA is an industry specialist in the aviation sector. CAPA has advised that: The data is prepared for general information only, and although high standards have been used in its preparation, CAPA is not responsible for any loss or damage arising from use of the CAPA data. SAP has advised that: The data is prepared for general information only, and although high standards have been used in its preparation, SAP is not responsible for any loss or damage arising from use of the SAP data. Prospective investors are advised not to unduly rely on the data when making their investment decision. The CAPA data and SAP data contain publicly reported information from various carriers which may not be determined on the same basis and may not be comparable. The information in the CAPA data and SAP data should not be viewed as a basis for investment and references to CAPA, SAP, CAPA data and SAP data should not be considered CAPA's or SAP's opinion as to the value of any security or the advisability of investing in us.*

In this section, a reference to "CY" means Calendar Year and a reference to "FY" means Fiscal Year. The Calendar Year ends on December 31 of each year, and the Fiscal Year for the Company and the other Indian carriers referred to in this section ends on March 31 of each year.

Overview of the Indian Air Travel Market

India is one of the world's largest and fastest-growing air travel markets, according to CAPA. Historically, the Indian air travel market was comprised of individuals in relatively high income brackets as well as corporate travelers. Additionally, many members of the Indian middle class did not have a viable option to meet their long distance travel requirements as surface transportation infrastructure was relatively poor and air travel was relatively expensive, according to CAPA. Starting in 2003, the Indian government introduced several measures to further liberalize the air travel market, including a reduction in fuel excise taxes, elimination of the 15% Inland Travel Tax and the awarding of new airline licenses to private operators. Since 2003, a number of LCCs have entered the Indian air travel market and stimulated prices through their low-cost business models. By using price stimulation as a core business strategy, LCCs were able to cater to India's middle class segment, according to CAPA.

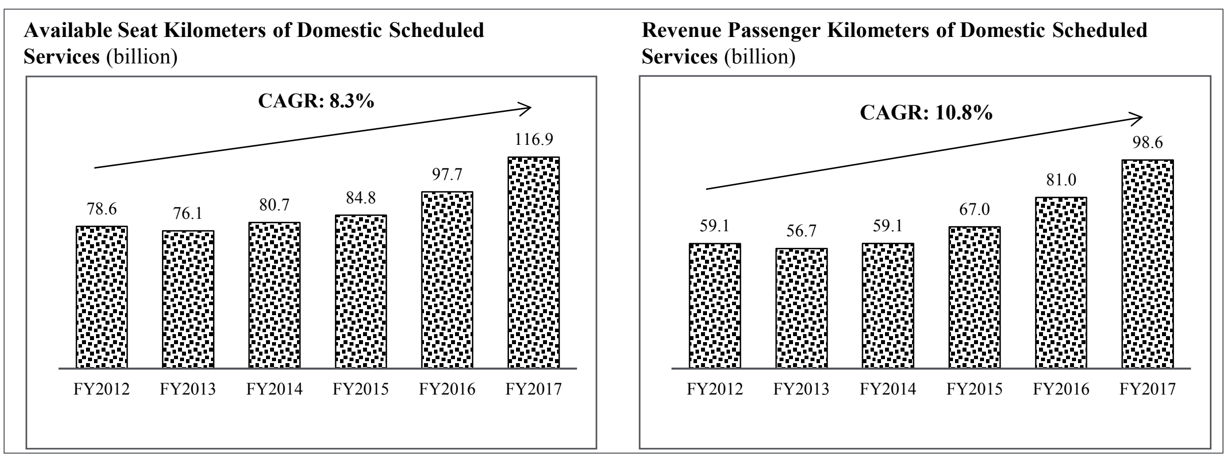
Since then, Indian air travel entered a period of considerable growth. India's air travel market became the third largest in the world in terms of domestic passenger traffic with 23.5% growth in CY2016 (after US and China, with 3.3% and 10.7% growth, respectively), according to CAPA. By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus.



Source: Airbus

Indian Air Travel Market Growth and Growth Drivers

The Indian air travel market experienced rapid growth beginning in 2003 following liberalizing actions by the Indian Government, which is reflected in the growth of domestic passengers carried at a CAGR of 19.4% between FY2004 and FY2010, according to CAPA. Following recovery from the global financial crises, between FY2012 and FY2017, domestic passengers carried grew at a CAGR of 11.3%, according to CAPA. Over the same period, domestic carrier capacity, as measured in available seat kilometers, or ASKs, grew at a CAGR of 8.3%, while domestic passenger traffic, as measured by RPKs, grew at a higher CAGR of 10.8%. This growth was attributable to increased tourism and business-related travel, as well as the stimulation of new traffic demand through low fares offered by LCCs, according to CAPA.

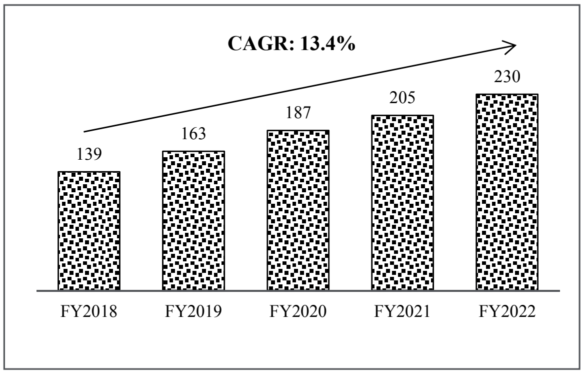


Source: CAPA

Source: CAPA

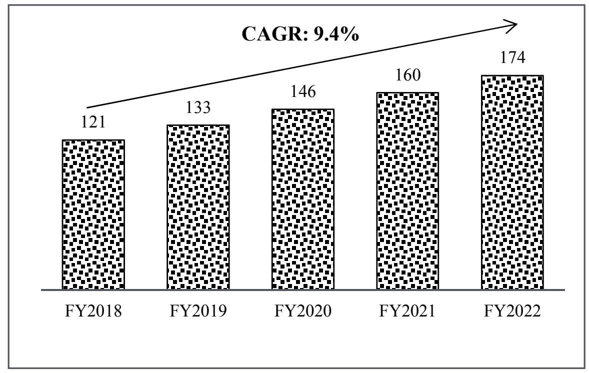
Going forward, the Indian air travel market is expected to enter a period of accelerated growth. Between FY2018 and FY2022, domestic ASKs are forecast to grow at a CAGR of 13.4%, while domestic passengers carried are forecast to grow at a CAGR of 9.4% according to CAPA.

Domestic Available Seat Kilometers Forecast (billions)



Source: CAPA

Domestic Airline Passengers Forecast (million)



Source: CAPA

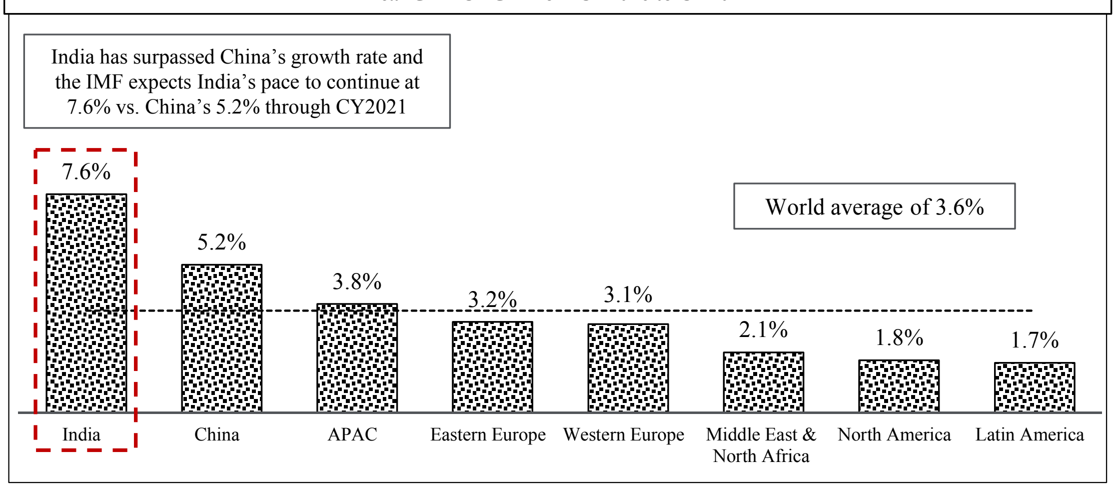
This period of accelerated growth is expected to be driven by numerous factors, according to CAPA, including:

- strong economic growth;
- continued population growth;
- expansion of the middle class;
- strong growth in tourism;
- increasing aircraft penetration from currently low penetration levels; and
- expansion in aviation infrastructure

Strong Economic Growth

India is expected to be one of the fastest growing major economies in the world over the next four years, with Real GDP expected to grow at a CAGR of 7.6% between CY2016 and CY2021, according to the EIU. This rate of Real GDP growth exceeds that of China, APAC, as well as the world average over the same period, which are forecast to grow at a CAGR of 5.2%, 3.8% and 3.6%, respectively. India's Real GDP growth rate surpassed China's in CY2015 with a growth rate of 7.9% compared to 6.9% and in CY2016 with a growth rate of 7.1% compared to 6.7%, according to EIU.

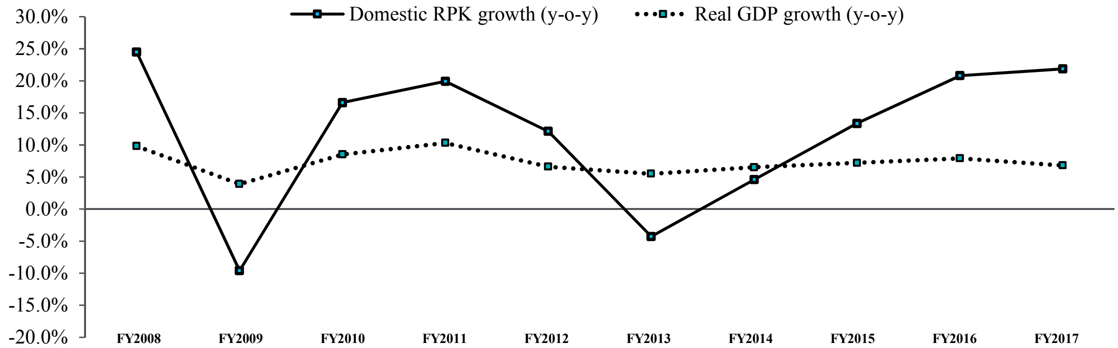
Real GDP CAGR from CY2016 to CY2021



Source: EIU

Note: Forecasts are presented on a calendar year basis; Real GDP rebased to 2005 constant market prices, translated into USD

The following chart compares the relationship between Real GDP growth and domestic RPK growth in India from FY2008 to FY2017. RPK growth was, on average, 1.3 times Real GDP growth during this period. As per CAPA, the negative RPK growth in FY2009 and FY2013 can largely be attributed to, among other reasons, higher fares due to oil price hike as well as the global recession and the ceasing of Kingfisher's operation, respectively.



FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Average
2.5x	-2.5x	2.0x	1.9x	1.8x	-0.8x	0.7x	1.9x	2.6x	3.2x	1.3x

Source: DGCA, IMF World Economic Outlook April 2017
Note: Table at the bottom of the chart indicates the RPK multiplier. RPK multiplier is domestic RPK y-o-y growth % divided by Real GDP y-o-y growth %

Continued Population Growth

India is the second most populous country in the world with 1.32 billion people through CY2016, according to the IMF. India's population is expected to grow at a CAGR of 1.1% from CY2017 to CY2022 to reach 1.41 billion by the end of CY2022, according to EIU. According to EIU, the expected growth in India's population between CY2017 and CY2022 is higher than the average growth in population of the top 20 domestic air travel markets in the world as measured by annual domestic seats capacity as of CY2016, as per CAPA. Additionally, the increase in the Indian population is expected to be a continuing driver of growth in the Indian air travel market.

The table below compares, for the top 20 domestic air travel markets in the world as measured by annual domestic seats capacity as of CY2016, the total population as of CY2016 and forecast annual growth in population between CY2017 and CY2022.

Country	Population CY2016 (million)	Population CAGR CY2017-CY2022	Domestic Seats Capacity Ranking CY2016
China	1,378.7	0.4%	#2
India	**1,324.2**	**1.1%**	**#4**
USA	323.1	0.8%	#1
Indonesia	261.1	0.9%	#5
Brazil	207.7	0.7%	#6
Russia	144.3	(0.1%)	#8
Mexico	127.5	1.2%	#11
Japan	127.0	(0.3%)	#3
Vietnam	92.7	1.0%	#15
Germany	82.7	0.0%	#16
Turkey	79.5	1.0%	#10
Thailand	68.9	0.2%	#12
France	66.9	0.4%	#18
United Kingdom	65.6	0.6%	#20
Italy	60.6	(0.1%)	#14
Colombia	48.7	0.7%	#19
Spain	46.4	0.0%	#13
Canada	36.3	0.9%	#9
Malaysia	31.2	1.3%	#17
Australia	24.1	1.2%	#7

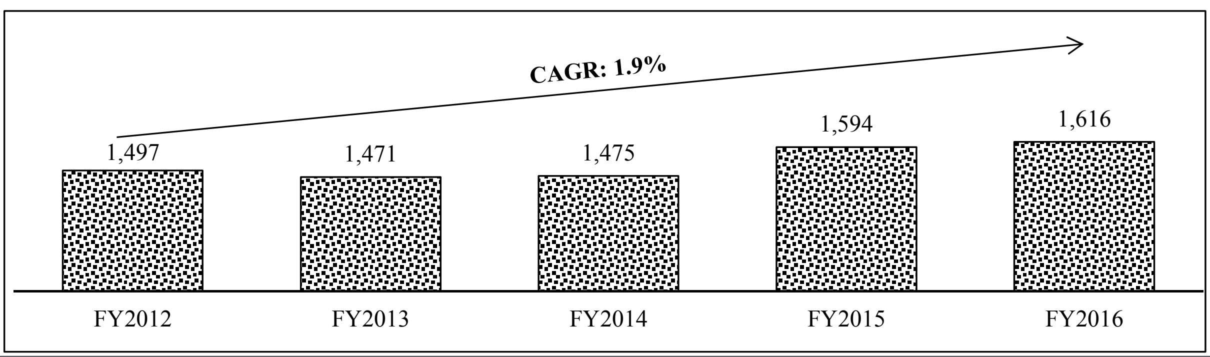
Average population CAGR = 0.6%

Source: Population CY2016 and Domestic Seats Capacity Ranking from CAPA; Population CAGR (CY2017-CY2022) from EIU

Expansion of the Middle Class

According to CAPA, India's annual per capita income has grown at a CAGR of 1.9%, from USD1,497 in FY2012 to USD1,616 in FY2016.

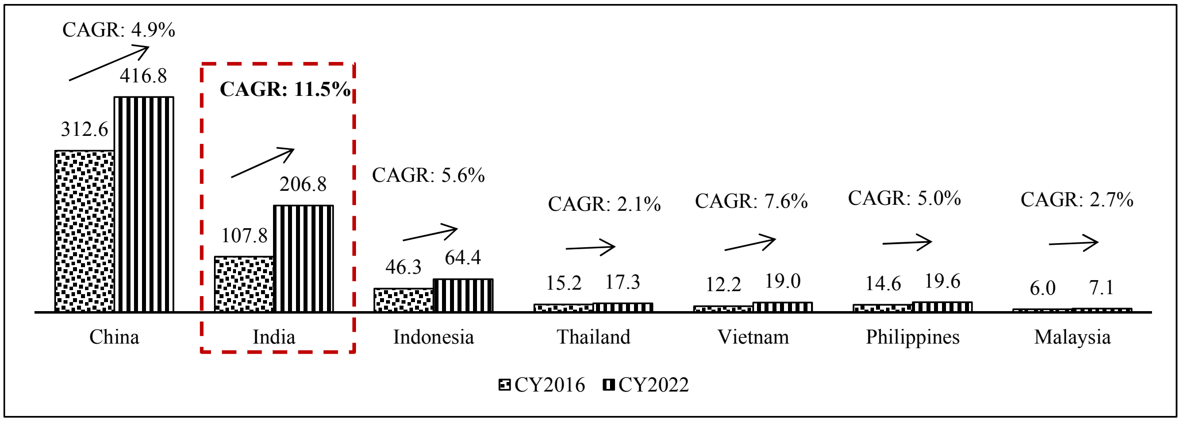
Domestic Annual per Capita Income at Current Prices (USD)



Source: CAPA

India's growth in per capita income and overall population has caused the rapid expansion in the size of India's middle class, defined as households with a disposable income of more than USD5,000 per year (more than approximately ₹ 0.3 million per year), according to CAPA. The number of Indian middle class households is expected to increase from 107.8 million in CY2016 and reach 206.8 million households by CY2022, according to the EIU, implying a CAGR of 11.5%. The following table sets forth historical and forecasted information with respect to the number of middle class households in selected Asian developing economies for the years CY2016 and CY2022, as reported by the EIU.

Middle Class Households (with nominal disposable income of >USD5,000 per annum at constant CY2005 prices) (million)

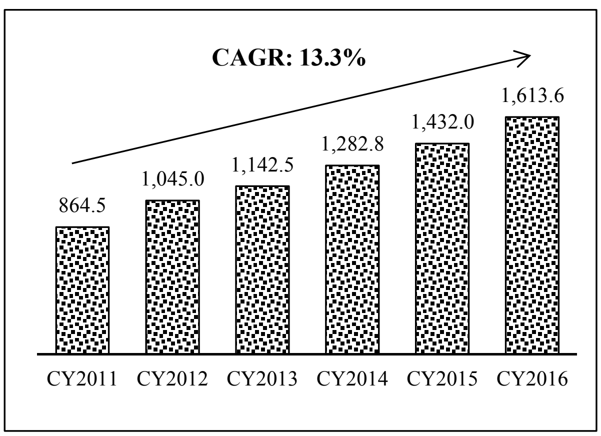


Source: EIU

Strong Growth in Tourism

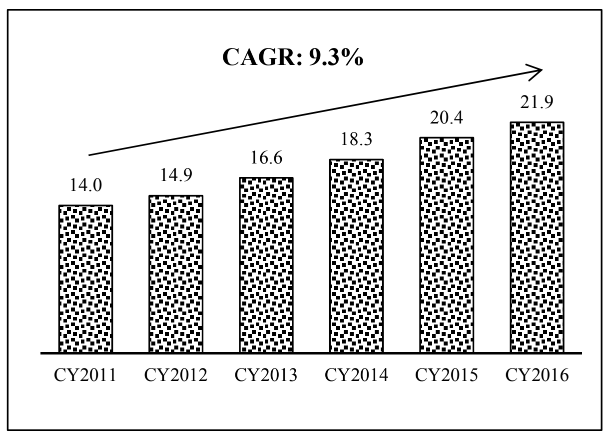
The tourism industry in India is fast-growing and an increasingly significant contributor to India's economy, according to CAPA. According to the Indian Ministry of Tourism, the number of domestic tourists travelling within India in CY2016 by all modes of transportation was 1,613.6 million and had grown at a CAGR of 13.3% from CY2011 to CY2016. During the same period, the number of Indian nationals departing from India increased at a CAGR of 9.3% to reach 21.9 million in CY2016.

Domestic Nationals' Visits within India (million)



Source: Indian Ministry of Tourism

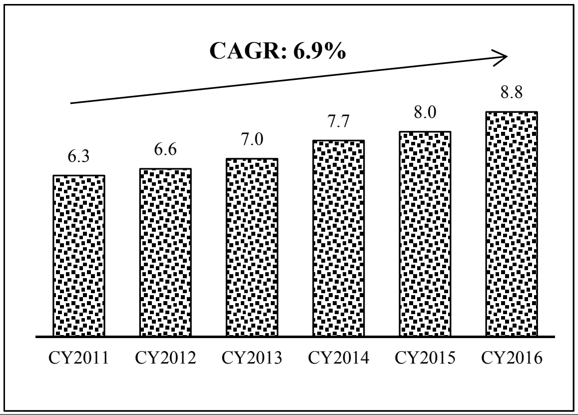
Indian Nationals' Departures from India (million)



Source: Indian Ministry of Tourism

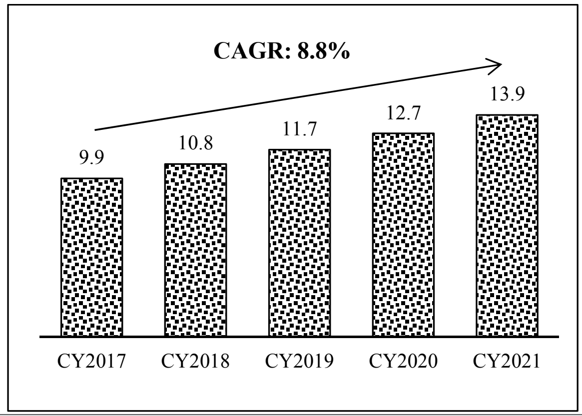
Inbound international tourism has also shown robust growth and has the potential to grow significantly, according to CAPA. According to the Indian Ministry of Tourism, India witnessed 8.8 million foreign tourist arrivals in CY2016, which had grown at a CAGR of 6.9% during the period from CY2011 to CY2016. According to the EIU, the number of foreign tourists arriving in India is expected to increase at a CAGR of 8.8% during the period from CY2017 to CY2021 to reach 13.9 million in CY2021. This is due to, among other factors, government initiatives to promote India as a tourist destination, such as the successful implementation of the e-Visa program for passport holders of over 150 countries.

Foreign Tourist Arrivals CY2011-CY2016
(million)



Source: Indian Ministry of Tourism

Forecast Foreign Tourist Arrivals CY2017-CY2021
(million)

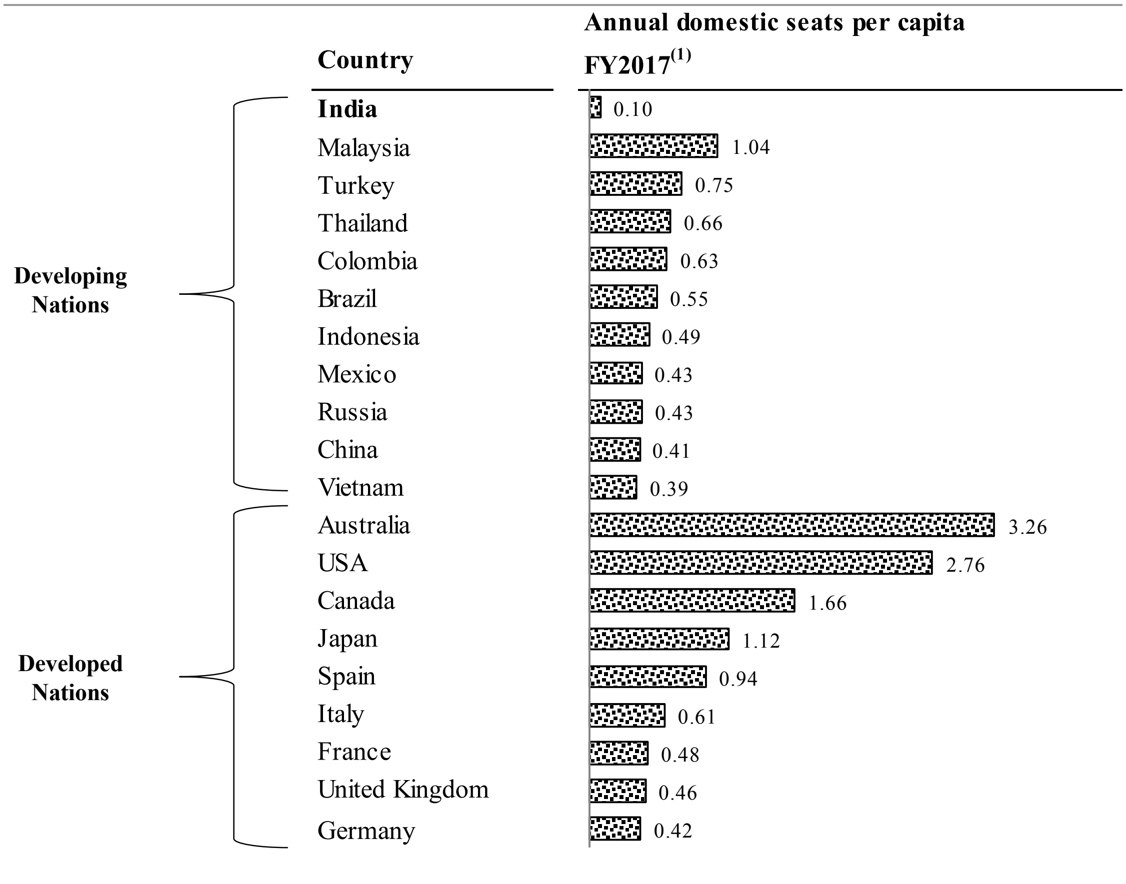


Source: EIU

Low Aircraft Penetration Rates

Despite India's overall economic growth and the growth of its air travel market since the beginning of the market's liberalization in 2003, India still has one of the lowest air travel penetration rates in the world, as defined by annual domestic carrier seats per capita, according to CAPA. India's penetration of 0.10 annual domestic seats per capita is low relative to other developing markets such as Vietnam, China, Indonesia, Thailand and Malaysia, where penetration rates are between 0.39 and 1.04 annual seats per capita, according to CAPA.

Countries with higher GDP per capita have a higher number of domestic carrier seats per capita compared to countries with lower GDP per capita, according to CAPA. Additionally, the economic wealth of a nation and penetration of air travel are closely correlated, according to CAPA. Penetration of air travel is greater in developed countries than in developing countries, and air travel is expected to improve with the rise of a country's wealth as measured by GDP per capita, according to CAPA. The chart below shows the number of annual domestic seats per capita in India relative to the other top 20 domestic air travel markets in the world as measured by annual domestic seats capacity as of CY2016, which includes both developed and developing countries. According to CAPA, the substantial gap between aircraft penetration rates in India and larger aviation markets suggests significant opportunity for growth.



Source: CAPA
(1) Based on population data for CY2016 and seats data for FY2017

Expansion in Aviation Infrastructure

India continues to invest in aviation infrastructure to enable growth in air transport while India's aviation infrastructure continues to improve, according to CAPA. Public-private partnerships, have yielded state-of the-art greenfield airports in Hyderabad and Bengaluru, as well as new airport infrastructure investments in New Delhi and Mumbai, both of which rank among the top five airports (40+ million passengers category) globally for airport service quality in CY2016, according to Airports Council International. There are also two ongoing greenfield airport public-private partnership tenders for the construction of new airports in Mumbai and Goa, according to the City and Industrial Development Corporation of Maharashtra Limited and the Government of Goa, respectively.

As of June 2017, India had a combined total of over 130 airports, according to AAI, including 75 airports capable of landing one or more equipment types from the Airbus A320 family (including A318, A319, A320 and A321 aircraft and all "ceo" and "neo" variants thereof) and the Boeing 737 family, according to CAPA.

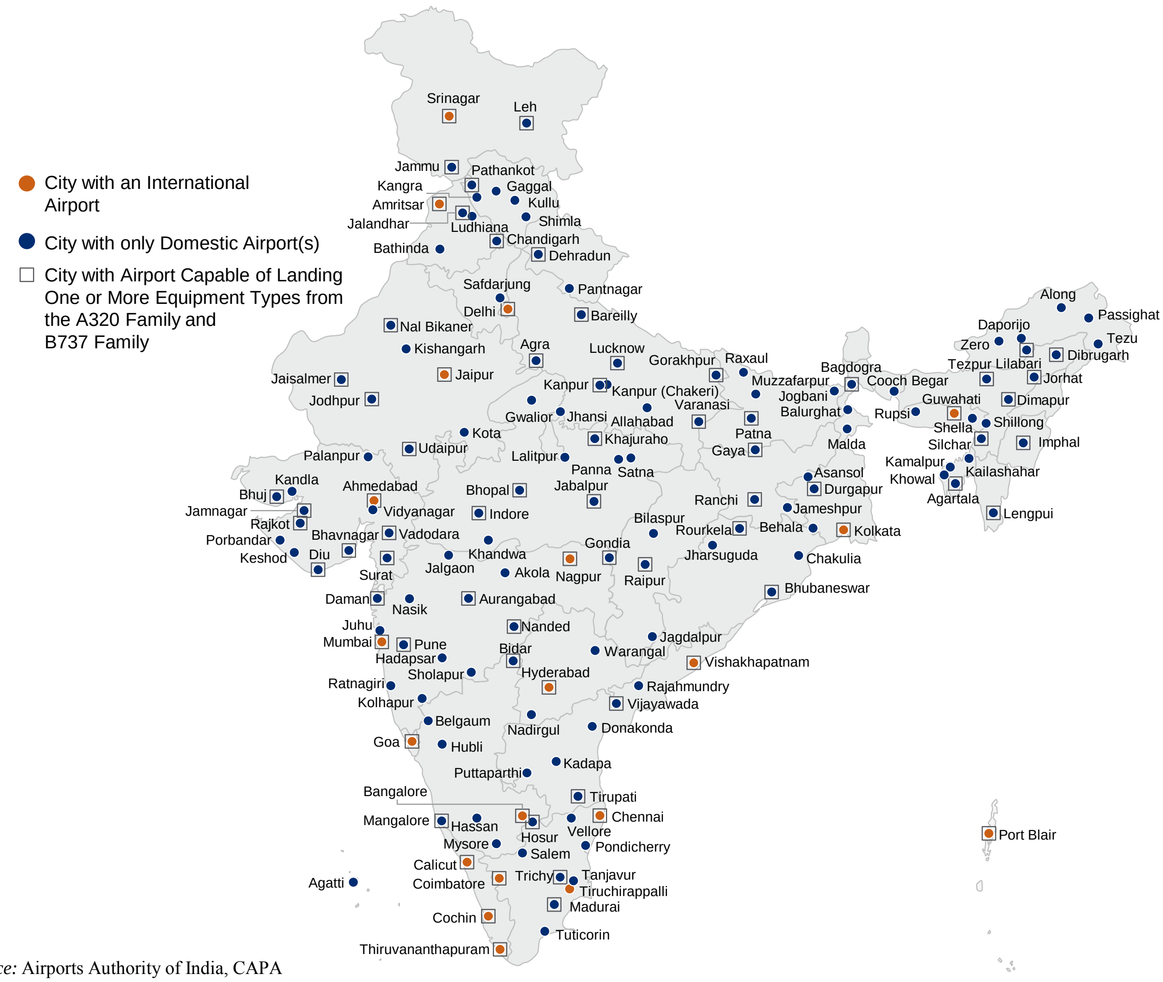
CAPA estimates that the 40 largest airports in the country will exceed their design capacities within the next decade. Therefore long term growth will be reliant on significant capital expenditure plans at major metro and non-metro airports. The following capital expenditure plans are underway according to CAPA;

Airport	Description

Airport	Description
Delhi Airport	The airport plans to invest ₹ 35-45 billion to increase airport capacity to 90 million passengers per annum. This involves expanding Terminal-1D's capacity to 35 million and Terminal-3's to 45 million. Airside expansion includes the construction of a 4th runway. Plans for a second airport serving the National Capital Region have recently been approved, for development at Jewar in Uttar Pradesh.
Mumbai	In FY2017 the airport handled 45.2 million passengers, close to its current capacity of 48 million. The capacity is limited largely due to airside constraints. The airport operator plans to invest ₹ 4-5 billion to enhance airside operations to be able to handle at least 52 million passengers, and ideally 55-60 million, by maximising the utilisation of available infrastructure.
Bangalore	Bangalore airport handled 22.9 million passengers in FY2017. The airport is investing ₹ 75 billion in a second terminal and second runway to increase its capacity from 25 million to 45 million passengers.
Hyderabad	Hyderabad has already exceeded its design capacity of 12 million passengers, handling 15.1 million passengers in FY2017. The airport plans to invest ₹ 26 billion to increase its capacity to 25 million passengers.
Cochin	Cochin airport plans to invest ₹ 10 billion to increase its capacity to 25 million passengers. Unlike most other airports in India, the airport will have a larger international capacity (15 million) than domestic (10 million).
Navi Mumbai	Even with its earlier investments, Mumbai Airport will reach its capacity within the next few years, and thus the second airport at Navi Mumbai is essential. Phase 1 envisages an investment of ₹ 60-70 billion for a capacity of 10 million passengers. However, this may be increased to 20 million passengers given the rate of growth being experienced.
Goa Mopa	Phase 1 envisages an investment of ₹ 15 billion for capacity of 5 million passengers.
Kannur	This greenfield airport in Kerala is approaching completion and has seen capex of ₹ 18.9 billion. The airport will have a capacity of 4.7 million passengers.
Airports Authority of India	The AAI has plans to invest ₹ 170-180 billion in expansion of existing terminals, construction of new terminals and airside upgrades. These works should cause the annual handling capacity of AAI airports to increase by 55 million passengers.

Source: CAPA

Indian Cities with Domestic and International Airports



Source: Airports Authority of India, CAPA
Note: Map not to scale

Benchmarking of IndiGo Against Major Indian Carriers and Global LCCs

The narratives and charts below present financial and operating performance statistics for major carriers in India and selected publicly-listed LCCs operating outside of India, according to CAPA and SAP.

Our financial statements as of and for the year ended March 31, 2017 and subsequent periods have been prepared in accordance with Ind AS and the Companies Act. The financial information of each carrier presented below has been compiled by SAP, and the operational information of each carrier presented below has been compiled by CAPA. Many of the carriers listed in the chart below are located outside India and prepare their financial statements under accounting principles other than Indian GAAP or Ind AS, such as US GAAP, IFRS or other accounting policies applicable in their respective jurisdictions. Therefore, our financial information may not be directly comparable to that of other carriers that prepare their financial statements under different accounting principles. We have not attempted to provide a reconciliation of our Company's financial information to any other accounting principles or a reconciliation of the financial information of the other carriers presented in the chart below to Ind AS or Indian GAAP or any other accounting principles. We have also not attempted to quantify the impact of other accounting principles on our Company's financial information or the financial information of the other carriers presented in the chart below or to quantify the impact of any differences in financial years among the various carriers presented. Any comparisons of the financial information prepared under different accounting principles by persons not familiar with such accounting principles may not be meaningful or reliable. In addition, the operating and financial information below has been taken from the most recently available annual financial information, which may differ among carriers. The difference in time period may also distort the comparability of our operating and financial information with that of other carriers outside of India. Prospective investors are *advised not to unduly rely on the operating and financial information presented below when making their investment decisions.*

*All the charts in this section represent fiscal year-end ("**FYE**"), data, unless otherwise indicated. FYE dates are December 31, 2016 for AirAsia (Malaysia), Azul, Cebu Pacific, GOL, JetBlue, Norwegian, Pegasus, Southwest Airlines, Spirit Airlines, Volaris and WestJet, September 30, 2016 for EasyJet and March 31, 2017 for IndiGo, Jet Airways, Ryanair, SpiceJet and Wizz Air. Financial and operational data for Air India is as of FYE March 31, 2015. Exchange rates used by SAP as of the FYE dates as mentioned above for the above carriers are: 1USD = ₹ 61.09 (Air India), 1USD = 4.14MYR (AirAsia (Malaysia)), 1USD = 3.48BRL (Azul), 1USD = 47.46PHP (Cebu Pacific), 1USD = 0.70GBP (EasyJet), 1USD = 3.47BRL (GOL), 1USD = ₹67.05 (IndiGo, Jet Airways, SpiceJet), 1USD = 8.75NOK (Norwegian), 1USD = 3.01TRY (Pegasus), 1USD = 0.91EUR (Ryanair), 1USD = 19.44MXN (Volaris), 1USD = 1.32CAD (WestJet) and 1USD = 0.91EUR (Wizz Air).*

Indian Air Travel Market Competitive Landscape

The Indian air travel market is serviced by domestic and international LCCs and full-service carriers ("**FSCs**"). Domestic carriers in India include LCCs such as IndiGo, SpiceJet, GoAir, Air India Express and AirAsia (India), as well as FSCs such as Jet Airways, Vistara and Air India, according to CAPA.

The competitive landscape of the Indian air travel market has undergone meaningful change as carriers have entered and exited the market and current carriers have undergone considerable changes, such as in their composition, market share, load factors and cities served, according to CAPA. As of December 2011, Indian FSC Kingfisher had the second largest market share of the domestic air travel market by number of passengers, according to CAPA. On October 20, 2012, Kingfisher ceased operations when the DGCA suspended its flight certificates; in February 2013, the DGCA revoked Kingfisher's license for both domestic and international operations. In December 2014, Jet Airways formally discontinued its LCC arm, JetLite, by rolling out full-service products on all flights across its domestic network. Recent entrants to the Indian market include AirAsia (India) and Vistara. AirAsia (India) entered the market in 2014 and operates only eight aircraft as of March 31, 2017, according to CAPA. Vistara, a joint venture between the Tata Group and Singapore Airlines, obtained its Air Operator Permit from the DGCA in December 2014, commenced operations with three aircraft in January 2015 and operated 13 aircraft as of March 31, 2017, according to CAPA. The table below provides certain key operational parameters of the 7 largest carriers in the Indian airline industry by domestic market share as of March 31, 2017.

Carriers	Launch Year	Domestic Market Share(1)	Fleet Type and Size(2)		Cities Served(3)	Domestic Cities Served(3)	Order Book(4) / Narrowbody
IndiGo	2006	40.1%	A320 Family	131	46	39	411 / 411
			Total	**131**			
Jet Airways	1993	18.3%	B737 Family	74	67	47	90 / 75
			ATR-72	18			
			A330	8			
			B777-300	9			
			Total	**109**			
Air India	1932	13.9%	B737 Family	23	106	68	18 / 11
			B747 Family	4			
			B777 Family	15			
			B787 Family	23			
			A320 Family	63			
			ATR-42	3			
			ATR-72	8			
			Total	**139**			
SpiceJet	2005	12.8%	B737 Family	30	46	39	156 / 156
			Q400	17			
			Total	**47**			
GoAir	2005	8.3%	A320 Family	23	23	23	139 / 139
			Total	**23**			
Vistara	2015	2.8%	A320 Family	13	19	19	7 / 7
			Total	**13**			
AirAsia (India)	2014	2.6%	A320 Family	8	15	15	0 / 0
			Total	**8**			

Source: CAPA

(1) Based on domestic passenger traffic during the fiscal year ended March 31, 2017. Air India based on mainline operations + Air India Express + Alliance Air

(2) Includes 'in-service' fleet (including regional aircraft) as of March 31, 2017

(3) As of March 31, 2017. Air India based on mainline operations + Air India Express + Alliance Air

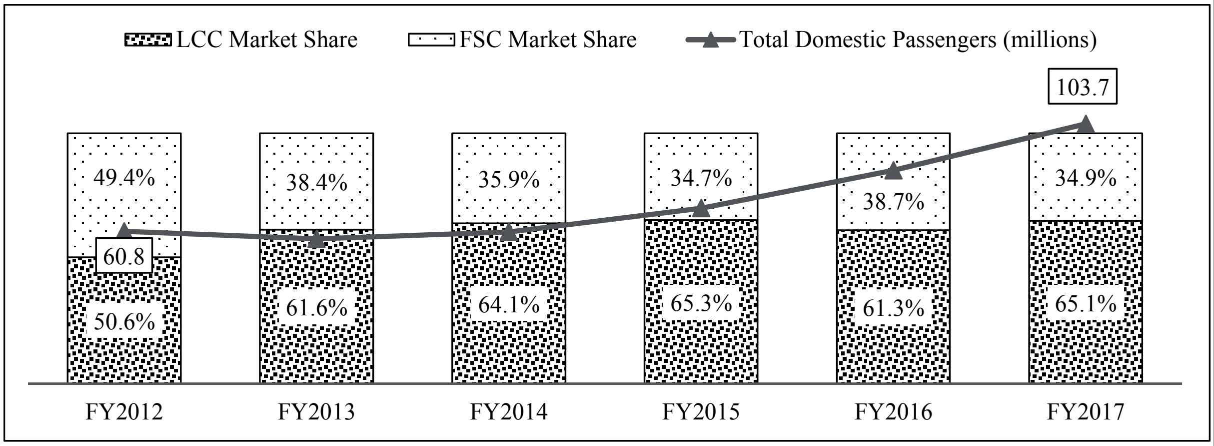
(4) Order book as on March 31, 2017. Includes only narrowbody and widebody orders, and does not include any regional aircraft orders

Indian Air Travel Market

The following description of the Indian air travel market is from CAPA.

The increase in the number of LCCs combined with macroeconomic factors such as India's relatively low per capita income and price-sensitive consumers have led LCCs to dominate India's air travel market. LCCs' share of the Indian air travel market has increased 14.5 points from 50.6% in FY2012 to 65.1% in FY2017.

India Domestic Full-Service Carriers(1) vs. Low-Cost Carriers(2) Market Share



Source: DGCA

(1) FSCs include Jet Airways, Air India, Vistara, Kingfisher

(2) LCCs include IndiGo, SpiceJet, GoAir, AirAsia (India), Air India Express

In addition to macroeconomic and Indian consumer specific factors, the following factors have also contributed to the success of LCCs in India, according to CAPA:

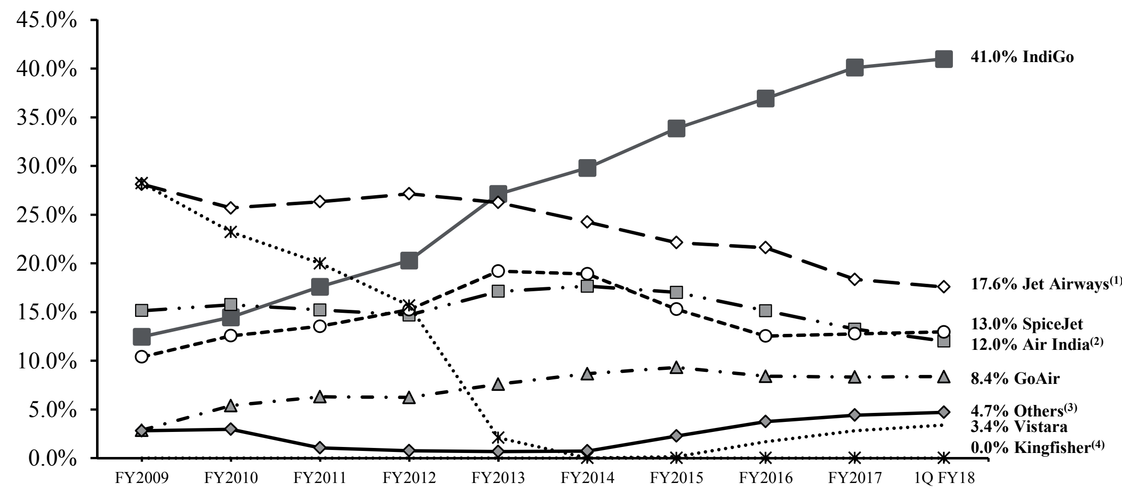
- the LCC business model, characterized by such features as single aircraft type fleets, aircraft with greater fuel efficiency and lower maintenance costs, faster turnaround times to increase aircraft utilization and lower debt positions;
- access to capital, when required, through promoter funding and, in some cases, sale-and-leaseback transactions;
- superior execution through sound management and strong delivery systems;
- competitive aircraft pricing and favorable maintenance and support contracts;
- structured systems, processes and training; and
- liberalization of the Indian market

LCCs have also gained acceptance among corporate travelers in India by meeting corporate market expectations for network density, frequency (particularly at peak hours), schedules offering same-day returns, on-time performance, reliability, new aircraft and quality service, according to CAPA. LCCs have also been able to gain traction in the corporate market through the strategic decision to focus on increasing flight frequencies on metro routes, rather than seeking to stimulate untested, virgin markets, according to CAPA.

Market share based on passengers carried

The table below presents the evolution in market share of Indian carriers between FY2009 and 1Q FY2018, based on passengers carried, according to CAPA. IndiGo's market share expanded from 12.5% to 41.0% during this period, while Jet Airways, the carrier with the second largest market share, fell from 28.1% to 17.6% over the same period. CAPA attributes the trend in IndiGo's market share to market stimulation by low fares, launching of new routes in India where there were previously no flights and winning of market share from FSCs and other LCCs.

Historical Domestic Market Share of Indian Carriers (Based on Passenger Volume) from FY2009 to 1Q FY2018



	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	1Q FY18
IndiGo	12.5%	14.5%	17.6%	20.3%	27.1%	29.8%	33.9%	36.9%	40.1%	41.0%
Jet Airways	28.1%	25.7%	26.3%	27.1%	26.2%	24.2%	22.1%	21.6%	18.3%	17.6%
Air India	15.1%	15.8%	15.2%	14.7%	17.1%	17.7%	17.0%	15.1%	13.2%	12.0%
SpiceJet	10.4%	12.6%	13.5%	15.2%	19.2%	18.9%	15.3%	12.5%	12.8%	13.0%
GoAir	2.9%	5.4%	6.3%	6.2%	7.6%	8.7%	9.3%	8.4%	8.3%	8.4%
Kingfisher	28.2%	23.2%	20.0%	15.7%	2.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Vistara	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	1.7%	2.8%	3.4%
Others	2.8%	3.0%	1.0%	0.8%	0.7%	0.7%	2.3%	3.8%	4.4%	4.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: CAPA

(1) Jet Airways' numbers include JetLite

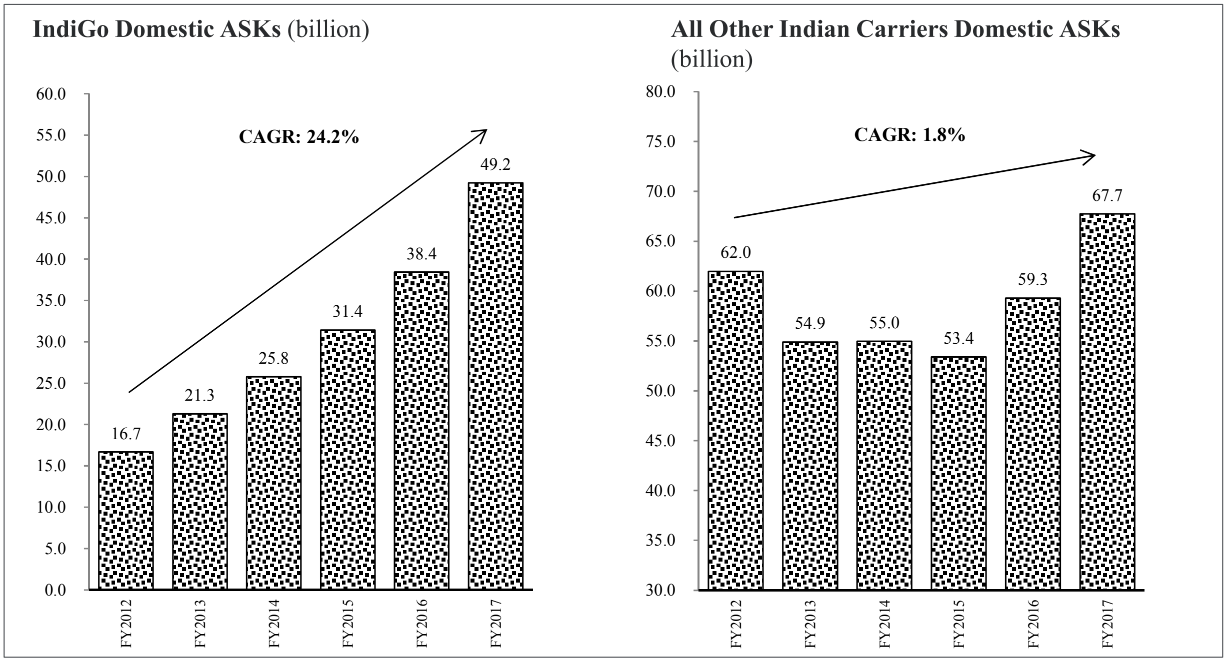
(2) Air India's numbers include Indian Airlines

(3) Others include TruJet, Pegasus, Air Costa, AirAsia (India), Air Carnival, Alliance Air, MDLR, Paramount, Air India Express and Zoom Air

(4) Kingfisher's FY09 numbers include Air Deccan. Kingfisher ceased operations in Q3 FY2013

Market share based on capacity

The table below presents the evolution in domestic ASKs of Indian carriers between FY2012 and FY2017, according to CAPA. IndiGo's domestic ASK increased at a CAGR of 24.2% from 16.7 billion ASKs in fiscal 2012 to 49.2 billion ASKs in fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to CAPA. IndiGo accounted for 85% of domestic capacity added over the last 5 years based on ASK.



Source: CAPA

Operational metrics

Key profitability comparison

The below table shows the profitability of Indian carriers since FY2009. IndiGo has been the only consistently profitable airline in India for the last nine years, according to CAPA.

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
IndiGo	✓	✓	✓	✓	✓	✓	✓	✓	✓
SpiceJet	✗	✓	✓	✗	✗	✗	✗	✓	✓
Jet Airways	✗	✗	✗	✗	✗	✗	✗	✓	✓
GoAir	✗	✗	✓	✗	✓	✓	✓	✓	N/A
Air India	✗	✗	✗	✗	✗	✗	✗	✗	✗(1)
Kingfisher	✗	✗	✗	✗	✗	Ceased Operations			

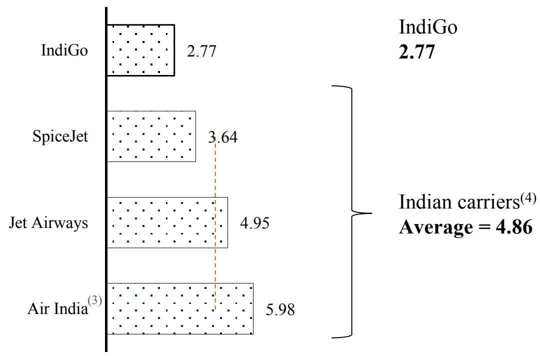
Source: CAPA

(1) Based on provisional results for FY2017

Costs per ASK (excluding fuel)

CASK ex fuel measures the unit costs of a carrier and is calculated as total costs minus fuel cost divided by ASK. The CASK ex fuel of the Indian carriers for FY2017 was US¢2.77 for IndiGo, US¢3.64 for SpiceJet, US¢4.95 for Jet Airways and US¢5.98 for Air India, according to the SAP. IndiGo's CASK (ex-fuel) is the lowest within Indian carriers.

CASK (ex fuel)(1,2) (US¢/ASK) FY2017



Source: SAP
(1) Air India based on FY15. AirAsia (India) figures unavailable, and GoAir fuel cost breakup not available
(2) Excludes reported purchase of stock in trade and change in inventories of stock in trade for IndiGo and SpiceJet
(3) Air India data represents mainline operations
(4) Indian carriers' average excludes IndiGo

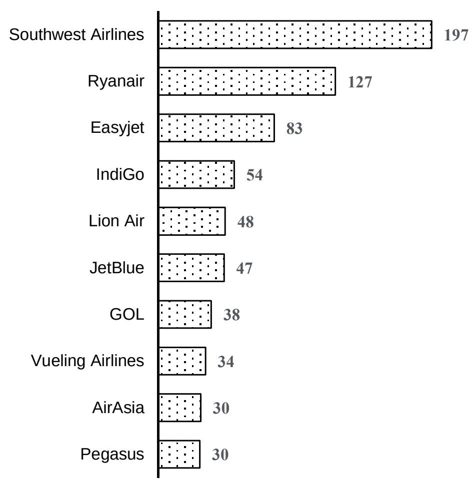
Comparison Versus Key International LCCs and Domestic Indian Carriers

The next few pages compare IndiGo on various metrics of size, growth and cost competitiveness.

Size of Operations

IndiGo was the fourth largest LCC in the world by seat capacity for twelve months ended March 31, 2017, according to CAPA.

Top 10 Global LCCs by Seat Capacity (million) FY2017

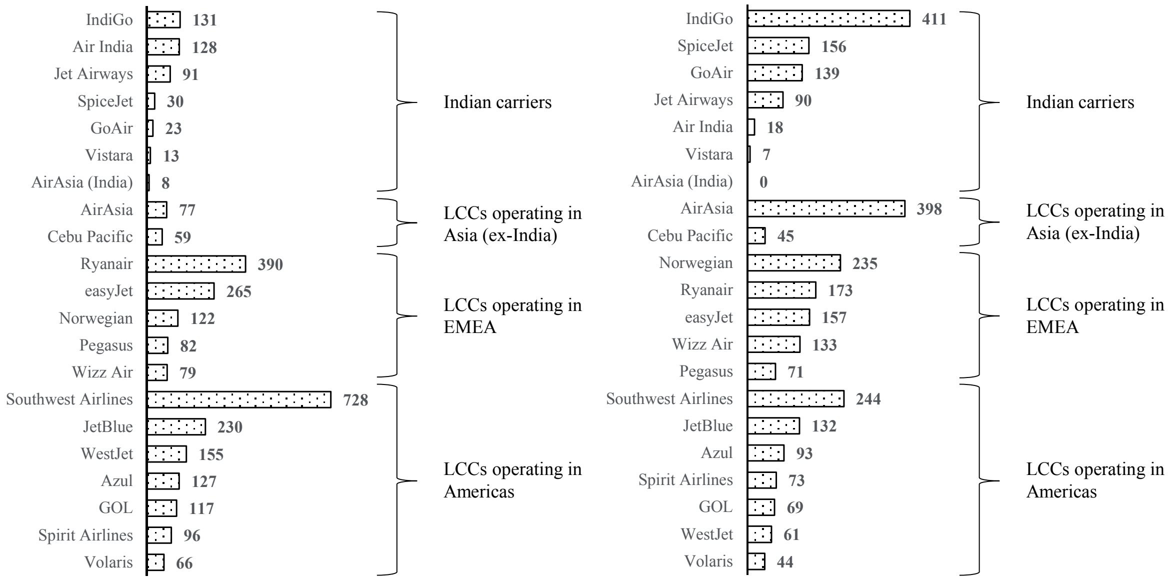


Source: CAPA
Note: Top global LCCs by seat capacity for 12 months ended March 31, 2017

Fleet Size and Orderbook

According to CAPA, the Indian carrier with the largest fleet of 'in-service' aircraft (excluding regional aircraft) is IndiGo, followed by Air India. IndiGo also maintains the largest orderbook of any LCC with 411 A320 family aircraft on order. Aircraft delivery will be one of the key drivers of traffic growth, according CAPA.

Fleet size(1) **Orderbook(2)**



Source: CAPA. Order book as of March 31, 2017

Note: Jet Airways includes JetLite; Air India includes Air India Regional and Air India Express; WestJet includes its regional subsidiary Encore; Cebu Pacific includes its regional subsidiary CebGo; Norwegian includes all wholly-owned subsidiaries; Air Costa order for 50 regional jets is not included as the airline had ceased operations as at March 31, 2017

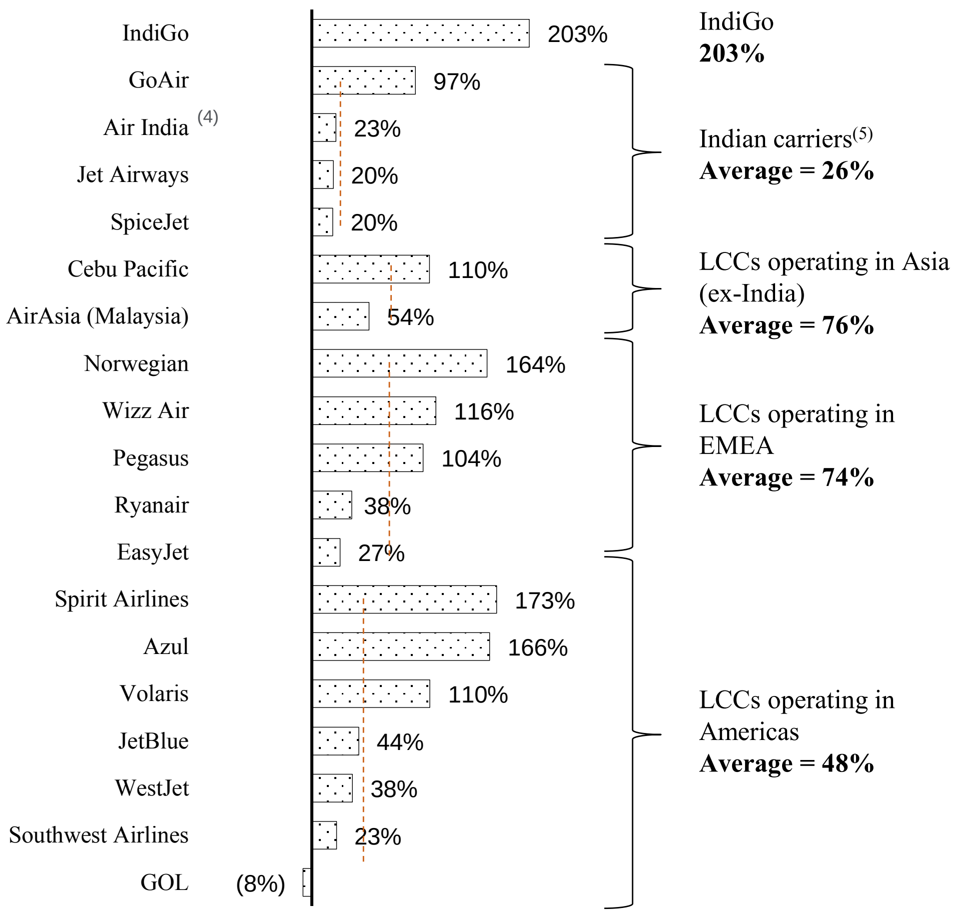
(1) Fleet size excludes regional aircraft fleet for Indian carriers and represents 'in-service' narrowbody and widebody aircraft

(2) Includes only narrowbody and widebody orders, and does not include any regional aircraft orders

Growth

According to CAPA, among the 15 largest LCCs by ASK and Indian carriers, IndiGo was the fastest growing carrier in terms of ASK growth between FY2012 and FY2017, followed by Spirit Airlines and Azul.

ASK growth FY2012 - FY2017[1,2,3]



Source: SAP for foreign carriers and DGCA for Indian carriers

Note: Averages in the above chart represent weighted averages based on the ASK number in the last fiscal year

(1) 15 largest global LCCs by ASKs
(2) Global LCCs data based on most recent annual filings of respective airlines
(3) 5 year growth figures based on FY2012-FY2017 for March year-ending companies, CY2011-CY2016 for December year-ending companies and FY-ending 2011 – 2016 for September year-ending companies.
(4) Air India figures based on Air India mainline operations + Air India Express + Alliance Air
(5) Indian carriers' average excludes IndiGo

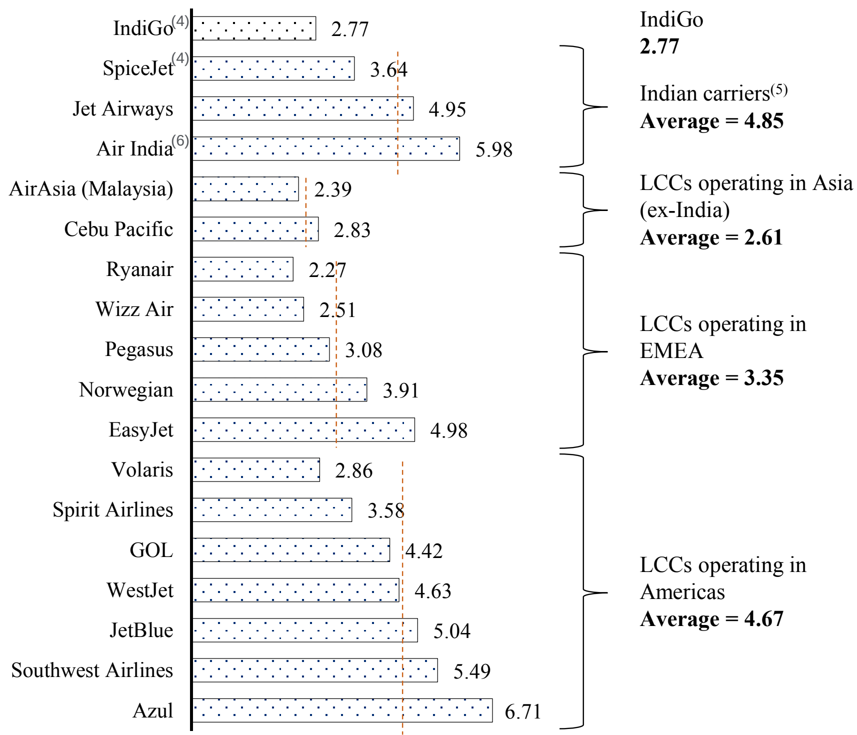
Cost Competitiveness

Unit costs

CASK measures the unit costs of a carrier and is calculated as total costs divided by ASK. CASK excluding fuel cost is an alternative measure for comparing cost management of carriers operating in different geographies, as fuel costs can vary between geographies due to taxation, government fuel pricing regulations and other reasons, according to SAP. In India, jet fuel prices tend to be higher than many other countries due to higher taxation imposed by local governments, according to SAP.

According to SAP, IndiGo has the lowest CASK excluding fuel cost of US¢2.77 among the Indian carriers for FY2017. In comparison, SpiceJet, Jet Airways and Air India have CASK excluding fuel costs of US¢3.64, US¢4.95 and US¢5.98, respectively, for FY2017, according to SAP. Additionally, according to SAP, the average CASK excluding fuel cost of LCCs operating in Asia (excluding India), EMEA and the Americas was US¢2.61, US¢3.35 and US¢4.67, respectively, for FY2017.

CASK (ex-fuel) (US¢/ASK) FY2017 (1,2,3)



Source: SAP

(1) 15 largest global LCCs by ASKs and Indian carriers (AirAsia (India) and GoAir figures not available)
(2) Global LCCs data based on most recent filings of respective airlines
(3) Indian carriers data based on FY2017 filings except for Air India (based on FY2015)
(4) Excludes reported purchase of stock in trade and change in inventories of stock in trade for IndiGo and SpiceJet
(5) Indian carriers average excludes IndiGo
(6) Air India represents mainline operations

OUR BUSINESS

Overview

We operate IndiGo, India's largest passenger airline with a 40.1% and 41.0% market share of domestic passengers carried for fiscal 2017 and the three months ended June 30, 2017, respectively, according to the DGCA. We operate on a low-cost carrier, or LCC, business model and were the fourth largest low-cost carrier globally in terms of seat capacity in fiscal 2017, according to CAPA. We strive to maintain low costs as measured by Cost per Available Seat Kilometer, or CASK, a high frequency of flights and high quality of service to fulfil our simple brand message of providing "low fares, on-time flights and a courteous, hassle-free service" to our passengers.

We primarily operate in India's domestic air travel market. India was the third largest air travel market in the world in terms of domestic passenger traffic in 2016, according to CAPA. By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus. We are also evaluating opportunities to strategically grow our international operations.

Our market share of domestic passengers carried grew from 20.3% in fiscal 2012 to 40.1% in fiscal 2017, according to the DGCA. Our domestic capacity, measured in terms of Available Seat Kilometers, or ASKs, increased at a CAGR of 24.2% from 16.7 billion ASKs in fiscal 2012 to 49.2 billion ASKs in fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to the DGCA. As on the date of this Red Herring Prospectus, we operate scheduled services to 46 airports, including seven international destinations. We operated a peak of 937 flights per day during the month of June 2017.

We commenced operations in August 2006 with a single aircraft, and have grown our fleet to 135 aircraft as of June 30, 2017, with 113 A320 aircraft and 22 A320neo aircraft. As on the date of this Red Herring Prospectus, we have 139 aircraft in our fleet. The A320, A320neo, and A321neo aircraft in our Airbus orders are all short-to medium-range narrow-body commercial passenger twin-engine jet aircraft from the Airbus A320 family. The 250 A320neo aircraft in August 2015 was the largest single order of aircraft by number from Airbus at the time of the order and, together with our firm order of 180 A320neo aircraft from June 2011 represents the largest cumulative number of A320neo aircraft on order, according to Airbus. We believe that the magnitude of our 2005, 2011 and 2015 aircraft orders helped us to negotiate favorable terms with Airbus and our other aircraft-related suppliers and service providers, which provides us with a structural cost advantage by reducing the overall costs associated with the acquisition, maintenance and operation of our aircraft. We refer to our June 2011 and August 2015 orders with Airbus collectively as our A320neos Order.

We have an order book of 430 A320neo aircraft (including the right to convert a certain number of A320neo aircraft into A321neo aircraft), of which 22 A320neos have been delivered as of June 30, 2017. We were one of the first airlines globally to order, and in 2016 became the first airline in Asia to take delivery of the A320neo aircraft, according to Airbus.

We placed an order with Avions de Transport Regional G.I.E., or ATR, in August 2017 for the purchase of up to 50 ATR 72-600 turboprop aircraft. We expect to launch our turboprop operations with ATR 72-600 –ºß¸ ŧøßŧø# aircraft by the end of calendar year 2017, and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018. In addition to expanding our market presence, we anticipate that our future turboprop operations will enable us to serve new cities and markets, including "tier 2" and "tier 3" cities in India.

We believe that we have considerable flexibility to prudently manage the expansion of our fleet. Our contract with Airbus, subject to certain terms and conditions, may allow us to advance or defer aircraft deliveries. We may also be able to advance or defer aircraft deliveries under our order with ATR, subject to negotiation with the manufacturer. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order. We expect to begin taking delivery of A321neos towards the end of calendar year 2018. As of June 30, 2017, we have added 29 previously-used A320 aircraft on short-term leases and extended the operating leases of some of our current aircraft to help meet our short-term capacity needs.

We are committed to achieving industry-leading on-time performance and operational reliability. We were ranked first in domestic on-time performance in the three months ended June 30, 2017, and our average domestic on-time performance at four of India's leading airports (New Delhi, Mumbai, Bengaluru and Hyderabad) was 85.4% for the three months ended June 30, 2017, 79.8% in fiscal 2017 and 83.8% in fiscal 2016 according to the DGCA. We had technical dispatch reliability of 99.85% for the three months ended June 30, 2017, 99.89% in fiscal 2017 and 99.95% in fiscal 2016, according to Airbus. In 2017, Airbus awarded us its "Best Operational Excellence" award in the large fleet category for the second time in a row based on the number of aircraft in the fleet, daily utilization rate, technical reliability and the number of delays due to operational reasons over a two-year period of operations.

We have received industry accolades in recognition of the quality of our airline service, including the award for "Best Low-Cost Airline in Central Asia/India" at the SkyTrax World Airline Awards for eight consecutive years from 2010 to 2017. In 2017, TripAdvisor awarded us its "World's Best Airline" award in the low-cost category at its Travelers' Choice Awards based on overall reviews by passengers and aggregators. InterGlobe Enterprises (which includes our Company), was ranked among the "Best Companies to Work For" in India in 2015 for the eighth consecutive year by a study done by the Great Places to Work® Institute in partnership with The Economic Times. No other airline was included in these rankings during this period. We were also named as an "AON Best Employers India" by AON Hewitt in 2016 and 2017.

In fiscal 2017, our total revenue was ₹ 193,695.70 million, our profit was ₹ 16,591.88 million and our EBITDAR was ₹ 54,408.48 million. In fiscal 2016 as per Ind AS, our total revenue was ₹ 166,550.30 million, our profit was ₹ 19,861.61 million and our EBITDAR was ₹ 56,801.54 million. Please see "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Results of Operations***". We became profitable in fiscal 2009 and have remained profitable in each subsequent fiscal year through fiscal 2017. Our profit for the three months ended June 30, 2017 was ₹ 8,111.46 million. No other Indian airline has consistently remained profitable over the same period, according to CAPA.

We had lower CASK excluding fuel expenses for fiscal 2017 than our publicly listed competitors Jet Airways and SpiceJet and for fiscal 2015 than Air India, according to SAP. We also had one of the lowest CASK excluding fuel expenses compared with the 15 largest global low-cost carriers by ASKs, according to SAP. We believe that we have a strong balance sheet measured in terms of our liquidity and indebtedness. As of March 31, 2017 and June 30, 2017, we had total indebtedness of ₹ 25,961.74 million and ₹ 25,241.15 million, respectively, and no net debt (net of free cash). As of March 31, 2017 and June 30, 2017, all of our indebtedness was aircraft related and we did not have any indebtedness for working-capital. As of March 31, 2017 and June 30, 2017, we had total cash of ₹ 93,432.13 million and ₹ 101,847.44 million, respectively.

We believe that our track record of profitable growth, strong balance sheet and liquidity position and low CASK excluding fuel expenses provides a strong platform for us to pursue our strategic objectives and sustain our market leading position. We intend to continue to strengthen the breadth and density of our domestic network by adding flights in our existing key markets and selectively adding new routes and destinations. We are evaluating opportunities to strategically grow our international operations, including potential acquisitions to move into the long-haul international market, as we believe that, being the largest airline in India by passengers carried, we have the domestic feed for greater international connectivity. Finally, we intend to complement our current sale-and-leaseback aircraft financing structure with a higher proportion of owned A320 family and ATR aircraft to gradually reduce our higher aircraft lease expenses while assuming relatively lower costs associated with aircraft ownership.

Our Strengths

Our key strengths include the following:

We have successfully applied a proven low-cost carrier business model in the large, growing Indian aviation market.

- *Established leader by market share in one of the largest and fastest growing aviation markets in the world*

We are the domestic market leader in India, one of the largest and fastest growing aviation markets in the world in terms of domestic passenger traffic, with a 40.1% and 41.0% market share of domestic passengers carried for fiscal 2017 and the three months ended June 30, 2017, increasing from a 20.3% market share for fiscal 2012, according to the DGCA.

India has risen to be the third largest air travel market in terms of domestic passenger traffic in 2016, behind only the United States and China and ahead of Japan, according to CAPA. Despite this growth, India's air travel market remains significantly underpenetrated even compared to other developing Asian countries in terms of annual domestic seats per capita, according to CAPA. By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus.

- *Depth of network in key markets*

As on the date of this Red Herring Prospectus, we operate scheduled services to 46 airports, including seven international destinations with a fleet of 139 aircraft. We operated a peak of 937 flights per day during the month of June 2017, through our fleet of 135 aircraft. Our domestic capacity (measured in terms of ASKs added) grew at a CAGR of 24.2% between fiscal 2012 to fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to the DGCA. The capacity, in terms of ASKs, that we added in the five years ended March 31, 2017 accounted for 85% of all domestic capacity added by Indian carriers in that period, according to CAPA, which reflects our leadership in driving growth in the Indian air travel industry. We believe that the depth of our network, increased capacity and high number of flights provides us with a competitive edge through economies of scale, allowing us to optimize our costs.

- *Strong brand recognition and award-winning service*

We strive to be the most trusted airline brand in India. We have achieved recognition of the IndiGo brand through our simple brand message of providing "low fares, on-time flights and a courteous, hassle-free service" to our passengers. We have continuously received industry accolades since our inception in recognition of the quality of our airline service, including being awarded the "Best Low-cost Airline in Central Asia / India" at the SkyTrax World Airline Awards for eight consecutive years from 2010 to 2017. In 2017, TripAdvisor awarded us its "Best Regional & Low Cost Airlines" award in its Travelers' Choice Awards based on overall reviews by passengers and aggregators. IndiGo was the only airline from India to be recognized by TripAdvisor in the Asia Pacific region for this award category.

- *High operational reliability*

Our technical dispatch reliability was 99.89% in fiscal 2017 and 99.85% in three months ended June 30, 2017, according to Airbus. In 2017, Airbus awarded us its "Best Operational Excellence" award in the large fleet category for the second time in a row based on the number of aircraft in the fleet, daily utilization rate, technical reliability and the number of delays caused due to operational reasons over a two-year period of operations. We had an average domestic on-time performance of 79.8% during fiscal 2017 at four of India's leading airports (New Delhi, Mumbai, Bengaluru and Hyderabad), according to the DGCA. We were ranked first in domestic on-time performance at those four airports in the three months ended June 30, 2017 with average domestic on-time performance of 85.4%, according to the DGCA.

We believe we have a structural cost advantage which we expect to maintain.

- *Largest Airbus aircraft orders in history ensure fleet growth on favorable terms.*

Our firm orders of 100 A320 aircraft in June 2005, 180 A320neo aircraft in June 2011 and 250 A320neo aircraft in August 2015 were each the largest single order of aircraft by number from Airbus at the time of the order, according to Airbus. We believe that the magnitude of our 2005, 2011 and 2015 aircraft orders helped us to negotiate favorable terms with Airbus and our other aircraft-related suppliers and service providers, which provides us with a structural cost advantage by reducing the overall costs associated with the acquisition, maintenance and operation of our aircraft.

We receive non-refundable incentives from manufacturers upon the delivery of aircraft and engines and upon the achievement of certain milestones. The application of these purchase incentives, which are amortized over the initial terms of the operating leases, results in a net reduction in our aircraft rental payments.

- *Modern, fuel-efficient fleet*

Our fleet of 135 aircraft as of June 30, 2017 comprises 113 Airbus A320s and 22 A320neos. We were one of the first airlines globally to order, and in 2016 became the first airline in Asia to take delivery of, the A320neo aircraft, according to Airbus. A320neos currently give us about 15% better fuel efficiency compared to current generation A320 aircraft without sharklets, which has reduced our fuel consumption per block hour as these aircraft have entered our fleet. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order. Going forward, most of our

A320neo aircraft expected to be delivered towards the end of calendar year 2017 and onwards will have 186 seats and our A321neo aircraft expected to be delivered towards the end of calendar year 2018 and onwards will have 232 seats compared to our current A320 family aircraft, which have 180 seats.

- *Adherence to low-cost carrier business model*

Our disciplined execution of the low-cost carrier business model is intended to help us maintain low operating costs. We focus on maintaining a low cost structure by adhering to our low-cost carrier business model, including fleet uniformity across each service type, high aircraft utilization, no frills service and low turnaround time. Fleet uniformity helps us to reduce our expenses related to maintenance, spare parts, operation, crew training and labor, as well as helping us to more efficiently manage crew rosters. We expect to maintain this uniformity as we continue to add A320neos and A321neos to our existing fleet of Airbus A320 family aircraft for narrowbody operations, and a single class of ATR 72-600 –ºß¸ łøßłø‡aircraft to commence our turboprop operations.

In fiscal 2017, our average aircraft utilization in block hours was 12.9 hours per day per aircraft, higher than the average of 11.4 block hours for all other Indian carriers, according to CAPA. We maintain high aircraft utilization rates by keeping a low turnaround time between our flights. We have strived to reduce costs by scrutinizing every aspect of our business to remove non-essential costs without compromising passenger safety, security or on-time performance. We offer a single class of economy service and, unlike most full-service carriers, we do not offer a frequent flyer program, free lounges or include food and beverages in our ticket price for non-corporate passengers. These items have helped us to further reduce our cost base. We practice dynamic pricing and revenue management in line with the established practices of LCCs globally, and our fares are established to be particularly attractive to price-sensitive leisure and business travelers.

We have a demonstrated track record of profitable growth and strong cash flow generation, balance sheet and liquidity position.

- *Consistent profitability*

We are the only Indian carrier to consistently remain profitable for the last nine fiscal years ending in fiscal 2017, according to CAPA. We had lower CASK excluding fuel expenses for fiscal 2017 than our publicly listed competitors Jet Airways and SpiceJet and for fiscal 2015 than Air India, according to SAP. We also had one of the lowest CASK excluding fuel expenses compared with the 15 largest global low-cost carriers by ASKs, according to SAP. Our consistent profitability enables us to reinvest in our business and prepare us for the next phase of our growth as described in ***"– Our Strategies***".

- *Strong balance sheet*

We believe that the strength of our balance sheet in terms of liquidity and indebtedness provides us with a number of competitive advantages, such as the ability to obtain lower finance costs and better financial terms from aircraft lessors and suppliers of aircraft components. As of March 31, 2017 and June 30, 2017, we had total indebtedness of ₹ 25,961.74 million and ₹ 25,241.15 million, respectively, and no net debt (net of free cash). As of March 31, 2017 and June 30, 2017, all of our indebtedness was aircraft related and we did not have any indebtedness for working-capital. The strength of our balance sheet in terms of liquidity and indebtedness also provides us with a competitive advantage by allowing us the flexibility to fund future growth. As of March 31, 2017 and June 30, 2017, we had total cash of ₹ 93,432.13 million and ₹ 101,847.44 million, respectively.

- *Strong cash flow generation, liquidity position and shareholder value creation*

We have generated strong cash flows from operations for the nine fiscal years from 2009 to 2017. This has enabled us to further invest in our business and pay dividends to our shareholders in each of the past three fiscal years.

We believe that our strong liquidity position in terms of our total cash of ₹ 101,847.34 million as of June 30, 2017 helps to protect us from unforeseen shocks such as a sudden decline in air travel demand or sudden spikes in aircraft fuel prices. Our liquidity position has enabled us to consistently pay our suppliers on time, allowing us to benefit from supplier discounts.

- *Profitable growth*

We have continued to grow profitably as we have increased our capacity. Our domestic capacity (measured in terms of ASKs added) grew at a CAGR of 24.2% between fiscal 2012 to fiscal 2017, compared to a CAGR of 1.8% over the same period among all other domestic airlines, according to the DGCA. In fiscal 2015, our profit for the year was ₹ 13,041.72 million, our EBITDAR was ₹ 38,425.42 million and our EBITDAR margin was 27.6% as per Indian GAAP. In fiscal 2016 and 2017 and the three months ended June 30, 2017, our profit for the year was ₹ 19,861.61 million, ₹ 16,591.88 million and ₹ 8,111.46 million, respectively, our EBITDAR was ₹ 56,801.54 million, ₹ 54,408.48 million and ₹ 19,617.50 million, respectively, and our EBITDAR margin was 35.2%, 29.3% and 34.1%, respectively, as per Ind AS.

Our Promoters and management team are experienced in the air travel industry.

Each of our Promoters and each member of our management team has many years of experience in the industry and in their respective areas of competence. We benefit from the support and experience of our Promoters, Mr. Rahul Bhatia and Mr. Rakesh Gangwal, our President and Whole-time Director, Mr. Aditya Ghosh, and our Chief Financial Officer, Mr. Rohit Philip. Mr. Bhatia holds leadership positions in several companies in the travel and hospitality industries, such as InterGlobe Enterprises and Acquire Services. Mr. Rakesh Gangwal has over 30 years of experience in the airline industry, including over 15 years of senior management experience at several leading airlines, such as United Airlines, Air France and as the President and Chief Executive Officer of US Airways. Mr. Ghosh has over 13 years of industry experience and has been with us since our inception. Mr. Philip has over 20 years of experience in finance, including 18 years of aviation industry experience, including various senior executive roles at United Airlines. The experience of our management team spans several industry cycles and a wide range of business conditions. Our management team is highly qualified to manage our operations and future expansion plans. We continue to strengthen our management team with personnel with functional expertise learned at large successful airlines, for example in the areas of finance, revenue management, crew scheduling and airport operations. We have in place fit-for-purpose recruiting practices and training programs for our management and personnel at all levels of our operations, which we believe has created a highly-skilled and experienced workforce that will continue to yield operational and financial benefits in the future.

Our Strategies

We seek to maintain our consistent profitability and maintain and increase our market share in the domestic Indian airline industry through the following strategies:

Build upon Domestic Leadership

By origin and destination passenger flows, India's domestic air travel market is forecast to grow 5.5 times from 2016 to 2036, the highest growth rate among the expected 20 largest markets globally by 2036, according to Airbus. As of June 30, 2017, we operated scheduled services to 46 airports, including seven international destinations, with a peak of 937 flights per day during the month of June 2017. We intend to continue to strengthen the breadth and density of our network by adding flights in our existing key markets and selectively adding new routes and destinations. There are 36 cities in India with airports capable of landing Airbus A320 family or Boeing 737 family aircraft that we did not service as of June 30, 2017, according to CAPA, which we believe offers potential for us to expand our network in the future.

We expect to grow our capacity at a CAGR of 20% between fiscal 2017 and fiscal 2020, based on our existing aircraft delivery schedule. Our aircraft are configured to optimize seating capacity. Our current A320 family aircraft each have 180 seats. Going forward, most of our A320neo aircraft expected to be delivered towards the end of calendar year 2017 and onwards will have 186 seats and our A321neo aircraft expected to be delivered towards the end of calendar year 2018 and onwards will have 232 seats compared to our current A320 family aircraft, which have 180 seats. Therefore, we believe that increasing the number of A320neo and A321neo aircraft in our fleet in the coming years can help us to gradually increase our capacity.

To expand our market presence and improve our ability to serve routes in "tier 2" and "tier 3" cities in India, including routes qualified under the Government of India's *Ude Desh ka Aam Naagrik* regional air connectivity scheme, we placed an order with ATR in August 2017, for the purchase of up to 50 ATR 72-600 –ºß¸ ƚøßƚø# aircraft. We expect to launch our turboprop operations by the end of calendar year 2017 and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018.

Exploit International Opportunities with Thought and Caution

We are evaluating opportunities to strategically grow our international operations as we believe that, being the largest airline in India by passenger carried, we have the domestic feed for greater international connectivity. While we have historically focused on domestic and short-haul international operations, we are examining opportunities to move into the long-haul international market, including through acquisitions. For example, in June 2017, we informed the Ministry of Civil Aviation of our interest in acquiring the international operations of Government-owned airlines Air India and Air India Express. We believe that India has strong growth potential as a regional hub for long-haul international air travel, particularly as aircraft manufacturers continue to improve the fuel efficiency and flying range of new aircraft models and variants. We believe that we can increase our international passengers from India, many of whom currently use high-cost non-stop operators and airports in cities such as Dubai, Abu Dhabi, Doha, Singapore, Bangkok, London, Frankfurt and Paris as their long-haul international transit hubs, by offering direct, low-fare flights to select international destinations. In the absence of any strategic acquisition to expand our international operations which provides us access to additional routes and airport slots, we expect any international growth to be slow and methodical.

Execute optimal aircraft financing strategy

We intend to complement our current sale-and-leaseback aircraft financing structure with a higher proportion of owned A320 family and ATR aircraft. We believe that we can gradually reduce our higher aircraft lease expenses while assuming relatively lower costs associated with aircraft ownership, which we anticipate will help to improve our results of operations and financial condition and provide more flexibility for future aircraft financing arrangements. As of March 31, 2017, our proportion of owned or finance lease aircraft to total fleet was 13%, which was considerably lower than certain other successful large LCCs globally, namely EasyJet (73%), JetBlue (80%), Southwest (89%) and Ryanair (91%), according to CAPA. We may focus on purchasing A320neos and, in the future, A321neos and ATR as we believe that the risk of technological obsolescence associated with these aircraft is relatively low. We intend to use a portion of the proceeds from this Issue and internal resources to fund future aircraft ownership in addition to considering third-party financing options.

Financial Data

The following table presents our key financial information for fiscal 2015 and 2016 as per Indian GAAP.

	Fiscal Year Ended March 31,	
(₹ in millions except per ASK data)	**2015**	**2016**
Revenue from operations	**139,253.36**	**161,399.09**
Other income	3,945.83	4,613.93
Total revenues	**143,199.19**	**166,013.02**
Less: Finance income	(3,739.65)	(4,059.71)
Total revenues net of finance income	139,459.54	161,953.31
RASK[(1)]	**3.95**	**3.78**
Operating expenses[(2)]	120,556.50	131,344.20
Depreciation and Amortization	3,022.14	5,030.79
Finance costs	1,155.32	1,348.53
Total expenses	**124,733.96**	**137,723.52**
Less: Finance income	(3,739.65)	(4,059.71)
Total expenses net of finance income	120,994.31	133,663.81
CASK[(3)]	**3.42**	**3.12**
RASK – CASK	**0.52**	**0.66**
Yield per passenger (passenger revenue in ₹ / revenue passenger kms).	4.36	3.91

Notes:
[(1)] RASK is calculated based on total revenues net of finance income, divided by ASKs.
[(2)] Operating expenses includes aircraft fuel expenses, aircraft and engine rentals, purchase of stock in trade, changes in inventories of stock in trade, employee benefits and other expenses.
[(3)] CASK is calculated based on total expenses net of finance income, divided by ASKs.

The following table presents our key financial information for fiscal 2016 and 2017 and the three months ended June 30, 2017 as per Ind AS.

	Fiscal Year Ended March 31,		**Three Months Ended June 30,**
(₹ in millions except per ASK data)	**2016**	**2017**	**2017**
Revenue from operations	**161,399.09**	**185,805.00**	**57,529.12**

Other income	5,151.21	7,890.70	2,026.35
Total revenues	**166,550.30**	**193,695.70**	**59,555.47**
Less: Finance income	(4,597.00)	(6,168.98)	(1,915.93)
Total revenues net of finance income	161,953.30	187,526.72	57,639.54
RASK[(1)]	**3.78**	**3.44**	**3.82**
Operating expenses[(2)]	130,219.39	164,371.97	46,558.96
Depreciation and Amortization	5,054.68	4,572.53	983.41
Finance costs	3,041.16	3,307.80	769.75
Total expenses	**138,315.23**	**172,252.30**	**48,312.12**
Less: Finance income	(4,597.00)	(6,168.98)	(1,915.93)
Total expenses net of finance income	133,718.23	166,083.32	46,396.19
CASK[(3)]	**3.12**	**3.04**	**3.08**
RASK – CASK	**0.66**	**0.39**	**0.74**
Yield per passenger (passenger revenue in ₹ / revenue passenger kms).	3.91	3.50	3.83

Notes:
[(1)] RASK is calculated based on total revenues net of finance income, divided by ASKs.
[(2)] Operating expenses includes aircraft fuel expenses, aircraft and engine rentals, purchase of stock in trade, changes in inventories of stock in trade, employee benefits and other expenses.
[(3)] CASK is calculated based on total expenses net of finance income, divided by ASKs.

Operating Data

The following table presents our key operational data for the periods presented.

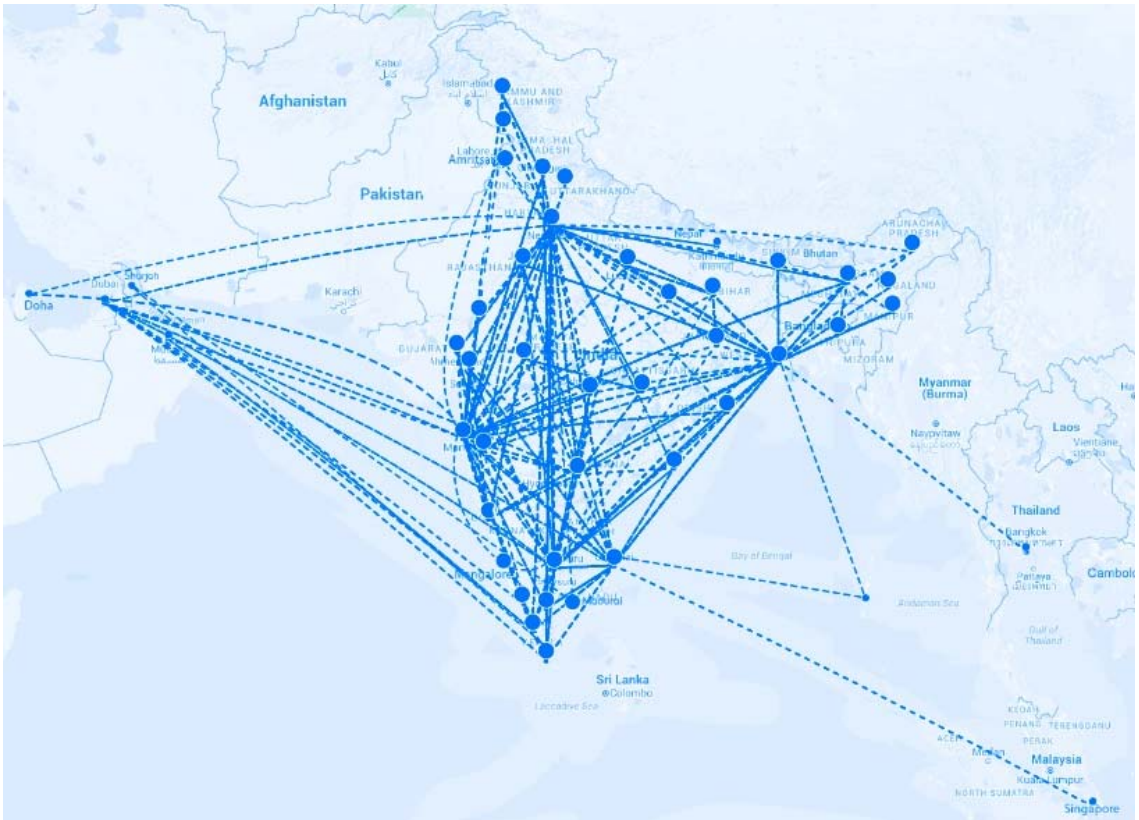
	Fiscal Year Ended March 31,						Three Months Ended June 30,
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2017**
Revenue Passenger Kilometers, or RPKs (in millions)							
International	1,107	3,084	3,435	3,220	3,652	4,351	1,620
Domestic	13,719	17,176	19,701	24,957	32,316	41,937	11,651
ASK (in millions)							
International	1,345	3.,714	4,207	3,910	4,412	5,370	1,937
Domestic	16,661	21,263	25,760	31,417	38,414	49,212	13,140
Number of Scheduled Passenger Carried (in millions)							
International	0.4	1.2	1.5	1.5	1.7	1.9	0.7
Domestic	12.3	15.7	18.1	23.7	31.5	41.6	11.8
Passenger Load Factor (%)							
International	82.3%	83.0%	81.6%	82.4%	82.8%	81.0%	83.7%
Domestic	82.3%	80.8%	76.5%	79.4%	84.1%	85.2%	88.7%
Block Hours							
International	11,468	31,317	35,701	29,401	37,931	46,126	16,341
Domestic	167,784	214,823	261,952	324,875	398,808	512,441	138,716
Daily Aircraft Utilization (Block hours per day)	10.4	11.1	11.4	11.4	11.9	12.9	12.8
Number of Scheduled Destinations Served as of period end							
International	5	5	5	5	5	6	7
Domestic	27	28	31	32	35	38	39
Total Number of Flights							
International	2,822	8,015	10,146	9,771	11,044	13,245	4,579
Domestic	95,594	123,222	148,342	183,149	225,341	287,281	78,484
Number of aircraft at year/period end	55	66	77	94	107	131	135

Our Route Network

As of June 30, 2017, we operated scheduled services to 46 airports, including seven international destinations, with a peak of 937 flights per day during the month of June 2017. According to DGCA data, we operated more passenger flights in India than any other airline in calendar year 2017.

We consider a route as air travel service from one airport to another and flight frequency as the number of flights on any particular route during any period. For instance, air travel service from New Delhi to Mumbai is considered a route and the number of flights from New Delhi to Mumbai in any particular period is considered the flight frequency for such period. Our network strategy is based on the optimum resource utilization of our fleet, crew, manpower and other resources. Our route network is point-to-point as opposed to hub-and-spoke.

A map showing our domestic and international routes as of June 30, 2017, is set forth below.



Map not to scale.

The following table sets out certain information regarding our total departures, routes operated and airports served for the periods indicated.

	Fiscal Year Ended March 31,						Three Months Ended June 30,
	2012	2013	2014	2015	2016	2017	2017
Total departures during the period	98,416	131,237	158,488	192,920	236,385	300,526	83,063
Number of routes operated at end of period	89	98	114	126	139	169	171
Number of airports served at end of period	32	33	36	37	40	44	46

Our point-to-point structure enables us to manage our portfolio of routes effectively on the basis of individual route profitability. We analyze the financial performance of each route in terms of load factor and desired revenue objectives, including cash generation, operating profit, RASK and CASK, on a monthly basis, which enables us to initiate corrective measures to improve a route's performance when necessary.

Our load factor, calculated as RPKs divided by ASKs, for domestic and international operations combined was 82%, 81%, 77%, 80%, 84%, 85% and 88% in fiscal 2012, 2013, 2014, 2015, 2016 and 2017 and the three months ended June 30, 2017, respectively.

We have maintained high utilization of our aircraft through efficient schedule management resulting in a low turnaround time between our flights. In fiscal 2017, our average aircraft utilization in block hours was 12.9 hours per day per aircraft, higher than the average of 11.4 block hours for all other Indian carriers, according to CAPA. For fiscal 2012, 2013, 2014, 2015, 2016 and 2017, and the three months ended June 30, 2017, our average aircraft utilization for each day was 10.4 hours, 11.1 hours, 11.4 hours, 11.4 hours, 11.9 hours, 12.9 hours and 12.8 hours, respectively.

As of June 30, 2017, we used eleven aircraft hubs (defined as airports where we utilize overnight parking slots for our aircraft) in New Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad, Jaipur, Pune, Ahmedabad, Bhubaneswar and Lucknow. Our access to landing overnight parking slots at these eleven hubs helps us to originate flights from these cities and to enhance our aircraft utilization and the efficiency of our maintenance services.

Domestic Route Selection and Development Strategy

We select routes which we believe have the potential to deliver high RASK. When selecting a potential route, we typically choose a destination that has the potential to service other key cities, and also consider whether the route is a good fit with our existing network, the attractiveness of alternative modes of transport for the route (such as rail) and whether the route has proven to be successful for our competitors. We also consider economic indicators to identify the growth opportunities in a particular market. We strive to achieve high frequencies on key business routes to offer preferred flight times to business travelers and to offer a maximum amount of routes and frequencies from the airports at which we operate.

In addition to expanding our market presence, we anticipate that our future turboprop operations will enable us to serve new cities and markets in India, including "tier 2" and "tier 3" cities, and that our route selection and development strategy for these operations will be consistent with our existing strategy.

Our low-cost business model and adherence to the criteria mentioned above when selecting new domestic routes have contributed to our proven record of successfully expanding into new markets and entering into mature markets.

We intend to expand our route portfolio with a view to increase the breadth and depth of our service. While we intend to increase frequencies on current routes, we also intend to focus on new routes from existing destinations.

Short-haul International Routes

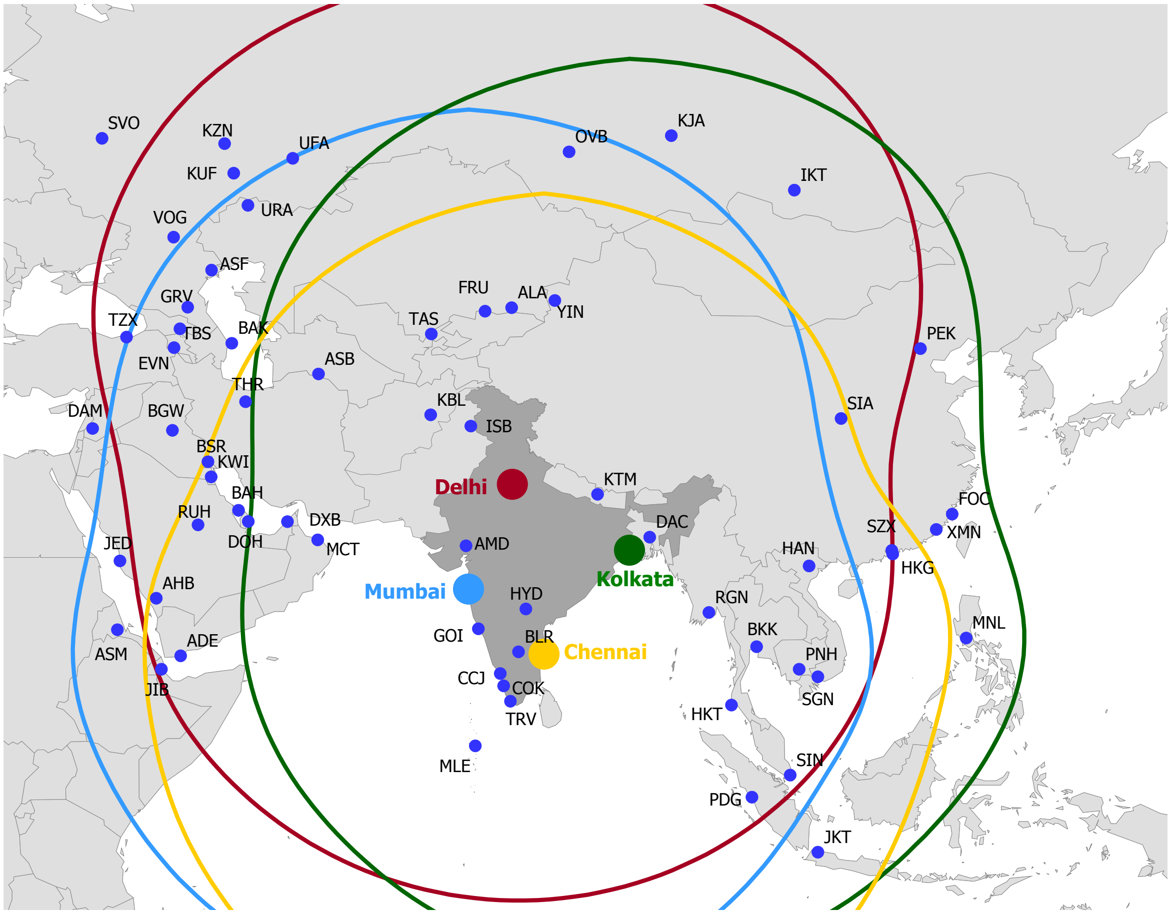
The flight range of our aircraft gives us the flexibility to operate short-haul international flights to destinations in South Asia, Southeast Asia and the Middle East. We commenced our short-haul international operations on September 1, 2011, on the New Delhi-Dubai route. Since then, we have grown our short-haul international operations to 371 flights per week offering 9,540 seats per day, as of June 30, 2017, between India and seven international destinations: Dubai, Muscat, Bangkok, Singapore, Kathmandu, Sharjah and Doha.

Consistent with our domestic strategy, our short-haul international strategy revolves around the basic principles of the LCC business model, including point-to-point traffic. We strive to offer convenient connections between the domestic and international flights on our network without creating any complexities of transfers or additional check-in procedures. Additionally, our pricing and distribution strategy on international routes are consistent with those on our domestic routes.

In selecting destinations for short-haul international expansion, we target routes which offer a minimum density of 50,000 passengers per sector and attractive yields. The availability of landing rights and slots is also an important consideration for the selection of these destinations. To reduce the costs of parking our aircraft overnight, we have focused our short-haul international operations on flights under five hours which return on the same day. Routes which do not meet our operational and financial parameters have been discontinued. Examples of this include the New Delhi-Singapore route which has since been replaced by the Chennai-Singapore route as well as the New Delhi-Bangkok route which was discontinued in September 2014 and was replaced by a second flight on the Kolkata-Bangkok route.

The flying ranges of an Airbus A320 and an Airbus A320neo aircraft from New Delhi, Mumbai, Kolkata and Chennai are illustrated below.

Airbus A320 Flying Range From Key Indian Cities(1)



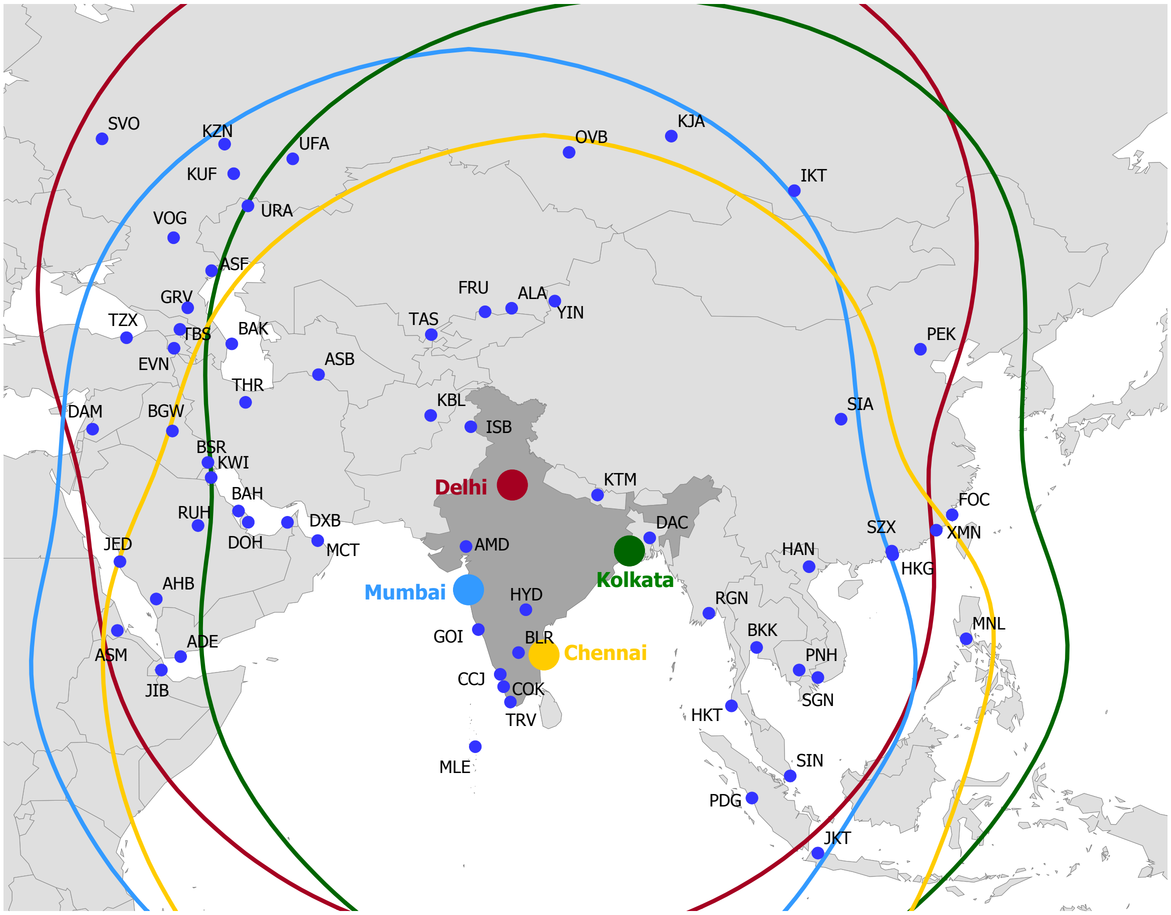
Map not to scale.

Source: Airbus Marketing 10/2015

Note:

(1) The flying range of 2,510 nautical miles depicted in the above map is based on the following assumptions: Airbus A320 aircraft equipped with two V2500 Select engines and sharklets; maximum take-off weight of 78 tons; and 180 total passengers at an average weight of 95 kg per passenger.

Airbus A320neo Flying Range From Key Indian Cities(1)



Map not to scale.
Source: Airbus Martketing 10/2015
Note:
(1) The flying range of 2,775 nautical miles depicted in the above map is based on the following assumptions: Airbus A320neo aircraft equipped with two PW1000G engines and sharklets; maximum take-off weight of 78 tons; and 180 total passengers at an average weight of 95 kg per passenger.

Our Operations

We provide scheduled air travel operations aimed typically at value conscious passengers. We only offer economy class service to our customers. We provide our customers with the option to purchase seat assignments prior to departure and a variety of food and beverages during their flight. While we currently do not interline or code-share with other carriers for passenger traffic, we may selectively enter into such arrangements in the future, subject to regulatory approval.

The following table sets out certain key parameters regarding our scheduled domestic and international air travel operations for the periods indicated.

	Fiscal Year Ended March 31,						Three Months Ended June 30,
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2017**
Capacity (ASKs)[1]	18,006	24,977	29,967	35,327	42,826	54.583	15,076
Traffic (RPKs)[1]	14,826	20,260	23,135	28,177	35,968	46,288	13,271
Passenger load factor (%) (RPK/ASK)	82.3%	81.1%	77.2%	79.8%	84.0%	84.8%	88.0%
Passengers carried (in thousands)	12,752	16,888	19,569	25,180	33,104	43,532	12,484

Note:

(1) Measured in million kilometer.

Customers

Since commencing air travel operations in 2006, we have carried 189.3 million passengers as of June 30, 2017. We carried 12.8 million, 16.9 million, 19.6 million, 25.2 million, 33.1 million, 43.5 million, and 12.5 million passengers in fiscal 2012, 2013, 2014, 2015, 2016 and 2017 and the three months ended June 30, 2017, respectively, according to DGCA data. Our customers are a mix of individual and corporate customers.

We derive our operating revenues primarily from passenger ticket revenue. The remainder of our operating revenues are primarily derived from revenue from ancillary products and services.

For the three month ended June 30, 2017, our passenger ticket revenue and ancillary revenue were ₹ 50,780.29 million and ₹ 5,885.11 million, respectively. For the three month ended June 30, 2016 as per Ind AS, our passenger ticket revenue and ancillary revenue were ₹ 39,717.37 million and ₹ 5,805.78 million, respectively.

The following table sets out our passenger ticket revenue, ancillary revenue and other operating revenue as a percentage of total revenues from operations for fiscal 2016 and 2017 as per Ind AS.

	Fiscal Year Ended March 31,			
	2016	**%**	**2017**	**%**
		(₹ in millions)		
Passenger ticket revenue	140,624.22	87.1	161,970.72	87.2%
Ancillary revenue	20,019.98	12.4	22,667.58	12.2
Other operating revenue	754.89	0.5	1,166.70	0.6
Total revenue from operations	161,399.09	100	185,805.00	100.0

The following table sets out our passenger ticket revenue, ancillary revenue and other operating revenue as a percentage of total revenues from operations for fiscal 2015 and 2016 as per Indian GAAP.

	Fiscal Year Ended March 31,			
	2015	**%**	**2016**	**%**
		(₹ in millions)		
Passenger ticket revenue	122,938.97	88.3	140,624.22	87.1
Ancillary revenue	15,724.94	11.3	20,019.98	12.4
Other operating revenue	589.45	0.4	754.89	0.5
Total revenue from operations	139,253.36	100.0	161,399.09	100

We launched our corporate customer program in April 2008. Under this program, we offer volume discounts for tickets sold to corporate customers, which includes food items, beverages, preferred seating and ticket change or cancellations without charge.

Fares and Booking Management

We practice dynamic pricing and revenue management in line with the established practices of LCCs globally. Our yields for fiscal 2015, 2016 and 2017 and for the three months ended June 30, 2017 was ₹ 4.36, ₹ 3.91, ₹ 3.5 and ₹ 3.83, respectively. We calculate our yields by dividing our total passenger ticket revenue for a period by our RPKs for such period. In line with LCC principles, our fares are generally at their lowest the further in advance of the travel date that a particular booking is made and typically increases thereafter based on overall demand and vacant seats remaining on an aircraft. We follow typical revenue management principles to generate the desired load factors and revenue numbers, taking into consideration pricing, demand, competition, seasonality, traffic trends and flight timings. We do not overbook our flights. Our fares are established to be particularly attractive to price-sensitive leisure and business travelers. We publish a band of our fares on our website as is required by the DGCA for all airlines in India.

In August 2016, we launched our Flexible Fare and Lite Fare booking options. Flexible Fare tickets are targeted at frequent, business travelers and offer complimentary flight changes and seat selection. Lite Fare tickets are targeted at commuting business travelers, priced lower than regular tickets and restrict check-in baggage. In addition, our 6E SME Program offers discounted fares and a streamlined online booking interface for small and medium size businesses.

Ancillary Products and Services

Our revenue from ancillary products and services is comprised of (i) revenue from ancillary passenger related services, consisting of special services requests which includes seat selection, charges for infants, assistance for unaccompanied minors, excess baggage, ticket modifications or cancellations (including expiry of credit shell) and lounge use as well as convenience fees and (ii) revenue derived from products and services that are ancillary to our airline passenger services, consisting of cargo services, in-flight sales, commissions, advertisement, and tours and packages.

Our ancillary revenue was ₹ 5,805.78 million and ₹ 5,885.11 million for the three months ended June 30, 2016 and 2017, respectively, as per Ind AS.

The following table sets out our revenues from each of our ancillary products and services as a percentage of total revenues from ancillary products and services for fiscal 2016 and 2017 as per Ind AS.

	Fiscal Year Ended March 31,			
	2016	%	2017	%
	(₹ in millions except percentages)			
Revenue from Ancillary Passenger related services	10,464.66	52%	12,039.16	53%
Cargo services	7,576.65	38%	8,761.85	39%
Tours and packages	33.04	0%	33.04	0%
In-flight sales	1,726.31	9%	1,595.90	7%
Advertisement	218.87	1%	237.63	1%
Commission	0.45	0%	0.00	0%
Total Revenues from Ancillary Products and Services	20,019.98	100%	22,667.58	100%

The following table sets out our revenues from each of our ancillary products and services as a percentage of total revenues from ancillary products and services for fiscal 2015 and 2016 as per Indian GAAP.

	Fiscal Year Ended March 31,			
	2015	%	2016	%
	(₹ in millions except percentages)			
Revenue from Ancillary Passenger related services	7,608.24	48%	10,464.66	52%
Cargo services	6,538.80	42%	7,576.65	38%
Tours and packages	146.09	1%	33.04	0%
In-flight sales	1,290.28	8%	1,726.31	9%
Advertisement	138.60	1%	218.87	1%
Commission	2.93	0%	0.45	0%
Total Revenues from Ancillary Products and Services	**15,724.94**	**100%**	**20,019.98**	**100%**

Ancillary Passenger Services

Our charges for most of our ancillary passenger related services differ between our domestic and international routes with the exception of our flights to Kathmandu, where domestic rates are applied. Our revenue from ancillary passenger related services primarily consists of the following special service requests:

Seat selection — Through our "SeatPlus" service, passengers can select their preferred seats on their flights by paying a fee. Pricing differs by the location and type of seat selected, such as seats with extra leg room. Seat selection fees range from ₹ 200 to ₹ 600 for domestic routes and ₹ 300 to ₹ 800 for international routes.

Fast Forward — Priority check-in and baggage processing is available for passengers at select domestic airports. We charge for this service.

Assistance for unaccompanied minors — Children between ages five and 12 are accepted for travel without an accompanying adult for an additional fee of ₹ 1,500 on domestic routes and ₹ 3,000 on international routes.

Charges for infants — We charge ₹ 1,250 on domestic routes and ₹ 2,350 on international routes.

Ticket modification and cancellation —Our fees for ticket modification or cancellation is ₹ 2,250 for domestic flights and ₹ 2,500 for international flights.

Excess baggage — Passengers may check-in luggage without additional payment up to a limit of 15 kilograms for domestic flights, 20 kilogram for flights to Bangkok and Kathmandu and 30 kilograms for rest of our international flights. For check-in luggage in excess of these amounts, we charge ₹ 300 per kg on domestic routes and ₹ 525 per kg on international routes. Through our "IndiBags" service, we offer passengers reduced rates for the advance payment of excess luggage charges on our website.

Other Ancillary Products and Services

We generate additional revenue through the provision of other products and services that are ancillary to our core airline passenger services, consisting of the following:

- *6E Plus* —Our 6E Plus service allows passengers the flexibility to change or modify bookings as many times as they wish without any extra charges upon payment of a one-time charge of ₹ 1,500 per reservation.

- *Cargo Services* — We commenced our domestic cargo transport operations in March 2007. All of our cargo services are belly cargo services offered on our passenger aircraft. We seek to offer cargo services without compromising our flight turnaround times. Customers for our cargo transport operations include a number of prominent corporations in India, and are offered the ability to transport their cargo on our aircraft for a fee based on a combination of (i) the weight and / or type of the items transported on our aircraft and (ii) the distance such items are transported.

- *Tours and Packages* — Our "GetPacking" service offers customers the ability to purchase business and vacation packages in India, including airfare and hotel bookings, on our website.

- *In-flight Sales* — Our flight-related services include in-flight sales of a wide range of beverages and food, including soft drinks, juices, sandwiches, nuts, cookies and other packaged food items. Through our "IndiCombo" service, passengers have the option to purchase in-flight food and beverage combos at fixed prices prior to boarding. We also provide our passengers with an in-flight catalogue to purchase merchandise such as perfumes, sunglasses, watches and other IndiGo-branded merchandise.

- *Advertisement* — We earn advertising revenue through various product and service promotions on our boarding passes, baggage tags and tray tabletops, and in our tarmac coaches and inflight magazines.

- *Travel Assistance* —We have entered into business arrangements with authorized third parties under which such third parties make their travel assistance products, such as trip insurance, available to our customers through our website.

We continually evaluate new ancillary products and services for our customers in order to generate additional revenue. Our ancillary products and services revenue (including cargo services revenue) aggregated to 11.3% of our revenue from operations in fiscal 2015 as per Indian GAAP and to 12.4%, 12.2% and 10.2% of our revenue from operations in fiscal 2016 and 2017, and the three months ended June 30, 2017, respectively, as per Ind AS.

Our Fleet

Current Composition of Fleet

As on the date of this Red Herring Prospectus, we have a fleet of 139 aircraft. Our fleet of 135 aircraft as of June 30, 2017 comprises 113 Airbus A320s and 22 A320neos. We placed a firm order with Airbus for 100 A320 aircraft in June 2005, all of which were delivered by November 3, 2014, about two years ahead of the initially scheduled final delivery date, 84 of which remained in our fleet as of June 30, 2017. Our A320neos Order comprises firm orders with Airbus for 180 A320neo aircraft in June 2011 and 250 A320neo aircraft in August 2015. We have taken delivery of 22 A320neo aircraft under our A320neos Order as of June 30, 2017. We were one of the first airlines globally to order, and in 2016 became the first airline in Asia to take delivery of, the A320neo aircraft, according to Airbus. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order which are due towards the end of calendar year 2018.

We believe that the magnitude of our 2005, 2011 and 2015 aircraft orders helped us to negotiate favorable terms with Airbus and our other aircraft-related suppliers and service providers, which provides us with a structural cost advantage by reducing the overall costs associated with the acquisition, maintenance and operation of our aircraft.

We placed an order with ATR in August 2017, for the purchase of up to 50 ATR 72-600 –ºß¸ ƗøߏƗø#aircraft. We expect to launch our turboprop operations by the end of calendar year 2017 and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018.

We are entitled to receive certain incentives from engine and component providers, which are granted at the time of delivery of each aircraft and upon the achievement of certain milestones. These deferred incentives are typically not assigned to third-party lessors in connection with the assignment of our right to purchase aircraft under our aircraft purchase agreements with Airbus and ATR as well as the engine manufacturers and are accordingly retained by our Company. We have the option to apply these incentives towards credit for any payments due to the engine manufacturers or to receive these incentives in cash from the engine manufacturers at the time of aircraft delivery. Historically under our aircraft orders with Airbus, we have received these incentives substantially in the form of cash.

By building a uniform fleet for each type of operations, we believe that our spare parts and training requirements are reduced, which contributes to us maintaining low fares. All of our narrowbody operations utilize Airbus A320 family aircraft and our turboprop operations will utilize ATR 72-600 –ºß¸ ƗøߏƗø#aircraft from ATR. Having a uniform fleet also allows us to use any aircraft for any route, thereby simplifying and increasing the flexibility of our flight scheduling arrangements. Due to the similarities between A320, A320neo and A321neo model aircraft within the A320 family, we believe that we will continue to benefit from fleet uniformity as we increase the number of A320neo aircraft in our fleet and begin taking delivery of A321neo aircraft towards the end of calendar year 2018. Except for several of our previously-used aircraft on short-term leases, all of our Airbus A320 aircraft carry the V-2527-A5 variant of the V2500 engine manufactured by IAE AG. To further increase the uniformity of our fleet, the first 150 aircraft delivered under our A320neos Order will carry PW1100G-JM Geared Turbo Fan (GTF) engines manufactured by International Aero Engines, LLC, or IAE LLC, including the 22 A320neos that have been delivered to us as of June 30, 2017. In respect of the PW1100G-JM GTF engines, we entered into an engine purchase and comprehensive maintenance agreement with United Technologies International Corporation through its Pratt & Whitney division, which agreement was subsequently assigned to IAE LLC. We have yet to select the engines for the remainder of the aircraft in our A320neos Order. All of our ATR 72-600 –ºß¸ ƗøߏƗø# aircraft will utilize PW127M engines manufactured by Pratt & Whitney, Canada. This uniformity lowers costs by allowing us to have common maintenance procedures, training and spare part inventories.

The seating configuration of our aircraft is optimized to maximize passenger carrying capacity on each flight. Our current A320 family aircraft each have 180 seats. Going forward, most of our A320neo aircraft expected to be delivered towards the end of calendar year 2017 and onwards will have 186 seats and our A321neo aircraft expected to be delivered towards the end of calendar year 2018 and onwards will have 232 seats compared to our current A320 family aircraft, which have 180 seats. All of the seats in our current A320 and A320neo aircraft are, and all of the seats in the aircraft to be delivered under our A320neos Order will be, economy class seats. Therefore, we believe that increasing the number of A320neo and A321neo aircraft in our fleet in the coming years can help us to gradually increase our capacity.

As of June 30, 2017, we have added 29 previously-used A320 aircraft on short-term leases and extended the operating leases of some of our current aircraft to help meet our short-term capacity needs. The average lease term for the used aircraft in our fleet was 3.5 years, as of June 30, 2017.

Financing of Fleet

Our fleet of 135 aircraft as of June 30, 2017 comprises 118 aircraft on operating leases, 14 aircraft on European Export Credit Agency-backed finance leases and 3 aircraft purchased with internal funds. Our aircraft on operating lease include 29 previously used A320 aircraft on short-term operating leases from third-party lessors.

The basic price for each of the firm-order aircraft delivered pursuant to our A320neos Order is increased or decreased by any change to the standard specifications of the aircraft and is increased by an "escalation factor" designed to increase the basic price of any individual aircraft to reflect increases in the published U.S. Employment Cost and Producer Price indices from the time the basic price is set to the date twelve months prior to the delivery of such aircraft. We are required to pay certain pre-delivery payments under our aircraft purchase agreements with Airbus and ATR. Pre-delivery payments are funded through a combination of debt and equity. We have entered into a loan agreement for funding certain portions of the pre-delivery payments. The balance amount is being paid through our internal accruals. We have made all the required pre-delivery payments due till date to Airbus and ATR under our respective purchase agreements.

On September 17, 2014, we signed a memorandum of understanding with Industrial and Commercial Bank of China Limited ("**ICBC**"), under which ICBC will provide us with aircraft financing for up to US$2.6 billion through sale-and-leaseback agreements, finance leases or commercial loans.

Historically, we have financed the majority of our aircraft on operating leases using a sale-and-leaseback structure. We intend to complement our current sale-and-leaseback aircraft financing structure with a higher proportion of owned A320 family and ATR aircraft. We believe that we can gradually reduce our higher aircraft lease expenses while assuming relatively lower costs associated with aircraft ownership. We intend to use a portion of the proceeds from this Issue and internal resources to fund future aircraft ownership in addition to considering third-party financing options that may be available to us from time to time.

Operating leases

To date, we have generally assigned our right to purchase each aircraft under our purchase agreements with Airbus to a third-party lessor and lease the aircraft from the lessor following delivery of the aircraft under a sale-and-leaseback agreement. Under the terms of our assignment, third-party lessors are typically required to pay the agreed purchase price between the lessor and us for each delivered aircraft directly to Airbus. The title of the aircraft then resides with the lessor. At the end of the lease, the aircraft is returned back to the lessor who takes on the residual value risk associated with the aircraft.

All of our operating leases are sale-and-leaseback agreements as of June 30, 2017, other than short-term leases of 29 used aircraft to meet our short-term capacity requirements. Under our current operating lease agreements, we typically pay a monthly rental, comprised of base and supplemental rental. Base rentals are either a fixed or variable monthly amount, with the variable amount based on floating interest rates pegged to the USD London Interbank Offered Rate, or USD LIBOR. Supplemental rentals vary from lease to lease and are largely based on aircraft utilization, which is calculated based on the number of hours or cycles operated in each month.

We receive non-refundable incentives from manufacturers upon the delivery of aircraft and engines and upon the achievement of certain milestones. The application of purchase incentives and other deferred incentives, which are amortized over the initial terms of the operating leases results in a net reduction in our aircraft rental payments. Lease rentals are also net of certain credits which are in the nature of reimbursements and claims.

All of our aircraft on operating leases as of June 30, 2017 have fixed rate leases, which protects against any volatility in USD LIBOR floating interest rates.

Our operating lease payments primarily include base rentals, supplemental rentals and spare engine lease payments, and which are net of amortized incentives and certain other credits and accounted for 15.7% of our total expenses in fiscal 2015 as per Indian GAAP and 18.1%, 18.1% and 17.7% of our total expenses in fiscal 2016, 2017 and for the three months ended June 30, 2017, respectively, as per Ind AS.

Finance leases

We also finance aircraft using commercial or export credit-backed lenders. Under these finance leases, we generally assign our right to purchase an aircraft under our purchase agreement to a special purpose vehicle ("**SPV**") that is formed by lenders and leases the aircraft to us under a finance lease agreement. Under the terms of the assignment, the SPV is typically required to pay the agreed loan amount between the lender and us for each delivered aircraft directly to the manufacturer with a certain amount of equity contribution from us. The title of the aircraft is held by the SPV, which is controlled by the lender. At the end of the lease, the aircraft may be purchased by us for a nominal value.

Under our current finance lease agreements, we typically pay a quarterly lease amount comprised of (i) scheduled amortizing quarterly payment and (ii) interest based on floating rates pegged to the USD LIBOR.

As is customary in the aviation industry, our operating and finance lease agreements contain termination events. These agreements also typically contain cross default clauses, whereby a default under any one of the lease agreements may be treated as a default under the other lease agreements.

Owned aircraft

As of June 30, 2017, we owned 3 aircraft in our fleet. We retired the debt for these aircraft using a portion of the proceeds from our initial public offering. We believe that our A320neos Order afford us an opportunity to lower our costs by complementing our current sale-and-leaseback aircraft financing structure with a higher proportion of owned aircraft.

Future Fleet Growth

Our A320neos Order has secured a series of scheduled deliveries from November 2015 to December 2025, subject to any delivery advancements or deferrals to be negotiated with Airbus. We have taken delivery of 22 aircraft under our A320neos Order as of June 30, 2017.

In August 2017, we placed an order with ATR for the purchase of up to 50 ATR 72-600 –ºß¸ łøßłø‡aircraft. We expect to launch our turboprop operations with ATR 72-600 –ºß¸ łøßłø‡aircraft by the end of calendar year 2017 and to have 20 ATR 72-600s in our fleet by the end of calendar year 2018. In addition to expanding our market presence, we anticipate that our future turboprop operations will enable us to serve new cities and markets, including "tier 2" and "tier 3" cities in India.

We believe that we have considerable flexibility to prudently manage the expansion of our fleet. We took delivery of all 100 aircraft under our 2005 order by November 3, 2014, about two years ahead of the initially scheduled final delivery date as a result of our advancement of deliveries to meet our capacity needs. Our contract with Airbus, subject to certain terms and conditions, may allow us to advance or defer aircraft deliveries. We may also be able to advance or defer aircraft deliveries under our order with ATR, subject to negotiation with the manufacturer. Our A320neos Order includes the right to convert a certain number of A320neo aircraft into A321neo aircraft, which we have exercised in respect of a portion of our order. We expect to begin taking delivery of A321neos towards the end of calendar year 2018. The A321neo offers increased seating capacity and maximum landing and take-off weight over the A320neo.

As of June 30, 2017, we have added 29 previously-used A320 aircraft on short-term leases and extended the operating leases of some of our current aircraft to help meet our short-term capacity needs. The average lease term for the used aircraft in our fleet was 3.5 years as of June 30, 2017, with similar specifications and, in most cases, the same engine type as our A320 aircraft delivered from Airbus. If our existing fleet (including our used aircraft on short-term leases) and our scheduled deliveries under our A320neos Order are insufficient to meet our short, medium or long term expansion needs going forward, we may extend additional leases and/or lease additional used aircraft.

For more information on future fleet growth, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations—Planned Capital Expenditures***".

Sales Channels

Our Navitaire reservation system allows us to host our schedule and ticket inventory on a real-time basis and offer sales through different channels, including our website *www.goindigo.in*. We primarily sell air tickets through travel agents and our website. In addition, in September 2016, we entered into a strategic partnership with Travelport International Operations Ltd. – UK and Travelport LP – U.S., or, collectively, Travelport, to sell our tickets and ancillary products through Travelport's Travel Commerce Platform, a global distribution system used by travel agencies throughout India and key international markets.

For the three months ended June 30, 2017, 44.1% of our ticket sales by volume were made through traditional travel agents, 36.5% through online travel agents, 12.7% through our website, 5.1% through our call centers and airport desks and 1.6% through our mobile platform. For the year ended March 31, 2017, 46.0% of our ticket sales by volume were made through traditional travel agents, 32.8% through online travel agents, 14.3% through our website, 4.6% through our call centers and airport desks and 2.3% through our mobile platform. Please see the section "*Risk Factors—Risks Relating to Our Company—We have in the past entered into related party transactions and may continue to do so in the future*".

Traditional Travel Agents and Online Travel Agents

We sell tickets through traditional travel agents and online travel agents. Both traditional and online travel agents make bookings using a designated log-in on our website or application programming interfaces, or APIs, and pay using prepaid credit accounts. In fiscal 2015, 2016 and 2017 and the three months ended June 30, 2017, ticket sales made through traditional travel agents represented 51.6%, 48.9%, 46.0% and 44.1%, respectively, of our ticket sales volume and ticket sales made through online travel agents represented 26.4%, 30.3%, 32.8% and 36.5%, respectively, of our ticket sales volume.

Website

Our website, *www.goindigo.in*, was launched in 2006. Our website is designed to provide a user-friendly interface to our customers and is reviewed and upgraded from time to time. Purchases of tickets by passengers directly via our website represented 16.1%, 15.9%, 14.3% and 12.7% of our ticket sales volume in fiscal 2015, 2016 and 2017 and the three months ended June 30, 2017, respectively.

Using our website, customers can review the availability and fares of tickets of any of our flights and book, purchase and check-in to their flights. Our website displays fares and booking options for one-way and round-trip reservations. Our fares are displayed in Indian Rupees, U.S. Dollars, British Pounds and Euros, as well as the currencies of our 6 international destinations. All travel with our airline is paper-ticketless, thereby eliminating costs associated with printing, mailing and modifying paper-tickets, as well as re-issuing lost or stolen paper-tickets. We charge a convenience fee of ₹ 200 for credit cards and Net Banking on bookings made on our website to offset the cost involved in online transactions as of June 30, 2017.

We have our own online travel booking system, which offers business and vacation packages, including air tickets, hotels and tours. Our website allows customers to book a multi-leg journey using a single passenger name record and provides a comparison tool to determine the lowest fares between two cities. Our website also offers a group booking platform for parties of ten or more travelers to manage large bookings, including through customized fare quotes and flexibility to modify the list of travelers up to 21 days prior to the flight.

Through our website, we also offer our passengers options to pick their own seat, pay for excess luggage charges and in-flight meals at a discounted rate and purchase travel insurance and other ancillary services. Please see *"—Ancillary Products and Services*."

Mobile Sales

We have launched a mobile app for customers on Android, Windows and iOS devices which had over 6 million downloads as of June 30, 2017. Our mobile platform allows customers to book flights, check-in, block seats, check flight status and flight schedules in real-time and view in-flight menus. Our mobile app includes a guide for each of our destinations. We offer a variety of payment options through our mobile app, including all major debit and credit cards and online fund transfers from bank accounts. Customers also have the option to hold flight bookings and make payments at a later time. Purchases of tickets by passengers directly through our mobile platform represented 1.1%, 1.9%, 2.3% and 1.6% of our ticket sales volume in fiscal 2015, 2016 and 2017 and the three months ended June 30, 2017, respectively.

Call Centers and Airport Desks

Our call center operations are outsourced to our affiliate, InterGlobe Technologies Private Limited, which operates call centers in Gurugram and Chennai. Please see the section "***Risk Factors—Risks Relating to Our Company—We have in the past entered into related party transactions and may continue to do so in the future***" beginning on page 54. At each airport in which we operate, we have a dedicated customer service team to assist passengers and customers. Call center and airport representatives use the "Sky Speed Call-Center Reservation System", which is hosted by Navitaire, to book, cancel or change flight reservations.

Ticket purchases by our passengers through our call centers and airport desks represented 4.8%, 3.1%, 4.6% and 5.1% of our ticket sales volume in fiscal 2015, 2016 and 2017 and the three months ended June 30, 2017, respectively. We charge a booking fee of ₹ 200 per segment for flight reservations at our call centers and airport desks.

Direct Corporate Sales

We sell tickets directly to corporate customers through a dedicated team of individuals. In fiscal 2015, 2016 and 2017 and the three months ended June 30, 2017, direct sales to corporate customers through our dedicated team of individuals represented 12.6%, 11.9%, 10.8% and 10.6%, respectively, of our ticket sales volume. In addition, we sell tickets to corporate customers through our designated travel agents.

Payments by Credit and Debit Cards and On-line Transfers

Most of the sales on our website, call centers and airports are paid via credit cards, debit cards and online fund transfers from bank accounts. Our online and airport desk bookings are payable by credit or debit card, allowing us to charge transaction fees. At call centers, customers can pay by credit card using interactive voice response technology for payment security. Alternatively, our customers without a credit or debit card may make a reservation on our call center and deliver payment to designated travel agents, called IndiGo fulfillment centers, or to our airport desks within 24 hours of such reservation, except in the last 72 hours before a flight. The agent collects the price to be paid and completes the payment. Travel agents transacting through their agency funds also have to go through a validation and authentication process which ensures no misuse of their funds.

Selling and Distribution

Our strategy is to communicate directly with potential customers and emphasize our low fares and on-time service. In doing so, we primarily advertise our services on our website, through the Internet, television broadcasts and in the print media. We also brand airport facilities including terminals, landmarks and billboards. We use our trademarks to promote our brand as well as our simple brand message of providing “low fares, on-time flights and a courteous, hassle-free service” to our passengers.

We also develop strategies which are specifically aimed at multinational, online, retail and corporate travel agents. We regularly use email and online campaigns to market our brand to customers as well as traditional and online travel agents. Our advertisements focus on our on-time performance, route map, industry accolades and awards and customer service. We work with a public relations agency and an advertising firm to develop marketing strategies and launch advertisement campaigns, an example of which was our campaign emphasizing our on-time performance. Other marketing activities include the distribution of advertising and promotional material and cooperative advertising campaigns with other travel-related entities, such as online travel agents. Our in-flight catalog is also used for advertising. We also advertise in regional languages to promote our brand name to targeted market segments, especially at the commencement of a new route.

We supplement our advertising expenses by leveraging cost-effective public relations opportunities and being proactive and creative in our various promotions and campaigns. For example, we have run campaigns and advertisements in several newspapers and magazines, as well as on television and billboards. We also periodically run special promotional fare campaigns such as offering discounted seats on new routes to stimulate demand and to encourage visits to our website.

We have a dedicated social media team that actively generates and monitors content on social media platforms. We use social media such as Twitter and Facebook to address customer queries and to communicate information and offers concerning our services to customers. We had 599,733 “likes” of our IndiGo Facebook page and 116,004 followers on Twitter as of June 30, 2017.

This combination of selling and distribution activity enables us to effectively control our selling and distribution costs and ensures continuous reductions in expenses as a percentage of our total expenses. In fiscal 2015, , our selling and distribution costs represented 7.0% of our total expenses as per Indian GAAP and in fiscal 2016 and 2017 represented 6.5%, and 5.3% of our total expenses as per Ind AS, respectively.

Customer Service

It is our strategy to consistently offer low fares and provide reliable service that meets or exceeds our customers' expectations. We regularly monitor our performance in relation to on-time performance, lost baggage, cancelled flights and customer relations.

We believe that we deliver quality in-flight services through our cabin crew who are recruited through a rigorous hiring process and undergo various training courses which are also refreshed annually and comply with guidelines stipulated by the DGCA and our internal performance standards. These training courses include service procedures, customer care, safety and grooming.

We have also implemented several other business practices to enhance our customer service, such as providing step-less and wheelchair-accessible portable boarding ramp facilities, flexibility to select seats prior to departure, the option to pre-pay any excess luggage charges at a discounted rate on our website, and in-flight sales of food, beverages and other merchandise along with the option to pre-pay for food and beverages on our website. We use technology to enhance our customer service, including enabling our passengers to book flights, check flight status and check-in via an internet enabled cell phone or on the Internet, or via self-check-in KIOSK machines at majority airports.

As a low-cost, no-frills airline, our airline generally does not provide any free in-flight food or beverages. While we provide complimentary food and beverages to our corporate customers, our individual customers are required to pay for food and beverages offered on our flights. Passengers may purchase a range of in-flight meals before or during their flight, the former of which is at a discounted rate. While we do not provide any in-flight entertainment on our flights in order to reduce costs, we offer passengers merchandise for purchase on our flights, such as souvenirs (IndiGo-branded merchandise) and other consumer products.

In addition, as part of our in-flight service experience, we place an emphasis on the maintenance and upkeep of our cabin interiors whereby upholstery and carpeting are regularly checked, repaired or replaced as required.

We have received industry accolades since our inception recognizing our customer service. For instance, we received the award for "Best Low-Cost Airline in Central Asia/India" at SkyTrax World Airline Awards for eight consecutive years from 2010 to 2017 and the "Best Operational Excellence Worldwide" award in the large fleet category by Airbus in 2016 and 2017.

Customer inquiries and complaints are monitored by a dedicated team. We seek to address and resolve complaints and questions as soon as possible.

Ground Operations

Passenger handling is carried out by our employees at all domestic airports that we serve. Passenger handling services include check-in and boarding services. Other airport operations, including security screening of passengers and their carry-on baggage, are the responsibility of the authorities at the airports.

We outsource certain aspects of our ground handling services to third parties (excluding airports in Srinagar, Jammu and Lucknow) including the (i) loading and unloading of baggage, (ii) movement of passengers, crew and towable ground support equipment, (iii) cleaning of aircraft and (iv) fumigation of aircraft (only done at the New Delhi, Mumbai, Kolkata, Bangalore, Hyderabad, Chennai, Jaipur and Ahmedabad airports). The term of these ground handling contracts is generally for one year and may be terminated without cause by either party with prior notice.

The National Civil Aviation Policy of 2016, or the NCAP, requires domestic scheduled airline operators to either carry out their own ground handling services or to use authorized ground handling agents to be notified by the Government of India. The Government of India is in the process of formulating detailed regulations for ground handling activities to implement the NCAP. Given that such regulations are expected to be notified soon, our Company has incorporated a wholly-owned Subsidiary, the principal business of which will be to carry out ground handling activities.

We pay airport charges each time we land or access facilities at the airports we serve. Depending on the policy of the individual airport, such charges can include landing and parking fees, passenger service charges and security fees. In addition, as stipulated by airport operators, we regularly claim collection charges from passengers for airport levies such as passenger service and user development fees and which are passed on to the respective airport operators.

As part of our low-cost strategy, we seek to negotiate advantageous terms for certain airport charges and other rebates where possible. Additionally, we have sought to make timely payments to all our vendors and suppliers since our inception, which has contributed to discounts on our operational expenses.

Landing fees and en-route charges accounted for 8.7% of our total expenses in fiscal 2015 as per Indian GAAP and 10.2%, and 10.8% of our total expenses in fiscal 2016 and 2017, respectively, as per Ind AS.

Flight Operations and Operations Control

We have a centralized operations control center located at our head office in Gurugram, Haryana which monitors and directs the execution of our flight schedule while making the optimum use of resources.

We are committed to achieving industry leading on-time performance and operations reliability. Our average domestic on-time performance at four of India's leading airports (New Delhi, Mumbai, Bengaluru and Hyderabad) was 85.4% for the three months ended June 30, 2017, 79.8% in fiscal 2017, 83.8% in fiscal 2016 and 86.7% in fiscal 2015, and ranked first in domestic on-time performance in the three months ended June 30, 2017, according to the DGCA.

In fiscal 2015, 2016 and 2017 and the three months ended June 30, 2017, our airline had technical dispatch reliability of 99.95%, 99.95%, 99.89% and 99.85%, respectively, as measured by Airbus. Technical dispatch reliability refers to the percentage of total departures that depart within 15 minutes of the scheduled departure time.

We use the Airborne Communications, Addressing and Reporting System, or ACARS protocol. ACARS enables the automation of aircraft operational processes and has been shown over many years to contribute towards the efficient operation of aircraft, to the on-time performance and also contributes to cost efficiency.

The role of the operations control center is particularly important during irregular operations, such as fog, technical delays and diversions, to decide on the continuation, diversion or termination of flights. In an emergency situation, the operations control center is responsible for activating an emergency response plan in consultation with the President of the Company. The operations control center includes operations and maintenance controllers, flight dispatchers, crew schedulers, logistics specialists, meteorologists and a social media team.

We use the Integrated Operations Control solution by AIMS to manage all functions in our operations control center, including decision-making concerning crews, aircraft scheduling and passenger load sheets.

Maintenance, Repair and Overhauls

We maintain our aircraft in accordance with standards that meet Indian regulatory standards. We outsource most of the maintenance of our aircraft and engines. For maintenance of the components of our engines and aircraft, we have also entered into several fleet hour agreements with the following counterparties:

- IAE AG and IAE LLC for comprehensive engine maintenance and spare engines for our A320 and A320neo aircraft, respectively;
- Honeywell for auxiliary power units and line replacement units for our A320neo aircraft;
- Safran Landing Systems for wheels and brakes for our A320;
- Air France Industries for various aircraft components including rotables; and
- Honeywell, Thales and Rockwell Collins for certain avionics components.

We outsource C-checks, which are major maintenance checks on our aircraft once they have flown 7,500 flight hours, to approved maintenance, repair and overhaul facilities. For C-checks contracts, we aim to achieve the lowest possible costs without compromising on quality by awarding maintenance contracts to third parties through a competitive bidding process.

We proactively plan our engineering and maintenance tasks and generally book slots for C-checks in advance. In addition, we are a DGCA-approved Aircraft Maintenance Organization, and have the required certification and employees with the appropriate training to conduct in-house maintenance up to 7,500 flight hours. We comply with regulatory requirements in the areas of maintenance, training or quality control, and we maintain our aircraft in accordance with manufacturer recommendations. We have in-house quality assurance and technical services departments that are staffed with trained and qualified personnel to ensure that we meet applicable regulatory requirements.

Many of our engineering staff are licensed A320 engineers with significant experience in the airline industry. We use AMOS, a dedicated engineering maintenance software that we license from Swiss Aviation Software Limited, to monitor and manage the maintenance activities of our aircraft. We also receive software upgrades and support services from Swiss Aviation Software Limited. We also use AIRMAN software from Airbus, which optimizes the maintenance and troubleshooting of our aircraft and helps us to improve our flight dispatch reliability.

Our primary hub for maintenance activities is located at the Indira Gandhi International Airport in New Delhi. We operate an environmentally-controlled bonded warehouse for storing spare parts and inventory. We believe that we currently have enough spare parts and inventory through our maintenance agreements to satisfy our operational needs.

Maintenance expense (including consumption of stores and spares, repairs and maintenance) accounted for 3.3% of our total expenses in fiscal 2015 as per Indian GAAP and 4.1%, and 5.1% of our total expenses in fiscal 2016 and 2017, respectively, as per Ind AS.

Managing Fuel Costs

Aircraft fuel is a major cost component for airlines. The cost of our aircraft fuel has fluctuated significantly in recent years, accounting for 46.1% of our total expenses in fiscal 2015 as per Indian GAAP and 34.6%, 36.8% and 36.4% of our total expenses in fiscal 2016 and 2017 and the three months ended June 30, 2017, respectively, as per Ind AS.

In India, aircraft fuel is currently available for domestic purchase primarily from three government-controlled companies (Indian Oil Corporation Limited, or IOC, Bharat Petroleum Corporation Limited, or BPCL and Hindustan Petroleum Corporation Limited, or HPCL) and two private companies (Shell MRPL Aviation Fuels and Services Private Limited and Reliance Industries Limited). We purchase more aircraft fuel from IOC than any other supplier. IOC fuel expenses accounted for 33.9%, 20.9%, 21.1% and 19.2% of our total expenses in fiscal 2015, 2016 and 2017 and the three months ended June 30, 2017, respectively.

Pursuant to a government policy allowing Indian carriers to import fuel for their own use, we obtained all necessary approvals and permits and began importing fuel in April 2014 to reduce our dependence on domestic suppliers.

The cost of aircraft fuel has not been able to be predicted with any degree of certainty. Since our inception, we have not undertaken any forward fuel purchases or other hedging strategies with respect to our fuel purchases. However, we have developed a platform to hedge fuel, which has included, among other things, obtaining necessary governmental approvals and establishing relationships with potential hedging counterparties, if required.

We have implemented the following measures concerning our aircraft which are designed to minimize fuel consumption:

- *A320neo aircraft:* We have an order book of 430 Airbus A320neo aircraft (including the right to convert a certain number of A320neo aircraft into A321neo aircraft), of which 22 A320neos had been delivered as of June 30, 2017. The A320neo aircraft incorporate more efficient engines and large wing-tip devices called "sharklets" and deliver improved fuel savings, according to Airbus. A320neos currently give us about 15% better fuel efficiency compared to current generation A320 aircraft without sharklets, which has reduced our fuel consumption per block hour as these aircraft have entered our fleet.

- *Sharklets:* In addition to the A320neos, all of the A320 aircraft delivered to us by Airbus since January 2013 have also been equipped with sharklets which, according to Airbus, reduce fuel consumption compared to A320 aircraft which are not fitted with sharklets because of their improved aerodynamics.

- *V2500 Engines:* All of the A320 aircraft delivered to us by Airbus since September 2008 use the V-2527-A5 variant of the V2500. These engines use various technological advances intended to reduce aircraft fuel consumption compared to previous IAE engines.

- *Aircraft Weight:* Fuel consumption is directly proportional to the weight of an aircraft. We have sought to reduce the weight of our aircraft by selecting lighter seats and by choosing to not have in-flight entertainment systems.

We have implemented fuel consumption policies which are taught to all pilots and engineering staff. These policies include actions such as carrying sufficient fuel based on air traffic trends to avoid unnecessary re-fueling, installing software for fuel-efficient flight path planning, restricting the use of auxiliary power units, employing continuous descent approaches and economy cruise speeds, minimizing aircraft weight by removing unnecessary equipment and optimizing engine settings for take-off and climb. In addition, we have adopted fuel policies designed to reduce costs on the ground including the use of ground equipment in place of more fuel-intensive aircraft auxiliary power units, single-engine taxiing on the ground and other engineering and operational protocols. These policies are all designed to optimize fuel consumption and thereby reduce costs.

Safety and Security

We strive to follow best safety practices and our commitment to safety and security is reflected in the maintenance of our aircraft and engines, the extensive training given to pilots, cabin crew and employees and the strict policies and procedures in compliance with the local regulations, international standards and best practices regarding all areas of our business that are involved with the operation of our aircraft.

Safety

Our commitment to safe operations is apparent through our participation in internationally recognized safety audits and our safety training procedures, investment in safety-related equipment, collection of flight data for analysis and oversight of equipment and use of systems and procedures relating to safety standards.

The International Air Transport Association, or IATA, Operational Safety Audit, or IOSA, program is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline. Although we are not a member of IATA, we successfully completed an IOSA audit in August 2014. IOSA certification certifies our commitment to meeting international safety standards which we believe helps to reduce our insurance premiums. In addition, we have undergone the Line Operation Safety Audit, or LOSA, conducted by the U.S.-based LOSA Collaborative.

All training programs for our pilots, cabin crew, engineers and dispatchers are approved by the DGCA. Our operation control procedures and flight crew training standards are regularly audited for compliance with Indian legislation by both DGCA and us. We have developed emergency response procedures and regularly conduct drills and training sessions for key personnel.

We have a comprehensive and documented safety management system, including safety procedures and safety-related data collection, which is designed to identify and report hazards or incidents and ensure that our employees understand their responsibility in ensuring safety standards are met. We have installed software on all of our aircraft to report engine performance and maintenance data to our centralized operations control center in Gurugram. We use the information reported through all reporting systems to carry out risk assessments, manage any identified hazards and improve flight and other operating procedures.

We perform safety audits, inspections, surveys and studies as part of our quality assurance program. We also regularly meet with third parties such as the DGCA, IATA and the Gulf Flight Safety Committee to share information relating to hazards, safety-related matters and best practices. Our safety procedures are established by a safety committee that is chaired by our President and comprises of senior management with responsibility for safety and security matters and the heads of each operating department.

Security

While relevant airport operators are responsible for security screening of checked baggage at Delhi, Mumbai, Hyderabad, Bengaluru, Chennai (International Terminal), Kolkata (International Terminal) Kochi (International Terminal) and Ahmedabad airports, at all other airports such security screening is undertaken by IndiGo employees. Screening of passengers and their carry-on baggage is the responsibility of the airport security groups such as the Central Industrial Security Force at all airports except within Jammu and Kashmir where the function is performed by the Jammu and Kashmir police department. In addition, our security staff perform secondary ladder point checks for all passengers on flights originating from Jammu, Srinagar, Agartala, Dibrugarh, Guwahati, Imphal and Dimapur as per the Bureau of Civil Aviation Security, or BCAS, requirements, while at other locations these secondary checks are performed during periods of high alert or upon receiving specific information from the BCAS.

All of our potential employees for positions involving implementation of aviation security procedures are recruited in accordance with BCAS guidelines, which include undergoing thorough background checks, including local police or special branch verification, before being permitted access to relevant airports. All security staff are required to undergo mandatory initial and refresher security courses in accordance with IndiGo Security Program (approved by BCAS) and are trained to handle various contingencies such as potential security breaches, dangerous goods, discovery of suspect or prohibited articles, aircraft hijacking, bomb threats and unruly passengers. Appropriate initial and refresher training is also provided to our cockpit and cabin crews with respect to awareness of dangerous goods and related security issues such as handling aircraft hijackings and bomb threat situations.

BCAS oversees security procedures in Indian civil aviation, whereas the DGCA oversees safety procedures in Indian civil aviation. As such, we are governed by the appropriate regulations of BCAS and the DGCA with respect to our operations.

Recruitment and Training

Pilots

Our pilot recruitment criteria are higher than the standards required by the DGCA. Generally, we require our Indian national captains to have a minimum of 3,000 hours of flying experience and 300 hours of command experience and our expatriate captains to have a minimum of 4,000 hours of flying experience and 500 hours of command experience on A320 aircraft. Additionally, we require our pilots to undergo simulator assessment checks in Bengaluru.

We recruit experienced pilots who are qualified on the A320. We also hire non-type rated pilots who complete a comprehensive training program to become type-rated. We verify the validity of the qualifications of every pilot that we hire. We have contracts with various DGCA-approved training facilities with full flight simulator training devices, including the CSPTL center in Noida, CAE centers in Bengaluru, Dubai, Madrid and Brussels, CTC Aviation Group Limited in the UK and the Flight Simulation Technique Center in Gurugram. Our pilots also undergo regular training in accordance with our requirements and relevant regulations, together with cockpit resource management and other safety equipment and emergency procedure training.

No separate type-rating is required for an A320 type-rated pilot to operate A320neo or A321neo aircraft. According to Airbus, a half-day ground course is sufficient for an A320 type-rated pilot to transition to A320neos or A321neos.

We have begun recruiting experienced pilots who are qualified on the ATR 72-600. We may also hire non-type rated pilots and qualify them to operate the ATR 72-600. Currently, there are no ATR 72-600 training centers in India and, therefore, our ATR pilots will receive the requisite training internationally at training centers in Toulouse, Singapore or Bangkok.

Cabin Crew

We have formulated and implemented a recruitment policy for our cabin crew. We consider educational qualifications, communication skills and personality traits of every candidate, and we recruit candidates who have clear speech, a positive attitude and mindset and exhibit courteous behavior.

All of our cabin crew undergo an initial program of training called “Ab initio” training, irrespective of their previous experience, at our in-house training facility ‘iFly’ in Gurugram. Training courses for cabin crew include safety equipment and emergency procedure training, first aid, cabin familiarization, in-flight announcements, grooming, customer service, in-flight selling skills and sensitivity training for interacting with passengers with special needs. Training programs include practical experience in A320 family aircraft simulators. Certain safety and regulatory components of this program have been approved by the aviation regulators, including the DGCA and BCAS.

Our cabin crews also undergo training in areas such as crew resource management, handling of dangerous goods, managing disruptive passengers and security awareness courses, and we require certain courses to be completed annually. Our cabin crew are also required to attend recurring courses on first aid and safety equipment and emergency procedure every year.

Employees

As of June 30, 2017, we had 15,368 employees, including 2,162 pilots, 3,923 cabin crew, maintenance and overhaul personnel, ticketing and sales personnel and other personnel. We are adequately staffed not only for our current operations but also for our anticipated future growth. In addition, we have retained a number of third-party consultants to provide various services to us on a contractual basis. Furthermore, we contract with vendors to provide various services at the airports where we operate, including baggage loading and unloading, aircraft cleaning, wheelchair assistance and other services.

Our staff remuneration policy focuses on maximizing efficiency and productivity while keeping our staff motivated and committed to our Company. We offer our management and administrative employees a range of incentives and loyalty bonuses.

In addition to industry competitive base compensation, we also provide sector pay in relation to hours flown for all flight crew. Flight crew may also qualify for other loyalty and profit related bonus schemes. Additionally, our cabin crew receive commissions for in-flight sales.

Employees of our airline are not members of any labor union. We have not experienced any labor strikes or work stoppages since our inception.

Our continued success depends, among other factors, on the support and dedication of our management personnel and other employees. We have in place human resource strategies which include competitive compensation, fit-for-purpose recruitment and a succession plan.

We motivate and retain our staff by offering a competitive salary to our employees as well as other performance-based incentives such as retention bonus to pilots and periodic rewards and recognition for all employees. We constantly work towards developing employee growth opportunities that make the profession of flying satisfying for all those employed by our airline. We also provide counseling service for our employees for work-related and personal issues through third-party service providers. We were recognized as "Best Employer in India" in 2016 and 2017 by AON Hewitt. InterGlobe Group's employee-centric culture is also evident from the selection of InterGlobe Enterprises (which includes our Company), as one of "India's Best Companies to Work For" for eight years in a row from 2008 to 2015 by Great Place to Work Institute India.

Employee benefits accounted for 9.5% of our total expenses in fiscal 2015 as per Indian GAAP and 12.9%, 11.9% and 12.1% of our total expenses in fiscal 2016 and 2017 and the three months ended June 30, 2017, respectively, as per Ind AS.

Information Technology

Information technology is an essential element of our business infrastructure. We invest in information technology as its use directly lowers cost, enables scalable operations, improves efficiency, reduces business continuity risks and enables a secure enterprise.

We have entered into a hosted services agreement with Navitaire, which provides us with reservation and inventory management, online booking system, revenue management, departure control and website hosting service. Our key operating systems include "New Skies" and "Sky Price" by Navitaire for our reservations inventory and revenue management; SAP for Financial Management; AIMS for aircraft scheduling and crew management and AMOS to manage maintenance and repairs. Additionally, Microsoft Dynamics solution has been implemented to support our customer services team in their direct interactions with customers.

We utilize Sabre's Network Planning Solution to improve the efficiency of our network and ADOPT's pairing and rostering optimizers to improve crew productivity.

To help provide a hassle-free experience for our customers, we have adopted Vedaleon's self-service kiosk and fast bag drop solution at select airports. This solution is intended to reduce check-in and processing time for each customer.

We utilize internally developed analytics solutions to integrate data across various systems in order to drive business decisions across revenue management, network planning, cargo management, financial management, human resources and operations management. We utilize the Adobe Digital Marketing Suite, which we believe helps us provide personalized and a better digital experience to our customers. We also use analytics to analyze behavioral data on our customers obtained through our website, mobile app, social media and call centers to improve our customer service and ascertain potential opportunities to up and cross sell to our customers.

In view of our large technology enabled processes, we have established disaster recovery procedures through a backup data center providing redundancy across key technology services. To ensure that our group is enabled with a world-class infrastructure at the lowest cost of operations, a consolidation of data centers is underway. This will provide constant support and robust security to critical IT infrastructure across our group.

Competition

We face intense competition from other LCCs as well as full-service passenger airlines that operate on our routes. In addition, passenger airlines in India face competition from other modes of low-cost transportation, such as rail travel. Our principal domestic competitors include (in alphabetical order) Air India (including Air India Express and Alliance Air), AirAsia India, GoAir, Jet Airways (including former Jet Lite/Konnect brands), SpiceJet and Vistara, as well as potential new entrants into the routes/markets that we serve or plan to serve. For our international routes, we face competition from our domestic competitors with international operations, as well as international carriers which service India. The intensity of the competition we face varies from route to route and depends on a number of factors, including the strengths of competing airlines and, for domestic travel, other modes of transportation. Please see "*Industry Overview*".

Intellectual Property

Out of the various trademarks registered in the name of InterGlobe Aviation Limited, we primarily utilize the trademarks "IndiGo" and "6E".

Our Company has also applied for certain registrations in India for its marks, such as "IndiGoRewards", "IndiGo Reward Points", "6E Plus", "6E Pass", "6E Link", "6E Miles", "6E Rewards", "6E Reward Points", "6E Advantage", "IndiGo Advantage", "6E Privilege", "IndiGo Privilege", "6EFlyingBenefits", "IndiGoFlyingBenefits", "6ERewardsPlus", "IndiGoRewardsPlus", "IndiGo Miles", "IndiGo Special", and "IndiGo Light", under various classes, including, 9, 16, 18, 25, 28, 39. Our Company has also applied for certain registrations in other jurisdictions, such as Nepal, Bangladesh, Singapore, UAE and Qatar for its marks, such as "6E", "IndiGo", and "Get Packing" under various classes.

We have obtained registration of copyrights of four artistic works relating to IndiGo marks. One application in respect of an artistic work relating to IndiGo mark is pending with the relevant authorities for issuance of the registration certificate but the copyright registration has been accepted by the relevant authorities.

We have also obtained registration for various domain names, including our website, *www.goindigo.in*.

Property

We are headquartered in Gurugram, Haryana. We have taken various airport and commercial premises in India on rent, lease or leave and license basis.

We have leased premises and work spaces in each of the airports where we operate, including: check-in and ticketing counters, back-up offices, and areas on the ramp for equipment storage and related purposes. The extent of space and facilities that we lease at each airport is determined by our current operations and the expected growth of our operations. The extent of space that we lease also depends on the space an airport can offer.

We have leased space for our engineering operations at some of the key airports where we operate. We have also leased an aircraft hangar for aircraft maintenance, office space and a warehouse at the Indira Gandhi International Airport in New Delhi.

Lease payments at airports are specified by the AAI and vary according to usage, location of the airport and amenities available at such premises. We are responsible for the renovation, furnishing and maintenance of such premises, and for the payment of utilities. Agreements with the AAI for such premises are typically long-term. For privately operated airports where we have operations, we lease space from the respective operators of such airports.

We have a corporate office and training facility named 'iFly' in Gurugram as well as other warehouses in New Delhi on lease.

Insurance

We are exposed to potential significant losses in the event that any of our aircraft is subject to an accident, terrorist incident or other disaster. Any such accident or incident could involve costs related to repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. In addition, an accident or incident could result in significant legal claims against us arising from death or injury affecting passengers and others, including ground victims.

We believe that our insurance coverage is in line with industry practice and relevant regulatory and aircraft lessor requirements. We maintain passenger liability insurance, aircraft insurance for aircraft loss or damage, and other business insurance in amounts per occurrence consistent with industry standards and, in line with industry practice, we leave some business risks uninsured including business interruptions, loss of profit or revenue and consequential business losses arising from mechanical breakdown. Please see the section "***Risk Factors—Risks Relating to Our Industry—We are exposed to certain risks against which we do not insure and may have difficulty obtaining insurance on commercially acceptable terms or at all on risks that we insure against today***" beginning on page 64.

Corporate Social Responsibility Initiatives

Under the guidance of the Corporate Social Responsibility Committee of the Board of Directors, our 'InterGoReach' corporate social responsibility initiatives contribute to society in areas such as providing employment opportunities and promoting education and skill enhancement for under-privileged sections of society, the quality of the environment, preventative health care and the empowerment of women. Please see "*Our Management—Corporate Social Responsibility Committee*".

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder and the SEBI Listing Regulations. Under the provisions of the Articles of Association, our Board shall comprise of six (6) Directors. As on the date of this Red Herring Prospectus, our Company has six (6) Directors on its Board.

Pursuant to the provisions of the Companies Act, 2013 and the Articles of Association, at least two-thirds of the total number of Directors, excluding Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. Additionally, in accordance with the Articles of Association of our Company, if the number of Directors retiring is not three or a multiple of three, then the nearest number to one-third are liable to retire by rotation. A retiring Director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two (2) consecutive terms of up to five (5) consecutive years each. Any re-appointment of Independent Directors shall be approved by the shareholders by way of a special resolution.

The following table sets forth details of the Board of Directors as of the date of this Red Herring Prospectus:

No.	Name, Address, Din, Term, Nationality And Occupation	Age	Designation
1.	**Devadas Mallya Mangalore** **Address:** C 601, 6th Floor, Ashok Towers, Opposite M G Hospital, Dr. S S Rao Road, Parel, Mumbai – 400 012, Maharashtra, India **DIN**: 01804955 **Term**: March 27, 2017 to March 26, 2022 **Nationality**: Indian **Occupation**: Professional	64	Chairman and Non-Executive Independent Director
2.	**Rahul Bhatia** **Address**: 18, Oak Drive, Mandi Road, Sultanpur, Mehrauli, New Delhi – 110 030, India **DIN**: 00090860 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Business	57	Non-Executive Director
3.	**Rakesh Gangwal** **Address**: 17 Indian Creek Island Road, Indian Creek Village, FL 33154, USA **DIN**: 03426679 **Term**: Liable to retire by rotation **Nationality**: American **Occupation**: Business	64	Non-Executive Director
4.	**Anupam Khanna** **Address**: C – 47, Anand Niketan, 3rd Floor, New Delhi – 110 021, India **DIN**: 03421015 **Term**: March 27, 2017 to March 26, 2022 **Nationality**: Indian **Occupation**: Strategy and Economic Advisor	64	Non-Executive Independent Director
5.	**Rohini Bhatia** **Address**: 18, Oak Drive, Mandi Road, Sultanpur, Mehrauli, New Delhi – 110 030, India **DIN**: 01583219 **Term**: Liable to retire by rotation **Nationality**: Indian **Occupation**: Service	52	Non-Executive Director

No.	Name, Address, Din, Term, Nationality And Occupation	Age	Designation
6.	**Aditya Ghosh** **Address**: MG-0425, The Magnolias DLF, Golf Links, DLF City Phase V, Gurugram – 122 002, India **DIN**: 01243445 **Term**: April 1, 2014 to March 31, 2019 **Nationality**: Indian **Occupation**: Service	42	President and Whole-time Director

Brief Profiles of our Company's Directors

Mr. Devadas Mallya Mangalore

Mr. Devadas Mallya Mangalore, aged 64 years, is the Chairman and Non-Executive Independent Director on our Board. He holds a bachelor's degree in engineering from the University of Mysore and a post-graduate diploma in industrial management from the Faculty of Engineering, Indian Institute of Science, Bengaluru. He has been the chairman and managing director of Bank of Baroda and is currently serving on the board of directors of various organisations. Prior to joining Bank of Baroda, he was the chairman and managing director of Bank of Maharashtra. He started his banking career from Corporation Bank in August 1976. In a career spanning over 38 years, he has acquired significant experience in the banking sector working at various positions and carrying out various assignments. Mr. Devadas Mallya Mangalore joined our Board on March 27, 2015. The shareholders of our Company at its AGM held on September 21, 2016 re-appointed Mr. Devadas Mallya Mangalore as the Chairman and Non-Executive Independent Director for a further period of five (5) years effective from March 27, 2017.

Mr. Rahul Bhatia

Mr. Rahul Bhatia, aged 57 years, is the Promoter and a Non-Executive Director of our Company. Mr. Rahul Bhatia holds a degree in electrical engineering from the University of Waterloo in Ontario, Canada. He was instrumental in the formation of InterGlobe Enterprises Limited in 1989 with its flagship business of air transport management. Mr. Rahul Bhatia has more than 27 years of experience in the travel industry. He has led the development of many new business initiatives of our Company.

Mr. Rakesh Gangwal

Mr. Rakesh Gangwal, aged 64 years, is a citizen of the United States of America. He is the Promoter and a Non-Executive Director on our Board. He holds a bachelor's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He also holds a master's degree in business administration from the Wharton School, University of Pennsylvania, with a major in finance. He has more than 32 years of experience in the aviation industry. Pursuant to graduating from the Wharton School, Mr. Gangwal worked as a financial analyst with the Ford Motor Company from July 1979 to September 1980. He then worked as a management consultant with Booz, Allen & Hamilton, Inc. from September 1980 till January 1984. Mr. Gangwal joined United Airlines in February 1984 where he held positions of various responsibilities before leaving as senior vice president - planning in November 1994. Mr. Gangwal then joined Air France as an executive vice president - planning and development in November 1994. He left Air France in February 1996 to join the US Airways Group, Inc. and US Airways Inc. as the president and chief operating officer. In November 2001, he left the US Airways Group as the president and chief executive officer and was engaged in private equity and consulting related activities. Mr. Gangwal worked with Worldspan Technologies, Inc. from June 2003 to August 2007 as the chairman, president and chief executive officer.

Dr. Anupam Khanna

Dr. Anupam Khanna, aged 64 years, is a Non-Executive Independent Director of our Company. He has a bachelor of technology degree from Indian Institute of Technology, Kanpur and has a PhD and a master's degree in engineering-economic systems and another M.S. in electrical engineering from Stanford University, California. Dr. Anupam Khanna joined the World Bank in December 1980 working there till 2000 at various senior positions in operations, management and strategy advisory functions. He served on the Infrastructure/Urban and Environment Sector Boards till 2000. From September 2000 till March 2003, he was the chief economist for Shell International, London where he was also a core member of the global scenarios team. He joined World Bank in September 2003 as the senior manager (policy support) and managed the work of the standing committees of the Board of

Executive Directors of the World Bank Group advising senior management and board members on strategy, policy and fiduciary issues. Dr. Anupam Khanna has also served as the Chief Economist and Director-General (policy outreach) at NASSCOM. He has also been the senior advisor to the president of the Global Development Network, where he initiated preparation of global research programs on climate change and urbanisation. Dr. Anupam Khanna joined our Board on March 27, 2015. The shareholders of our Company at its AGM held on September 21, 2016, re-appointed Dr. Anupam Khanna for a further period of five (5) years effective from March 27, 2017.

Ms. Rohini Bhatia

Ms. Rohini Bhatia, aged 52 years, is a Non-Executive Director of our Company. She also holds the office of Senior Vice President at InterGlobe Air Transport Limited since 2013. Ms. Bhatia obtained her diploma in Textile Designing from the South Delhi Polytechnic, New Delhi, in 1985. She is the Chairperson of Board of Directors of InterGlobe Foundation. Ms. Bhatia has a diversified experience of serving on the boards of various companies in the travel industry and is currently the Director on the Board of ARC Hospitality Private Limited, Navigator Travel Services Private Limited, Pegasus Utility Maintenance & Services Private Limited, InterGlobe Real Estate Ventures Private Limited, InterGlobe Business Solutions Private Limited and Shree Nath Shares Private Limited.

Mr. Aditya Ghosh

Mr. Aditya Ghosh, aged 42 years, is the President and Whole-time Director of our Company. Mr. Ghosh heads all operations and management of our Company. Mr. Ghosh was inducted into the Board of the Directors of our Company on May 30, 2007 and took on the role as our Company's President in August 2008. He also serves on the executive committee of InterGlobe Enterprises Limited, which is responsible for the management of IGE's various businesses. Mr. Ghosh holds a bachelor's of law degree, from the University of Delhi. Prior to joining our Company in 2008, Mr. Ghosh was the group general counsel for InterGlobe Enterprises Limited from 2004 to August 2008. He also practiced law from 1998 to 2004 at J. Sagar Associates, Advocates & Solicitors.

Relationship with other Directors

Except for Mr. Rahul Bhatia, who is the husband of Ms. Rohini Bhatia, none of our Directors are related to each other.

Borrowing Powers of the Board

Our Articles, subject to the provisions of the Companies Act, 2013, authorise the Board, at its discretion, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. Pursuant to a resolution passed by the shareholders of our Company at the AGM held on September 21, 2016, the Board has been authorised to borrow any sum or sums of monies in excess of our Company's aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 200.00 billion.

Interests of Directors of our Company

The Non-Executive Independent Directors of our Company may be deemed to be interested to the extent of sitting fees and/or reimbursement of expenses payable to them under the Articles of Association.

All Directors may be deemed to be interested to the extent of travel expenses being borne by our Company for attending meetings of the Board of Directors and/or a committee thereof, site visits and other Company related expenses. Further, the Non-Executive Directors are also interested to the extent of the travel benefits provided to them by our Company.

In addition to the Equity Shares and stock options held by them, if any, the non-Independent Directors of our Company may be deemed to be interested to the extent of remuneration, fees or reimbursement of expenses, as applicable, payable to them under the Articles of Association.

Our Directors are not interested in the Issue, except Mr. Rakesh Gangwal, who is interested in the Issue to the extent of the Issue proceeds that he may receive pursuant to sale of Equity Shares offered by him in the Offer for Sale.

Further, our Directors, Rohini Bhatia and Rahul Bhatia are interested in our Company to the extent of shares held by them or as well Equity Shares held by Acquire Services, IGE and IGE (Mauritius) Private Limited, directly or indirectly, in our Company, the shareholding of their relatives or entities in which they are associated as promoter, director, partner, proprietor or trustee, and to the extent of benefits arising out of such shareholding, as the case may be.

Further, our Director, Rakesh Gangwal is interested in our Company to the extent of shares held by The Chinkerpoo Family Trust in our Company, the shareholding of his relatives or entities in which he is associated as promoter, director, partner, proprietor or trustee, and to the extent of benefits arising out of such shareholding.

The Directors may also be deemed to be interested to the extent of any dividends payable to them and other distributions in respect of the Equity Shares held by them, if any.

Except as disclosed in this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years to any of our Directors except the remuneration or sitting fees payable for attending the meetings of the Board and / or any committee thereof and reimbursement of any travelling and other incidental expenses. Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of directorship with the Company.

Except for Mr. Rahul Bhatia and Mr. Rakesh Gangwal, our Directors have no interest in the promotion of our Company other than in the ordinary course of business.

Except as stated in the chapter "***Financial Statements***" on page 251 and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

As on the date of this Red Herring Prospectus, there are no outstanding loans to our Directors from our Company.

Shareholding of Directors

The Articles of Association do not require our Directors to hold any qualification shares in our Company. Except as stated below, none of our Directors hold any Equity Shares in our Company as on the date of this Red Herring Prospectus:

No	Name of Director	No of Equity Shares
1.	Rahul Bhatia	40,000
2.	Rakesh Gangwal	60,860,713
3.	Rohini Bhatia	10,000
4.	Aditya Ghosh*	37, 879

** Mr. Aditya Ghosh has 689,477 stock options outstanding as on date.*

Terms of Appointment of the President and Whole-time Director of our Company

Mr. Aditya Ghosh

Mr. Aditya Ghosh was appointed as Whole-time Director for a term of five (5) years with effect from April 1, 2014, pursuant to a resolution passed by the shareholders at the AGM held on September 8, 2014. The terms of his appointment were modified pursuant to a resolution passed by the shareholders at the EGM held on June 25, 2015. He was also re-designated as the President and Whole-time Director of our Company. The terms of his appointment were further modified pursuant to a resolution passed by the Board at a meeting held on May 9, 2017. The significant terms of his appointment include the following:

Remuneration paid for the Financial Year 2016-2017:

a. Basic salary: ₹ 13.65 million per annum;
b. Performance linked incentive: ₹ 11.67 million based on our Company's performance and individual performance during the relevant financial year and may vary up to 150%
c. Perquisites and allowances: In addition to basic salary and performance linked incentive, Mr. Aditya Ghosh will be entitled to perquisites and allowances such as house rent allowance, special allowances, medical reimbursement, driver reimbursement, meal card, vehicle maintenance reimbursement, etc. However, the aggregate value of the perquisite and allowance shall not exceed 300% of the annual basic salary;

   For the purposes of calculating the above ceiling,

- Perquisites and allowances shall be evaluated as per income-tax rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost;

- Provision for use of Company's car for official duties and mobile / telephone / internet expenses shall not be included.

d. Provident fund, superannuation fund or annuity fund: Company's contribution towards provident fund, superannuation fund or annuity fund as per Company's policy and applicable laws;
e. Gratuity: As per the Company's policy and applicable laws;
f. Leave encashment: As per our Company's policy and applicable laws;
g. Share based benefits: Share based benefits, as may be granted by the Company in accordance with the scheme existing or framed in future and on the terms and conditions as may be approved by the Board of Directors or the Nomination and Remuneration Committee; and
h. Annual increment: Annual increment with effect from April 1 each year during the remaining term of appointment subject to a maximum of 15% each year on the aggregate value of basic salary, performance linked incentive and perquisites and allowances of the immediate preceding financial year.

1. Payment or Benefit to Directors of our Company

The following table sets forth the details of the gross remuneration of our Directors for the Financial Year 2016 – 2017:

No	Name of Director	Payments/Benefits paid for the Financial Year 2016-2017 (in ₹ million)
1.	Mr. Aditya Ghosh	64.83
2.	Mr. Devadas Mallya Mangalore	Nil
3.	Mr. Rahul Bhatia	Nil
4.	Mr. Rakesh Gangwal	Nil
5.	Dr. Anupam Khanna	Nil
6.	Ms. Rohini Bhatia	Nil

In addition, the following Directors are also entitled to certain travel benefits:

Mr. Rahul Bhatia

Mr. Rahul Bhatia is entitled to receive certain travel benefits pursuant to the travel benefit letter agreement dated April 13, 2011 ("**Benefits Letter - 1**"). As per the terms of the Benefits Letter – 1, he and his relatives (up to a maximum of 10) are entitled to the value of the air tickets or reimbursement and an additional amount for his personal incidental expenses equalling the value of the tickets utilised by him and/or his relatives (collectively, "**Travel Benefits**"). The value of the Travel Benefits together with any additional remuneration that he may be entitled to will not exceed the limits prescribed under the Companies Act.

Mr. Rakesh Gangwal

Mr. Rakesh Gangwal is entitled to receive certain travel benefits pursuant to the travel benefit letter agreement dated June 25, 2015 ("**Benefits Letter - 2**"). As per the terms of the Benefits Letter – 2, he and his relatives (up to a maximum of 10) are entitled to unlimited air tickets or reimbursements in respect thereof for the value of the air tickets. The value of such tickets or reimbursements under Benefits Letter – 2 together with any additional remuneration that he may be entitled to will not exceed the limits prescribed under the Companies Act.

Ms. Rohini Bhatia

Following the appointment of Ms. Rohini Bhatia as a Director of the Company, she is entitled to receive certain travel benefits pursuant to the letter agreement dated June 25, 2015 ("**Benefits Letter - 3**"). As per the terms of Benefits Letter – 3, she is entitled to the value of air-tickets or reimbursements and an additional amount for her personal incidental expenses equalling the value of the tickets. The value of such tickets or reimbursements under Benefits Letter – 3 together with any additional remuneration that she may be entitled to will not exceed the limits prescribed under the Companies Act.

Mr. Devadas Mallya Mangalore

Mr. Devadas Mallya Mangalore is entitled to receive certain travel benefits pursuant to the approval of the Board of Directors of the Company dated June 21, 2017, subject to the approval of the shareholders of the Company. As per the terms approved by the Board, Mr. Devadas Mallya Mangalore, his spouse and dependent children less than 21 years of age at the time of travel are entitled to unlimited confirmed tickets in all flights operated by our Company on payment of airport charges and other levies.

Dr. Anupam Khanna

Dr. Anupam Khanna is entitled to receive certain travel benefits pursuant to the approval of the Board of Directors of the Company dated June 21, 2017, subject to the approval of the shareholders of the Company. As per the terms approved by the Board, Dr. Anupam Khanna, his spouse and dependent children less than 21 years of age at the time of travel are entitled to unlimited confirmed tickets in all flights operated by our Company on payment of airport charges and other levies.

2. Remuneration to Non-Executive Directors

The Non-Executive Directors of our Company are entitled to receive sitting fees for attending meetings of the Board and committees of the Board, other than reimbursement of expenses incurred. Additionally, no other fees are payable to the chairman of the Board or to the chairman of any of our Board committees. There is no contingent or deferred compensation payable to our Directors.

The following table sets forth the details of the sitting fees paid to Non-Executive Directors of our Company for the Financial Year 2016 – 2017:

No	Name of Director	Sitting fees paid for the Financial Year 2016-2017 (in ₹ million)
1.	Mr. Devadas Mallya Mangalore	0.65
2.	Mr. Rahul Bhatia	0.15
3.	Mr. Rakesh Gangwal	0.20
4.	Dr. Anupam Khanna	0.60
5.	Ms. Rohini Bhatia	0.35

Prohibition by SEBI or Other Governmental Authorities

None of the Directors or the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI.

Key Management Personnel

Provided below are the details of the Key Management Personnel of our Company, other than our President and Whole-time Director, as of the date of this Red Herring Prospectus:

Mr. Riyaz Haider Peer Mohamed, Chief Aircraft Acquisition and Financing Officer

Mr. Riyaz Haider Peer Mohamed, aged 57 years, holds a bachelor's degree in science from University of Bombay. He is a chartered accountant from the Institute of Chartered Accountants of India and a chartered financial analyst from the Institute of Chartered Financial Analysts, Charlottesville, Virginia, USA. He has completed the management education program from the Indian Institute of Management, Ahmedabad. He joined KPMG Lower Gulf Limited as a management consultant and worked there on various assignments in the United Arab Emirates from September 1988 to November 1989. Mr. Peer Mohamed joined Emirates in Dubai in November 1989 where he held various positions, and his last held position for Emirates was senior vice president – corporate treasury which he held from August 2001 until May 2006. Mr. Peer Mohamed joined our Company prior to the commencement of our commercial operations as the chief financial officer and held this position from May 2006 till November 2014. From December 2014 onwards, Mr. Peer Mohamed holds the position of Chief Aircraft Acquisition and Financing Officer in our Company. Mr. Peer Mohamed was paid a remuneration of ₹ 55.58 million in FY 2016-17.

Mr. Sanjay Kumar, Chief Commercial Officer

Mr. Sanjay Kumar, aged 51 years, holds a bachelor's degree in law and a master's degree in economics from Meerut University. He has a post-graduate diploma in business administration from Institute of Productivity and

Management, Meerut. Mr. Kumar has over 22 years of experience in the aviation sector and has worked with various airlines in India. Prior to joining our Company, he worked with Sahara Airlines from May 1992 till April 2001 in various positions in the areas of commercial, marketing, sales and distribution. In April 2001, he joined Royal Airways Limited and worked on the start-up project of SpiceJet which was launched in May 2005. He was the vice president – marketing and planning for SpiceJet until January 2007 and was responsible for various assignments in the areas of network planning, marketing and sales, distribution, product and service development and media relations. He joined our Company on January 29, 2007 and is responsible for the commercial operations of our Company. Mr. Kumar was paid a remuneration* of ₹ 30.53 million in FY 2016-2017.

Mr. Sanjeev Ramdas, Executive Vice President Customer Service and Operations Control

Mr. Sanjeev Ramdas, aged 48 years, holds a bachelor's degree in commerce from University of Delhi. Mr. Ramdas has worked for Cambata Aviation Private Limited from 1989 till 1994 as duty officer and his responsibilities included aircraft handling, passenger services and charter flights. Prior to joining our Company, Mr. Ramdas was the director of airport services at InterGlobe Air Transport Limited from 1994 till 2006 where he managed the airport operations of InterGlobe Air Transport Limited's airline partners and was responsible for airport operations, aircraft handling, customer services, emergency response procedures, safety, contract negotiations, ground service equipment purchasing, service level agreements and cargo. Mr. Ramdas joined our Company on February 1, 2006 and is responsible for airport operations and customer services, inflight services and operations control centre. Mr. Ramdas was paid a remuneration* of ₹ 21.17 million in FY 2016-17.

Mr. Rohit Philip, Chief Financial Officer

Mr. Rohit Philip, aged 46 years, has joined our Company as Chief Financial Officer on July 18, 2016. Prior to joining our Company, Mr. Rohit Philip worked at United Airlines for 17 years wherein he has held various posts such as Senior Vice-President-Corporate Strategy and Business Development, Vice-President-Financial Planning and Analysis, and numerous leadership positions in finance and Mileage Plus, including treasury, business development and strategic sourcing. Mr. Rohit Philip has also held positions at Anand Automotive Limited, as the President and Group Chief Financial Officer, and Xerox Corporation, United States of America, as the Corporate Treasurer. Mr. Rohit Philip was paid a remuneration of ₹ 68.77 million in FY 2016-17.

Captain Dhruv Rebbapragada, Chief of Flight Safety

Captain Dhruv Rebbapragada, aged 49 years, holds a bachelor of business administration degree in flying from Dibrugarh University. Prior to joining our Company, he worked with Vayudoot from 1987 to 1989 and with Air India (erstwhile Indian Airlines Limited) from 1987 till 2011, where his last held position was deputy general manager, wherein he was looking after technical issues, IATA Operations Safety Audit pertaining to flight operations, Crew Resource Management facilitator and also was a Training Captain. Captain Rebbapragada has been appointed as a Designated Examiner on Airbus A-320 on May 22, 2017 for a period of five (5) years. He has more than 14,700 hours to his credit. Captain Rebbapragada joined our Company on July 18, 2011 and was appointed as the Chief of Flight Safety at IndiGo. Captain Rebbapragada was paid a remuneration* of ₹ 14.12 million in FY 2016-17.

Mr. Sanjay Gupta, Company Secretary and Chief Compliance Officer

Mr. Sanjay Gupta, aged 52, is a fellow member of the Institute of Company Secretaries of India and holds a bachelor's degree in law from University of Delhi. Mr. Gupta also holds a bachelor's degree and master's degree in commerce from Shri Ram College of Commerce, New Delhi. Prior to joining our Company, Mr. Gupta has worked at Firstsource Solutions Limited as Senior Vice-President-Corporate Affairs and Company Secretary, Reliance Industries Limited, Jaiprakash Associates Limited and Chambal Fertilizers and Chemicals Limited. Mr. Gupta has been a council member of the Western India Regional Council of the Institute of Company Secretaries of India from 2011 to 2014. Mr. Gupta has an experience of more than 25 years in the corporate, legal and secretarial field. He is associated with our Company since August 18, 2016 and was paid a remuneration of ₹ 4.95 million in FY 2016-17.

** Exclusive of taxable value of perquisites on stock options exercised during FY 2016-17*

Each of the aforesaid key management personnel is a permanent employee of our Company.

The following table sets forth the number of Equity Shares held by and stock options held and outstanding to the key management personnel as on the date of this Red Herring Prospectus:

No	Name of Key Management Personnel	No of Equity Shares held	No of stock options held and outstanding
1.	Riyaz Haider Peer Mohamed	5,110,000	Nil
2.	Sanjay Kumar	198,807	156,841
3.	Sanjeev Ramdas	19,669	112,030
4.	Rohit Philip	Nil	353,299
5.	Dhruv Rebbapragada	9,004	46,679
6.	Sanjay Gupta	Nil	Nil

Performance Linked Incentive

Performance Linked Incentive ("**PLI**") is part of the total cost to the company and refers to the variable component. The annual total cost to the company is equal to annual fixed cost to the company plus the annual PLI. The PLI quantum comprises of two components, namely, the individual component and the functional component split in the 40:60 ratio. The PLI pay out for each year necessitates that the employee is on the rolls our Company as on March 31 of that year.

Interest of Key Management Personnel

Except to the extent of Equity Shares held by the Key Management Personnel of our Company mentioned above, they do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment or otherwise and for reimbursement of expenses incurred by them during the ordinary course of business. Further, certain of our Key Management Personnel are also entitled to options and Equity Shares resulting from the exercise of options pursuant to ESOS 2015-II.

Relationship between Key Management Personnel

None of the Key Management Personnel of our Company are related to each other.

Corporate governance

Our Company believes that good corporate governance is an important constituent in enhancing stakeholder value. Our Company is in compliance with the requirements with respect to the corporate governance provided in the SEBI Listing Regulations and the Companies Act, 2013. The corporate governance framework is based on an effective independent Board, separation of the supervisory role of the Board from the executive management team and constitution of the committees of the Board, as required under applicable law.

The Board of Directors and committees of our Company are constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Committees of the Board

In terms of SEBI Listing Regulations and Companies Act, 2013, our Company has constituted the following committees of Directors namely

(i) Audit Committee;

(ii) Nomination and Remuneration Committee;

(iii) Stakeholders' Relationship Committee;

(iv) Risk Management Committee; and

(v) Corporate Social Responsibility Committee.

The following table sets forth the details of the members of the aforesaid committees as of the date of this Red Herring Prospectus:

Committee	Name of the member	Capacity
Audit Committee	Mr. Devadas Mallya Mangalore	Chairman
	Dr. Anupam Khanna	Member

Committee	Name of the member	Capacity
	Mr. Aditya Ghosh	Member
Nomination and Remuneration Committee	Dr. Anupam Khanna	Chairman
	Mr. Devadas Mallya Mangalore	Member
	Ms. Rohini Bhatia	Member
Stakeholders' Relationship Committee	Ms. Rohini Bhatia	Chairman
	Mr. Aditya Ghosh	Member
Corporate Social Responsibility Committee	Ms. Rohini Bhatia	Chairman
	Dr. Anupam Khanna	Member
	Mr. Aditya Ghosh	Member
Risk Management Committee	Mr. Aditya Ghosh	Chairman
	Mr. Devadas Mallya Mangalore	Member
	Mr. Rohit Philip	Member

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("**Insider Trading Regulations**") applies to our Company and its employees and requires our Company to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company has implemented a code of conduct to regulate, monitor and report trading by insiders and a code of practices and procedures for fair disclosure of unpublished price sensitive information in accordance with the Insider Trading Regulations. As per the code of practices and procedure for fair disclosure of unpublished price sensitive information adopted by our Company, our Company Secretary and Chief Compliance Officer is the compliance officer of our Company for the purposes of this code.

Other confirmations

Neither our Company nor our Directors or Promoters have ever been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Neither our Company, nor our Directors or Promoters have been debarred from accessing capital markets under any order or direction made by SEBI.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Fiscals, see "***Financial Statements***" on page 251.

Employee Stock Option Plan

InterGlobe Aviation Limited Employees Stock Option Scheme - 2015

Our Company instituted an employee stock option scheme, namely the ESOS 2015-II, pursuant to a resolution of the Board of Directors dated June 23, 2015 and resolution of the shareholders in the extra-ordinary general meeting held on June 25, 2015. The ESOS 2015-II has been ratified by the approval of shareholders through postal ballot on September 7, 2016, in accordance with SEBI (Share Based Employees Benefits) Regulations, 2014. Further, our Board, pursuant to its resolution dated June 21, 2017 has approved combining the functions of the 'Compensation Committee' of our Company with the Nomination and Remuneration Committee of our Company and thereby dissolved the Compensation Committee of our Board.

The objective of the ESOS 2015-II is to provide existing employees an opportunity for investment in our Equity Shares. Each stock option granted under ESOS 2015-II would entitle the employee, on exercise, to acquire one Equity Share in lieu of one stock option granted. Pursuant to ESOS 2015-II, as on the date of this Red Herring Prospectus a total of 2,620,442 stock options were granted, out of which 216,188 stock options have been exercised, 371,454 stock options were cancelled/lapsed and a total of 2,032,800 stock options are yet to be exercised.

PRINCIPAL SHAREHOLDERS

The following table sets forth the details regarding the shareholding pattern of our Company, as on June 30, 2017:

I. Summary statement holding of specified securities

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialised form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)			(VIII)	(IX)		(X)
						No of Voting Rights		Total as a % of (A+B+C)		No	As a % of total Shares held	No of Voting Rights
						Class X	Total			(a)	Class X	
A	Promoter & Promoter Group	11	310,438,237	310,438,237	85.85	310,438,237	310,438,237	85.85	85.85	72,071,309	23.22	310,438,237
B	Public	51,977	51,161,078	51,161,078	14.15	51,161,078	51,161,078	14.15	14.15	-	0	46,817,522
C	Non-Promoter-Non-Public	0	0	0	0	0	0	0	0	-	0	0
C1	Shares underlying DRs	0	0	0	0	0	0	0	0	-	0	0
C2	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	-	0	0
	Total	51,988	361,599,315	361,599,315	100	361,599,315	361,599,315	100	100	72,071,309	19.93	357,255,759

Note: *Our Company has allotted 85,236 Equity Shares on July 24, 2017 under ESOS 2015 – II, listing approval from Stock Exchanges was received on July 31, 2017. Post allotment, the paid-up capital of our Company comprises of 361,684,551 Equity Shares having face value of ₹ 10 each. Post this allotment, the shareholding of the Promoter and Promoter Group of the Company is 85.83%.*

II. Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialised form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)			(VIII)	(IX)		(X)
						No of Voting Rights		Total as a % of (A+B+C)		No	As a % of total Shares held	
						Class X	Total			(a)	(b)	
1	Indian											
a	Individuals/Hindu undivided Family	5	1,449,355	1,449,355	0.4	1,449,355	1,449,355	0.4	0.4	0	0	1,449,355
	Kapil Bhatia	-	50,000	50,000	0.01	50,000	50,000	0.01	0.01	0	0	50,000
	Rohini Bhatia	-	10,000	10,000	0	10,000	10,000	0	0	0	0	10,000
	Rahul Bhatia	-	40,000	40,000	0.01	40,000	40,000	0.01	0.01	0	0	40,000
	Asha Mukherjee	-	1,349,100	1,349,100	0.37	1,349,100	1,349,100	0.37	0.37	0	0	1,349,100
	Alok Mehta	-	255	255	0	255	255	0	0	0	0	255
b	Central Government/State Government(s)	0	0	0	0	0	0	0	0	0	0	0
c	Financial Institutions/Banks	0	0	0	0	0	0	0	0	0	0	0
d	Any Other (specify)	2	153,659,581	153,659,581	42.49	153,659,581	153,659,581	42.49	42.49	36,608,127	23.82	153,659,581
	Body Corporate	2	153,659,581	153,659,581	42.49	153,659,581	153,659,581	42.49	42.49	36,608,127	23.82	153,659,581
	InterGlobe Enterprises Limited*	-	153,649,581	153,649,581	42.49	153,649,581	153,649,581	42.49	42.49	36,608,127	23.83	153,649,581
	Acquire Services	-	10,000	10,000	0	10,000	10,000	0	0	0	0	10,000

Category	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialised form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)			(VIII)	(IX)		(X)
						No of Voting Rights		Total as a % of (A+B+C)		No	As a % of total Shares held	
						Class X	Total			(a)	(b)	
	Private Limited*											
	Sub-Total (A)(1)	7	155,108,936	155,108,936	42.89	155,108,936	155,108,936	42.89	42.89	36,608,127	23.6	155,108,936
2	Foreign											
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	2	95,713,571	95,713,571	26.47	95,713,571	95,713,571	26.47	26.47	35,463,182	37.05	95,713,571
	Shobha Gangwal	-	34,852,858	34,852,858	9.64	34,852,858	34,852,858	9.64	9.64	0	0	34,852,858
	Rakesh Gangwal	-	60,860,713	60,860,713	16.83	60,860,713	60,860,713	16.83	16.83	35,463,182	58.27	60,860,713
b	Government	0	0	0	0	0	0	0	0	0	0	0
c	Institutions	0	0	0	0	0	0	0	0	0	0	0
d	Foreign Portfolio Investor	0	0	0	0	0	0	0	0	0	0	0
e	Any Other (specify)	2	59,615,730	59,615,730	16.49	59,615,730	59,615,730	16.49	16.49	0	0	59,615,730
	Trust	1	56,375,730	56,375,730	15.59	56,375,730	56,375,730	15.59	15.59	0	0	56,375,730
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J. P.	-	56,375,730	56,375,730	15.59	56,375,730	56,375,730	15.59	15.59	0	0	56,375,730

Category	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of equity shares held in dematerialised form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)			(VIII)	(IX)		(X)
						No of Voting Rights		Total as a % of (A+B+C)		No	As a % of total Shares held	
						Class X	Total			(a)	(b)	
	Morgan Trust Company of Delaware)											
	Overseas Corporate Bodies	1	3,240,000	3,240,000	0.9	3,240,000	3,240,000	0.9	0.9	0	0	3,240,000
	IGE Mauritius Private Limited	-	3,240,000	3,240,000	0.9	3,240,000	3,240,000	0.9	0.9	0	0	3,240,000
	Sub-Total (A)(2)	4	155,329,301	155,329,301	42.96	155,329,301	155,329,301	42.96	42.96	35,463,182	22.83	155,329,301
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	11	310,438,237	310,438,237	85.85	310,438,237	310,438,237	85.85	85.85	72,071,309	23.22	310,438,237

** IGE and Acquire Services, amongst other parties, have filed a composite scheme of arrangement under Sections 391 to 394 read with Section 100 of the Companies Act, 1956 (“**Scheme of Arrangement**”) proposing (a) demerger of IGE real estate undertaking to InterGlobe Real Estate Ventures Private Limited; (b) demerger of IGE IT support undertaking to InterGlobe Business Solutions Private Limited; and (c) post the demergers, the merger of residual IGE into Acquire Services. Upon the approval of the Scheme by the Principal Bench of the National Company Law Tribunal at New Delhi, residual IGE shall stand amalgamated with Acquire Services, and consequently, all the assets and liabilities, including 153,649,581 equity shares of our Company, constituting 42.49% of the paid-up share capital of our Company, shall stand transferred to Acquire Services.*

III. Statement showing shareholding pattern of the Public shareholder

Category	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of equity shares held in dematerialised form
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**			**(VIII)**	**(IX)**
						No of Voting Rights		**Total as a % of (A+B+C)**		
						Class X	**Total**			
1	Institutions									
a	Mutual Funds	59	10,058,395	10,058,395	2.78	10,058,395	10,058,395	2.78	2.78	10,058,395
b	Venture Capital Funds	0	0	0	0	0	0	0	0	0
c	Alternate Investment Funds	2	14,715	14,715	0	14,715	14,715	0	0	14,715
d	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
e	Foreign Portfolio Investors	134	20,951,867	20,951,867	5.79	20,951,867	20,951,867	5.79	5.79	20,951,867
f	Financial Institutions/Banks	5	100,639	100,639	0.03	100,639	100,639	0.03	0.03	100,639
g	Insurance Companies	0	0	0	0	0	0	0	0	0
h	Provident Funds/Pension Funds	0	0	0	0	0	0	0	0	0
i	Any Other (specify)	0	0	0	0	0	0	0	0	0
	Sub-Total (B)(1)	200	31,125,616	31,125,616	8.61	31,125,616	31,125,616	8.61	8.61	31,125,616
2	Central Government/State Government(s)/President of India									
	Sub-Total (B)(2)	0	0	0	0	0	0	0	0	0
3	Non-institutions	0	0	0	0	0	0	0	0	0
a	Individuals -	49,487	10,021,874	10,021,874	2.77	10,021,874	10,021,874	2.77	2.77	10,021,818
i	Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	49,462	4,569,847	4,569,847	1.26	4,569,847	4,569,847	1.26	1.26	4,569,791

Category	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of equity shares held in dematerialised form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)			(VIII)	(IX)
						No of Voting Rights		Total as a % of (A+B+C)		
						Class X	Total			
ii	Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	25	5,452,027	5,452,027	1.51	5,452,027	5,452,027	1.51	1.51	5,452,027
b	NBFCs registered with RBI	4	1,048	1,048	0	1,048	1,048	0	0	1,048
c	Employee Trusts	0	0	0	0	0	0	0	0	0
d	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0
e	Any Other (specify)	2,286	10,012,540	10,012,540	2.77	10,012,540	10,012,540	2.77	2.77	5,669,040
	Trust	4	76,418	76,418	0.02	76,418	76,418	0.02	0.02	76,418
	Non-Resident Indian (NRI)	1,384	5,498,052	5,498,052	1.52	5,498,052	5,498,052	1.52	1.52	1,154,552
	Riyaz Haider Peer Mohamed	0	5,110,000	5,110,000	1.41	5,110,000	5,110,000	1.41	1.41	511,000
	Clearing member	149	750,785	750,785	0.21	750,785	750,785	0.21	0.21	750,785
	Body Corporate	749	3,687,285	3,687,285	1.02	3,687,285	3,687,285	1.02	1.02	3,687,285
	Sub-Total (B)(3)	51,777	20,035,462	20,035,462	5.54	20,035,462	20,035,462	5.54	5.54	15,691,906
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	51,977	51,161,078	51,161,078	14.15	51,161,078	51,161,078	14.15	14.15	46,817,522

IV. Statement showing shareholding pattern of the non-promoter non-public shareholders: Nil

Organization structure: As on date of this Red Herring Prospectus, our Company has one Subsidiary, namely, Agile Airport Services Private Limited

ISSUE PROCEDURE

*The following summary is intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares offered in the Issue. Our Company, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. This section applies to all Applicants. The Applicants are advised to inform themselves of any restrictions or limitations that may be applicable to them. Please see "**Distribution and Solicitation Restrictions**" and "**Additional Purchaser Representations and Transfer Restrictions**" beginning on pages 185 and 186 respectively. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the Issue Size or the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

Authority for the Issue

The Issue was authorised and approved by the Board of Directors through a resolution passed at their meeting held on July 31, 2017, by the shareholders of our Company through a special resolution dated August 28, 2017 and a resolution of the Issue of Securities Committee dated September 11, 2017.

The Offer for Sale has been authorised by (i) Mr. Rakesh Gangwal by way of a letter dated September 11, 2017; (ii) Ms. Shobha Gangwal by way of a letter dated September 11, 2017; (iii) Dr. Asha Mukherjee by way of a letter dated September 11, 2017; and (iv) The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware) by way of a letter dated September 11, 2017.

Our Company has applied for and received in-principle approvals from both, BSE and the NSE, on September 11, 2017, under Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares offered in the Issue on the Stock Exchanges. Our Company has also filed a copy of this Red Herring Prospectus with the RoC, SEBI and the Stock Exchanges.

Prohibition by SEBI or Other Governmental Authorities

Our Company, its Subsidiary, the Promoters, the members of the Promoter Group, the Directors, the persons in control of our Company have not been debarred from accessing the capital market under any order or direction passed by SEBI.

The Selling Shareholders have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoters, the Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI.

Restrictions on Issue Size

The aggregate of all tranches of the IPP undertaken by our Company cannot result in an increase in the public shareholding in our Company by more than 10% or such lesser percentage as may be required for our Company to achieve the required minimum public shareholding. Based on the proposed Issue Size of up to 33,578,421 Equity Shares, the increase in public shareholding of our Company shall be 7.9 %.

Who can Apply

This Issue is being made only to QIBs, being the following:

- mutual funds, venture capital funds, AIFs and foreign venture capital investors registered with SEBI;
- foreign portfolio investors other than Category III foreign portfolio investors registered with SEBI;
- public financial institutions, as defined in Section 2(72) of the Companies Act;
- scheduled commercial banks;
- multilateral and bilateral development financial institution;

- state industrial development corporations;
- insurance companies registered with the Insurance Regulatory and Development Authority;
- provident funds with minimum corpus of ₹ 250 million;
- pension funds with minimum corpus of ₹ 250 million;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India; and
- systemically important non-banking financial companies (being a non-banking financial company registered with RBI and having a net-worth of more than ₹ 5,000 million as per its last audited financial statements).

FPIs are permitted to participate in the Issue subject to compliance with applicable law and such that the shareholding of the FPI does not exceed specified limits as prescribed under applicable law in this regard.

In terms of the FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to be 10.00% or above of our post-Issue Equity Share capital. Further, in terms of the FEMA, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of our paid-up Equity Share capital. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the shareholders of our Company. The existing limit for FPIs in our Company continues to remain at 24% of our paid-up Equity Share capital and the FPI limit has not been increased by our Company.

No Allocation/Allotment shall be made, either directly or indirectly, to any QIB being a Promoter or any person related to the Promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoter(s):

(a) rights under a shareholders' agreement or voting agreement entered into with a Promoter or persons related to the Promoters;

(b) veto rights; or

(c) right to appoint any nominee director on the Board.

Provided that a QIB which does not hold any Equity Shares and which has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to the Promoters.

Applicants are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Applicants are advised to ensure that the number of Equity Shares for which they have submitted ASBA Applications does not exceed the applicable limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus. Further, Applicants are required to satisfy themselves that their ASBA Applications would not result in triggering a tender offer under the Takeover Regulations.

A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to receipt of valid ASBA Applications at or above the Issue Price, provided that if this portion or any part thereof to be Allocated and Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs. For further details, please see "*Basis of Allocation*".

The Equity Shares have not been and will not be registered under the Securities Act and 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 applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to "qualified institutional

buyers" (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as "US QIBs", and for the avoidance of doubt, the term US QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

No person connected with the Issue shall offer any incentive, direct or indirect, in any manner, whether in cash, kind, services or otherwise, to any Applicant for making an ASBA Application.

Number of Allottees

The Equity Shares offered in the Issue will not be Allotted to less than 10 Allottees.

As provided in the SEBI ICDR Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of the Equity Shares to be Allotted in the Issue in terms of Regulation 91H of the SEBI ICDR Regulations.

QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of the foregoing.

(i) The expression 'belong to the same group' shall have the same meaning as 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

(ii) The expression 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations.

Minimum Application Size

Each ASBA Application is required to be such number of Equity Shares and at such price such Equity Share that the minimum Application Amount exceeds ₹ 200,000.

Information for the Applicants

(a) Only ASBA mode of payment can be used by QIBs to participate in this Issue.

(b) Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, will decide the Floor Price or the Price Band for the Issue and the same shall be announced at least one day prior to the Issue Opening Date.

(c) Our Company will publish the Issue Opening Date and the Issue Closing Date in the Floor Price/Price Band Announcement. The Issue Period shall be for a minimum of one Working Day and shall not exceed two Working Days.

(d) Our Company has filed this Red Herring Prospectus with the RoC at least three days before the Issue Opening Date.

(e) Once a duly filled in ASBA Application is submitted by an Applicant, such ASBA Application constitutes an irrevocable offer and cannot be withdrawn. In addition, the price per Equity Share and/or the number of Equity Shares applied for in an ASBA Application cannot be revised downwards.

(f) Our Company shall open a Public Issue Account with the Public Issue Account Bank in terms of Section 40(3) of the Companies Act to receive monies on the Designated Date from the ASBA Accounts.

(g) Upon the receipt of the ASBA Applications, our Company, and the Selling Shareholders after the closure of the Issue, shall determine the Issue Price for the Equity Shares offered in the Issue and the number of Equity Shares to be issued at the Issue Price, in consultation with the Book Running Lead Managers and in accordance with the Allotment Criteria. Upon finalisation of the Basis of Allocation, our Company will issue CANs to the successful Applicants. The dispatch of the CANs shall be deemed a valid, binding and irrevocable agreement on the part of the Applicant to subscribe to such number of Equity Shares as mentioned in their respective CANs at the Issue Price indicated in such CAN. The CAN shall contain details such as the number of Equity Shares Allocated to the Applicant and the Issue Price.

(h) Our Company and the Selling Shareholders shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within six Working Days of the Issue Closing Date.

(i) Our Company, the Selling Shareholders or the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final listing and trading permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Applicants are advised to apprise themselves of the status of the receipt of the listing and trading approvals from the Stock Exchanges or our Company.

(j) Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI ICDR Regulations, in an English national newspaper and a Hindi national newspaper, each with wide circulation, Hindi being the regional language of New Delhi where our Registered Office is located.

(k) In case of a Mutual Fund, a separate ASBA Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such ASBA Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple ASBA Applications, provided that the ASBA Applications clearly indicate the scheme concerned for which it has been made. No Mutual Fund scheme can invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. Further, no single Mutual Fund shall be Allocated and Allotted more than 25% of the offer size in terms of Regulation 91H of the SEBI ICDR Regulations.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in an English national newspaper and a Hindi national newspaper, each with wide circulation, Hindi being the regional language of New Delhi where our Registered Office is located.

ASBA Application and Revision Form

The ASBA Application and the Revision Form shall be in the form prescribed by SEBI, to the extent applicable to the Issue.

By making an application for the Equity Shares offered in the Issue through an ASBA Application, an Applicant will be deemed to have made the representations, warranties and agreements made under "***Notice to Investors***", "***Distribution and Solicitation Restrictions***" and "***Additional Purchaser Representations and Transfer Restrictions***" beginning on pages 2, 185 and 186, respectively.

SCSBs would be entitled to a processing fee of ₹ 10 per valid ASBA Application collected by the members of the Syndicate in the Specified Locations and submitted to the SCSBs. No selling commission is payable in respect of ASBA Applications procured in the Issue.

Method and Process of Bidding

(a) ASBA Applications will be available with the SCSBs, the members of the Syndicate (only in the Specified Locations) and at the Registered Office of our Company. Electronic copies of the ASBA Applications will be available for download on the website of the Stock Exchanges and the Designated Branches of the SCSBs.

(b) Any eligible Applicant may obtain a copy of this Red Herring Prospectus and the ASBA Applications from the Registered Office of our Company.

(c) Applicants should approach the Designated Branches of the SCSBs or the members of the Syndicate (only at the Specified Locations) to submit their ASBA Applications.

(d) Applicants may submit their ASBA Applications, and/or the Revision Forms, during the Issue Period to (i) the members of the Syndicate at the Specified Locations; (ii) the Designated Branches of the SCSBs where the ASBA Account is maintained; or (iii) in electronic form to the SCSBs with whom the ASBA Account is maintained. For details, the Applicants should contact the SCSBs where the ASBA Account is maintained. The SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or through any secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

(e) ASBA Applications submitted directly to the SCSBs should bear the stamp of the SCSBs and the ASBA Application submitted to the members of the Syndicate at the Specified Locations should bear the stamp of the member of the Syndicate. Applicants also have an option to submit the ASBA Application in electronic form or submit ASBA Applications through the members of the Syndicate at the Specified Locations.

(f) For ASBA Applications submitted to the members of the Syndicate at the Specified Locations, the members of the Syndicate shall upload the details of the ASBA Application onto the electronic bidding system of the Stock Exchanges and deposit a schedule (containing certain information including the ASBA Application number and the Application Amount) along with the ASBA Application with the relevant branch of the SCSB, designated by such SCSB to accept such ASBA Applications from the members of the Syndicate at such Specified Location, (a list of such branches is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35). The relevant branch of the SCSB shall block an amount equal to the Application Amount specified in the ASBA Application in the ASBA Account.

(g) The Applicant should mention its PAN allotted under the I.T. Act in the ASBA Application. Any ASBA Application without the PAN is liable to be rejected. Applicants should not submit the General Index Register ("**GIR**") number instead of the PAN as the ASBA Application is liable to be rejected on this ground.

(h) The Registrar to the Issue shall validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depository records and the complete reconciliation of the final certificates received from the SCSBs with the electronic details of the ASBA Applications.

Applicants should note that in case the DP ID, Client ID and PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the Syndicate/SCSBs do not match with the DP ID, Client ID and PAN available in the database of Depositories, the ASBA Application is liable to be rejected.

(i) Each ASBA Application will give the Applicant the option to indicate up to three prices within the Price Band or at or above the Floor Price, as the case may be, and specify the demand (i.e., the number of Equity Shares applied for at each such price). The number of Equity Shares applied for by an Applicant at or above the Floor Price or within the Price Band, as the case may be, will be considered for Allocation and Allotment in accordance with the Basis of Allocation. The highest value indicated by the Applicant in the ASBA Application to subscribe for the Equity Shares applied for in the ASBA Application shall be blocked in the ASBA Account of such Applicant. After determination of the Issue Price, the maximum number of Equity Shares applied for by an Applicant at or above the Issue Price will be considered for Allocation and the rest of the options will become automatically invalid.

(j) The Applicant cannot submit another ASBA Application after one ASBA Application has been submitted to the SCSBs or any member of the Syndicate. Submission of a second ASBA Application to either the same or to another SCSBs or any member of the Syndicate will be treated as multiple applications and is liable to be rejected either before entering the required details of the ASBA Application into the electronic bidding system, or at any point of time prior to the Allotment of the Equity Shares offered in this Issue. However, the Applicant can revise upwards the price per Equity Share or the number of Equity Shares applied for through the Revision Form, the procedure for which is detailed under the paragraph titled "- ***Revision of ASBA Applications***".

(k) Upon receipt of an ASBA Application from the Applicant, in physical mode, the Designated Branches of the SCSBs shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(l) If sufficient funds are not available in the ASBA Account, the Designated Branches of the SCSBs shall reject such ASBA Application and shall not upload the details of the ASBA Application on the electronic bidding system of the Stock Exchanges.

(m) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application and will enter the details of the ASBA Application into the electronic bidding system and generate an Acknowledgement Slip for each price and demand option. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the members of the Syndicate or the Designated Branches of the SCSBs. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

(n) The Application Amount shall remain blocked in the aforesaid ASBA Account until the finalisation of the Basis of Allocation, the dispatch of the CAN and consequent transfer of the Application Amount for the Allotted Equity Shares to the Public Issue Account from the ASBA Accounts, or alternatively, until the withdrawal of the Issue or the rejection of the ASBA Application, as the case may be. Once the Basis of Allocation is finalised and the CAN is dispatched, the Registrar to the Issue shall send an appropriate request to the SCSBs to unblock the relevant ASBA Accounts and to transfer the amount due on the Equity Shares to be Allotted to the successful Applicants to the Public Issue Account on the Designated Date.

(o) In case our Company and the Selling Shareholders withdraw or cancel the Issue, the Registrar to the Issue shall give instructions to the SCSBs to unblock the Application Amounts in the relevant ASBA Accounts of the Applicants within one day of receipt of such instruction. Our Company shall also inform the Stock Exchanges of such cancellation or withdrawal.

Electronic Registration of ASBA Applications

(a) The Stock Exchanges will offer an electronic facility for registering details under the ASBA Applications for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Issue Period. The members of the Syndicate and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of details under the ASBA Applications, subject to the condition that they will subsequently upload the off-line data file into the electronic facilities offered by the Stock Exchanges. The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges. On the Issue Closing Date, the members of the Syndicate and the Designated Branches of the SCSBs shall upload the details under the ASBA Applications on the electronic bidding system of the Stock Exchanges till such time as may be permitted by the Stock Exchanges.

(b) Each ASBA Application will give the Applicant the choice to apply for up to three optional prices at or above the Floor Price or within the Price Band, as the case may be, and to specify the demand (i.e., the number of Equity Shares applied for) at each such price.

(c) With respect to details under the ASBA Applications submitted to the members of the Syndicate at the Specified Locations, the members of the Syndicate shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number (not compulsory);
- Category of the Applicant;

- Numbers of Equity Shares applied for;
- Price per Equity Share;
- Bank code for the SCSB where the ASBA Account is maintained; and
- Name of the Specified Location.

(d) With respect to details under the ASBA Applications submitted to the SCSBs, the SCSBs shall enter the following details in the electronic bidding system of the Stock Exchanges:

- ASBA Application number;
- PAN;
- DP ID and Client ID number of the beneficiary account of the Applicant;
- Application Amount;
- ASBA Account number;
- Category of the Applicant;
- Numbers of Equity Shares applied for; and
- Price per Equity Share.

(e) Acknowledgement Slip will be generated when the ASBA Application is registered for each price and demand option. The registration of the ASBA Application by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be Allocated/Allotted either by the members of the Syndicate or our Company.

(f) The members of the Syndicate and the SCSBs will register the ASBA Applications received, using the electronic bidding system of the Stock Exchanges.

(g) The members of the Syndicate and the SCSBs may undertake modification of selected fields in the details under the ASBA Application already uploaded within one Working Day from the Issue Closing Date.

(h) Neither our Company nor the Registrar to the Issue shall be responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the ASBA Applications accepted by the members of the Syndicate or the SCSBs, (ii) the details under the ASBA Applications uploaded by the members of the Syndicate or the SCSBs, or (iii) the ASBA Applications accepted but not uploaded by the members of the Syndicate or the SCSBs.

(i) The SCSBs shall be responsible for any acts, mistakes, errors or omissions and commissions in relation to (i) the ASBA Applications accepted by them, (ii) the details under the ASBA Applications uploaded by them, (iii) the ASBA Applications accepted but details not uploaded by them, and (iv) the ASBA Applications accepted and details uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for ASBA Applications uploaded by the SCSBs, the full Application Amount has been blocked in the relevant ASBA Account and that clear demarcated funds are available in the blocked ASBA Account and can be transferred to the Public Issue Account on the Designated Date.

(j) The permission given by the Stock Exchanges to use its network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the members of the Syndicate or the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares offered in the Issue will be listed or will continue to be listed on the Stock Exchanges.

(k) The aggregate demand in relation to ASBA Applications registered shall be displayed by Stock Exchanges without disclosing the price.

(l) Only those ASBA Applications details of which are uploaded on the electronic bidding system of the Stock Exchanges shall be considered for the Allocation and Allotment. Members of the Syndicate and the SCSBs will be given up to one Working Day after the Issue Closing Date to verify the DP ID and Client ID uploaded on the electronic bidding system of the Stock Exchanges during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchanges and will reconcile and validate the details of the ASBA Application uploaded on the electronic bidding system of the Stock Exchanges with the Depositories records. In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such ASBA Applications are liable to be rejected.

(m) The details of the ASBA Applications uploaded on the electronic bidding system of the Stock Exchanges shall be considered as final and Allocation and Allotment will be based on such details.

Revision of ASBA Applications

(a) During the Issue Period, any Applicant who has submitted an ASBA Application subscribing to a specific number of Equity Shares at a particular price level may revise upwards the number of Equity Shares applied for and/or the price per Equity Shares within the Price Band or at or above the Floor Price, as the case may be, using the printed Revision Form, which is a part of the ASBA Application. **An ASBA Application cannot be withdrawn and the price per Equity Share and/or the number of Equity Shares applied for cannot be revised downwards**.

(b) Upward revisions can be made in both the desired number of Equity Shares and the price per Equity Share by using the Revision Form.

(c) The Applicant can make this upward revision any number of times during the Issue Period. However, for any revision(s) in the ASBA Application, the Applicants will have to use the services of the same member of the Syndicate or the SCSB through whom such Applicant had placed the original ASBA Application. Applicants are advised to retain copies of the blank Revision Form and any revision in the ASBA Application must be made only in such Revision Form or copies thereof.

(d) Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the options in its ASBA Application or earlier Revision Form. For example, if an Applicant has applied for three options in the ASBA Application and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Syndicate and the Designated Branches of the SCSBs will not accept incomplete or inaccurate Revision Forms.

(e) In case of upward revision of the number of Equity Shares and/or the price per Equity Share, the relevant SCSB shall block the additional Application Amount in the ASBA Account of such Applicant. The Registrar to the Issue will reconcile the ASBA Application data and consider the revised ASBA Application data for preparing the Basis of Allocation.

(f) When an Applicant revises its ASBA Application, it should surrender the earlier Acknowledgement Slip and request for a revised Acknowledgment Slip from the members of the Syndicate or the SCSB as proof of it having revised the previous ASBA Application.

Allocation

(a) Allocation to FPIs and FVCIs, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(b) A minimum of 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be Allocated and Allotted to Mutual Funds and Insurance Companies, subject to valid ASBA Applications being received at or above the Issue Price, provided that if this portion or any part thereof to be Allotted to Mutual Funds and Insurance Companies remains unsubscribed, such minimum portion or part thereof may be Allotted to other QIBs.

(c) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI

Listing Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of Equity Shares Allotted in the Issue in terms of Regulation 91H of the SEBI ICDR Regulations.

Price Discovery

(a) Based on the demand for the Equity Shares offered in the Issue generated at various price levels, our Company, in consultation with the Book Running Lead Managers, shall finalise the Issue Price.

(b) The Issue Price shall be the price at or above the Floor Price, or within the Price Band, as the case may be. The Equity Shares offered in the Issue shall be Allocated and Allotted at the Issue Price.

RoC Filing

Our Company will update and deliver a copy of the updated Red Herring Prospectus for registration with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue and will be complete in all material respects. Our Company will register a copy of the Prospectus with the RoC in terms of relevant provisions of the Companies Act.

Allotment Criteria

The Equity Shares offered in the Issue will be Allocated and Allotted to successful Applicants as per the proportionate method.

Basis of Allocation

- ASBA Applications received at or above the Issue Price shall be grouped together to determine the total demand for the Equity Shares offered in the Issue. Allotment against each ASBA Application for Equity Shares shall be restricted to 25% of the aggregate number of Equity Shares Allotted in the issue in terms of Regulation 91H of the SEBI ICDR Regulations, by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers and the Stock Exchanges. For further details, please see "***Issue Procedure – Number of Allottees***" on page 167. The Allocation and Allotment to all successful Applicants will be made at the Issue Price finalised by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers.

- The Allocation shall be undertaken in the following manner:

  (a) In the first instance, Allocation to Mutual Funds and Insurance Companies for 25% of the aggregate number of Equity Shares to be Allotted in the Issue shall be determined as follows:

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then subject to valid ASBA Applications received at or above the Issue Price, Allocation to Mutual Funds and Insurance Companies shall be made on a proportionate basis at the Issue Price as per the Allocation criteria mentioned below for 25% of the aggregate number of Equity Shares to be Allotted in the Issue.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies is equal to or less than 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then all Mutual Funds and Insurance Companies shall get full Allocation at the Issue Price to the extent of valid ASBA Applications received at or above the Issue Price.

    - In the event that the aggregate demand from Mutual Funds and Insurance Companies exceeds 25% of the aggregate number of Equity Shares to be Allotted in the Issue, then the additional demand from Mutual Funds and Insurance Companies after Allocation of 25% of the aggregate number of Equity Shares to be Allotted in the Issue, shall be aggregated with the portion to be Allocated to other QIBs.

    - In the event subscription from Mutual Funds and Insurance Companies is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, the Equity Shares offered in the Issue that remain unsubscribed shall be available for Allocation to other QIBs as set out in (b) below.

(b) In the second instance, Allocation to all Applicants shall be determined as follows:

- All Applicants who have submitted valid ASBA Applications at or above the Issue Price shall be Allocated Equity Shares offered in the Issue at the Issue Price on a proportionate basis as per the Allocation criteria mentioned below, until the Equity Shares offered in the Issue representing up to 75% of the Issue Size or such number of Equity Shares offered in the Issue as may remain after Allocation to Mutual Funds and Insurance Companies are exhausted.

- Mutual Funds and Insurance Companies, who have received Allocation as per (a) above, for less than the number of Equity Shares applied for by them, are eligible to receive Equity Shares on a proportionate basis as per the Allocation criteria mentioned below along with the other QIBs. For the purpose of Allocation to Mutual Funds and Insurance Companies in this category, quantity of Equity Shares applied for in the Issue less the Equity Shares Allocated as per (a) above shall be considered for Allocation.

- In the event subscription from Mutual Funds and Insurance Companies pursuant to (a) above is below 25% of the aggregate number of Equity Shares to be Allotted in the Issue, such portion which remains unsubscribed would be included for Allocation along with the other QIBs on a proportionate basis.

Proportionate Method

The Allocation and Allotment shall be made on a proportionate basis as explained below:

(a) The number of Equity Shares applied for in the Issue at or above the Issue Price shall first be aggregated.

(b) Number of Equity Shares to be Allocated to the successful Applicants will be calculated on a proportionate basis, which is total number of Equity Shares applied for by each Applicant multiplied by the inverse of the over-subscription ratio, (subject to the maximum limit of 25% of the offer size in terms of Regulation 91H of the SEBI ICDR Regulations) where oversubscription ratio means the ratio of the total number of Equity Shares applied for in the Issue and the remaining number of Equity Shares offered in the Issue that are available for Allocation.

(c) If the determination of proportionate Allocation to an Applicant is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allocation and Allotment to all Applicants would be arrived at after such rounding off.

THE DECISION OF OUR COMPANY AND THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION AND ALLOTMENT SHALL BE BINDING ON ALL APPLICANTS.

Issuance of the CAN

(a) Upon approval of the Basis of Allocation by the Stock Exchanges and the dispatch of the CAN, the Registrar to the Issue shall send to the Book Running Lead Managers a list of the Applicants who would be Allotted Equity Shares in the Issue.

(b) Our Company and the Selling Shareholders will then issue CANs to the Applicants who have been Allocated Equity Shares in the Issue.

(c) The dispatch of CANs shall be deemed a valid, binding and irrevocable agreement on part of the Applicant to subscribe to the Equity Shares Allocated to such Applicant at the Issue Price.

(d) On the basis of the approved Basis of Allocation, our Company shall pass necessary corporate action for Allotment of Equity Shares in the Issue.

Advertisement under Regulation 66 of the SEBI ICDR Regulations

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in terms of Regulation 66 of the SEBI ICDR Regulations, in an English national newspaper and a Hindi national newspaper, each with wide circulation, Hindi being the regional language of New Delhi where our Registered Office if located. Any material updates between the date of this Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares offered in the Issue

(a) Our Company and the Selling Shareholders will ensure that (i) the Allotment of Equity Shares offered in the Issue; and (ii) credit to the successful Applicant's depositary account will be completed within six Working Days of the Issue Closing Date.

(b) In accordance with the SEBI ICDR Regulations, Equity Shares offered in the Issue will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted in the Issue as per the provisions of the Companies Act and the Depositories Act.

(d) The Equity Shares will be Allotted to at least 10 Allottees under the Issue. As provided in the SEBI ICDR Regulations, no single Allottee shall be Allotted more than 25% of the aggregate number of Equity Shares Allotted in the Issue in terms of Regulation 91H of the SEBI ICDR Regulations.

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

(a) Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable laws, rules, regulations, guidelines and approvals;

(b) Ensure that the price per Equity Share you have included in the ASBA Applications is a price per Equity Share at or above the Floor Price or within the Price Band, as the case may be;

(c) Do not apply for or revise the prices indicated in the ASBA Application to a price higher than the Cap Price, if applicable;

(d) Ensure that the details about the PAN, Client ID, DP ID, Depository Participant and the beneficiary account are correct and active as Allotment of Equity Shares in the Issue will be in the dematerialised form only;

(e) Ensure that the ASBA Applications are submitted either to the members of the Syndicate (only at Specified Locations) or at a Designated Branch of the SCSB where the Applicant or the person whose ASBA Account will be utilised by the Applicant for bidding has an ASBA Account;

(f) Ensure that the ASBA Application is signed by the account holder(s) or an authorised signatory on behalf of the account holder, in case the Applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Application;

(g) Ensure that the ASBA Application is completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Application or in the Revision Form. Applicants should note that the members of the Syndicate and/or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible ASBA Applications or Revision Forms;

(h) If you are an SCSB and are applying for Allotment of the Equity Shares, ensure that you use an ASBA Account for your ASBA Application which is maintained in your own name with a different SEBI registered SCSB, which ASBA Account is used solely for the purpose of subscribing in public issues, having clear, demarcated funds.

(i) Ensure that you request for and receive a stamped acknowledgement in the form of a counterfoil or by specifying the acknowledgment number for each of the options applied for in the ASBA Application;

(j) Ensure that you have funds equal at least to the Application Amount in your ASBA Account maintained with the SCSB before submitting the ASBA Application to the respective Designated Branch of the SCSB or the member of the Syndicate at Specified Locations;

(k) Submit revised ASBA Applications to the same member of the Syndicate/SCSB through whom the original ASBA Application was placed and obtain a revised acknowledgement slip;

(l) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

(m) Ensure that the name given in the ASBA Application is exactly the same as the name in which the beneficiary account is held with the Depository Participant;

(n) Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Application and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate match with the DP ID, Client ID and PAN available in the Depository database;

(o) Ensure that you use the ASBA Application bearing the stamp of the relevant SCSB and/or the Designated Branch of the SCSB and/or the member of the Syndicate (except in case of electronic forms);

(p) Applicants bidding through the Syndicate should ensure that the ASBA Application is submitted to a member of the Syndicate only at the Specified Locations and that the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has named at least one branch at the Specified Locations for the members of the Syndicate to deposit the ASBA Applications;

(q) Ensure that in case of ASBA Applications made under power of attorney, relevant documents are submitted;

(r) Ensure that ASBA Applications submitted by QIBs resident outside India should be in compliance with applicable foreign and Indian laws;

(s) Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Application, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the ASBA Application;

(t) ASBA Applications made on a repatriation basis shall be in the name of FVCIs;

(u) Do not fill up the ASBA Application such that the number of Equity Shares applied for exceeds the Issue size and/or the investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(v) Information provided by the Applicants will be uploaded on the electronic bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make Allocation and Allotment. Please ensure that the details are correct and legible;

(w) Read all the instructions carefully and complete the ASBA Application in the prescribed form; and

(x) The ASBA Application is liable to be rejected if the above instructions, as applicable, are not complied with.

Applicant's PAN, Depository Account and ASBA Account Details

Applicants should note that on the basis of PAN of the Applicants, DP ID and Client ID entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate or SCSBs, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants' ASBA Account details, and PAN registered with the Depository (the "Demographic Details"). These Demographic Details would be used for processing, including identifying ASBA Applications to be rejected on technical grounds and unblocking of ASBA Account. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of the ASBA Account at the Applicants sole risk and none of the Book Running Lead Managers, the Registrar to the Issue, the SCSBs or our Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the ASBA Application.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the CANs. The Demographic Details given by Applicants in the ASBA Application would not be used for any other purpose by the Registrar to the Issue.

By signing the ASBA Application, the Applicant would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

The CAN will be mailed at the address of the Applicant as per the Demographic Details received from the Depositories or the email address provided by the Applicant in the ASBA Application. Applicants may note that delivery of the CAN may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Please note that any such delay shall be at such Applicant's sole risk and none of our Company, Book Running Lead Managers or the Registrar to the Issue shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches the parameters, namely, PAN of the Applicant, the DP ID and Client ID, then such ASBA Application is liable to be rejected.

ASBA Applications made under Power of Attorney

In addition to the above, certain additional documents are required to be submitted by the following entities:

(a) With respect to ASBA Applications by FPIs, Mutual Funds, VCFs, FVCI's and AIFs a certified copy of their SEBI registration certificate must be lodged along with the ASBA Application.

(b) With respect to ASBA Applications by Insurance Companies, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the ASBA Application.

(c) With respect to ASBA Applications made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the ASBA Application.

PAYMENT INSTRUCTIONS

Payment mechanism for Applicants

The Applicants shall specify the ASBA Account number in the ASBA Application. The SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the ASBA Application and each Applicant or the account holder shall be deemed to have agreed to block such amount. In case of upward revision of the number of Equity Shares applied for or the price per Equity Share, the SCSB shall block additional Application Amount in the ASBA Account of such Applicant and the Applicants or the account holder shall be deemed to have agreed to block such amount.

The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allocation in the Issue, dispatch of the CAN and consequent transfer of the Application Amount to the Public Issue Account, until rejection of the ASBA Applications or until withdrawal of the Issue, as the case may be. In the event of rejection of the ASBA Application or for unsuccessful or partially successful ASBA Applications, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant ASBA Account and the same shall be acted upon by the SCSB concerned within one Working Day of receipt of such instruction.

OTHER INSTRUCTIONS

Multiple Applications

An Applicant should submit only one (and not more than one) ASBA Application.

In case of a Mutual Fund, a separate ASBA Application may be made in respect of each scheme of the Mutual Fund and such ASBA Applications in respect of over one scheme of the Mutual Fund will not be treated as multiple ASBA Applications provided that the ASBA Applications clearly indicate the scheme concerned for which the ASBA Application has been made.

After submitting an ASBA Application, an Applicant cannot submit another ASBA Application, to either the same or another Designated Branch of the SCSB or member of the Syndicate. Submission of a second ASBA Applications in such manner will be deemed a multiple ASBA Application and is liable to be rejected. However, the Applicants may revise their ASBA Application through the Revision Form, the procedure for which is described in "***Revision of ASBA Applications***" above.

Copies of ASBA Applications with the same PAN details shall be treated as multiple ASBA Applications and are liable to be rejected.

Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, reserve the right to reject, in its absolute discretion, all or all except one of such multiple ASBA Application(s) in any or all categories.

1. All ASBA Applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds, ASBA Applications bearing the same PAN will be treated as multiple ASBA Applications by an Applicant and will be rejected.

2. For ASBA Applications from Mutual Funds which were submitted under the same PAN, the ASBA Applications will be scrutinised for common DP ID and Client ID. In case, the ASBA Applications bear the same DP ID and Client ID, these will be treated as multiple applications and will be rejected.

The Registrar to the Issue will obtain, from the depositories, details of the Applicant's address based on the DP ID and Client ID provided in the ASBA Applications.

REJECTION OF ASBA APPLICATIONS

Our Company has a right to reject the ASBA Applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject ASBA Applications if at the time of blocking the Application Amount in the Applicant's ASBA Account, the respective Designated Branch of the SCSB ascertains that sufficient funds are not available in the Applicant's ASBA Account maintained with the SCSB.

Grounds for Technical Rejections

Applicants are advised to note that ASBA Applications are liable to be rejected *inter alia* on the following technical grounds and for any other reasons after assigning reason for such rejection in writing:

(a) ASBA Applications other than by QIBs;

(b) Incomplete ASBA Application. For instance, ASBA Application not having details of the ASBA Account to be blocked or not containing the authorisations for blocking the Application Amount in the ASBA Account specified in the ASBA Application;

(c) The amount mentioned in ASBA Application does not tally with the amount payable for the value of the Equity Shares applied for;

(d) PAN not mentioned in the ASBA Application;

(e) ASBA Applications made at a price per Equity Share less than the Floor Price or not within the Price Band, as the case may be;

(f) ASBA Application by Applicants whose demat account have been "suspended for credit" pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010;

(g) Multiple ASBA Applications as explained in this Red Herring Prospectus. See "- ***Other Instructions – Multiple ASBA Applications***";

(h) ASBA Applications are not delivered by the Applicants within the time prescribed as per the ASBA Applications, the Floor Price/Price Band Announcement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the ASBA Applications;

(i) In case no matching or corresponding record is available with the Depositories that matches the DP ID and the Client ID;

(j) Inadequate funds in the ASBA Account to block the Application Amount specified in the ASBA Application at the time of blocking such Application Amount in the ASBA Account;

(k) ASBA Application submitted by Applicants to a member of the Syndicate at locations other than the Specified Locations;

(l) In case of SCSBs applying for Allotment of Equity Shares, if the ASBA Account is not maintained in the name of such SCSB with a different SEBI registered SCSB;

(m) ASBA Applications by persons in the United States – other than US QIBs;

(n) ASBA Applications, details of which are not uploaded on the electronic bidding system of the Stock Exchanges;

(o) ASBA Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority; and

(p) ASBA Applications by any Applicant outside India, if not in compliance with applicable foreign and Indian laws.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

The Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but shall be fungible and shall be represented by the statement issued through the electronic mode).

Applicants can seek Allotment only in dematerialised mode. ASBA Applications from any Applicant without relevant details of its depository account are liable to be rejected.

(a) An Applicant applying for Equity Shares in the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the ASBA Application.

(b) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant as provided in the ASBA Application.

(c) Names in the ASBA Application or Revision Form should be identical to those appearing in the account details in the Depository.

(d) The Applicant is responsible for the correctness of its Demographic Details given in the ASBA Application vis-à-vis those with its Depository Participant.

(e) The trading of the Equity Shares issued pursuant to the Issue of our Company would be in dematerialised form only for all Applicants in the demat segment of the Stock Exchanges.

(f) Non transferable CAN will be directly sent to the Applicants.

Our Company and the Selling Shareholders or the members of the Syndicate will not be responsible or liable for the delay in the credit of the Equity Shares Allotted in the Issue due to errors in the ASBA Application or otherwise on part of the Applicants.

Communications

All future communications in connection with ASBA Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the Applicant, ASBA Application number, the Applicants' Depository Account details, number of Equity Shares applied for, date of the ASBA Application, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the ASBA Application was submitted and ASBA Account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Registrar to the Issue in case of any pre-Issue or post- Issue related problems such as non-receipt of the CAN, credit of Allotted Equity Shares in the respective beneficiary accounts etc. In case of ASBA Applications submitted with the Designated Branches of the SCSBs, Applicants can contact the Designated Branches of the SCSBs.

UNBLOCKING THE FUNDS

The Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications within six Working Days of the Issue Closing Date and the same shall be acted upon by the SCSBs within one Working Day of receipt of such instruction.

DISPOSAL OF ASBA APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

Our Company shall take all steps to ensure that listing and commencement of trading of the Equity Shares Allotted in the Issue at the Stock Exchanges is within six Working Days of the Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI ICDR Regulations, our Company further undertakes that:

(a) Allotment of Equity Shares in the Issue shall be made only in dematerialised form within six Working Days of the Issue Closing Date;

(b) Instructions for unblocking of the Applicant's ASBA Account shall be made within six Working Days from the Issue Closing Date; and

(c) Our Company and the Selling Shareholders shall pay interest at 15% per annum for any delay, if Allotment is not made, funds in the relevant ASBA Accounts to the extent of the Application Amount specified in the ASBA Applications for rejected or unsuccessful or partially successful ASBA Applications are not unblocked and/or demat credits are not made to investors within the six Working Days.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"*Any person who—*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name

shall be liable for action under section 447."

The liability prescribed under Section 447 of the Companies Act includes imprisonment for a term which shall not be less than six (6) months extending up to ten (10) years (provided that where the fraud involves public interest, such term shall not be less than three (3) years) and fine of an amount not less than the amount involved in the fraud, extending up to three (3) times of such amount.

Issue Programme

ISSUE OPENS ON	[●]
ISSUE CLOSES ON	[●]

Details of the Issue programme shall be disclosed in the Floor Price/Price Band Announcement. Investors should refer to the pre-issue advertisement and the Floor Price/Price Band Announcement for further details.

ASBA Applications and any revision in the ASBA Applications shall be accepted and uploaded only between 10 a.m. (Indian Standard Time, "**IST**") and 5 p.m. IST during the Issue Period as mentioned above by the members of the Syndicate at the Syndicate ASBA Bidding Centres and the Designated Branches of SCSBs as mentioned on the ASBA Application.

Withdrawal of the Issue

Our Company and the Selling Shareholders reserve the right to withdraw the Issue at any stage prior to Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published. The Registrar to the Issue shall issue instructions to the SCSBs to unblock the ASBA Accounts of the Applicants within one day of receipt of such instructions. Our Company shall also inform the Stock Exchanges of such withdrawal.

PLACEMENT

Issue and Placement Agreement

The Book Running Lead Managers have entered into the Issue and Placement Agreement with our Company and the Selling Shareholders pursuant to which the Book Running Lead Managers have agreed to manage the Issue and use reasonable efforts to procure subscription for Equity Shares to be placed with the QIBs, pursuant to Chapter VIII-A of the SEBI ICDR Regulations.

The Issue and Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and is subject to termination in accordance with the terms contained therein.

Our Company has received in-principle approvals from the Stock Exchanges under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares being offered in the Issue on the Stock Exchanges. After Allotment of the Equity Shares, applications shall be made to list the Equity Shares and admit them to trading on the Stock Exchanges. The Issue is subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after the Allotment.

In connection with the Issue, the Book Running Lead Managers (or its affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and issuance of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribution or in connection with the issuance of P-Notes. See "***Offshore Derivative Instruments***" beginning on page 14.

From time to time, the Book Running Lead Managers and certain of their affiliates have provided and continue to provide commercial and investment banking services, particularly acting as an underwriter or lead manager, to us or our affiliates for which they have received and may in the future receive compensation.

Lock-up

Our Company has agreed that it will not, without the prior written consent of the Book Running Lead Managers, during the period starting from the execution of the Issue and Placement Agreement until the expiry of 180 days after the date of Allotment, (a) issue, offer, lend, pledge, encumber, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (b) enter into any swap or other agreement that transfers, in whole or in part, the Equity Shares or any securities convertible into or exercisable as or exchangeable for the Equity Shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above; whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise, or (d) indulge in any publicity activities prohibited under the publicity memorandum prepared by the domestic and international legal counsel, during the period in which it is prohibited under each such laws. Nothing contained in this clause shall restrict the Company from (i) issuing any Equity Shares pursuant to the exercise of any options granted under the ESOS 2015-II; and (ii) registering any transfer (a) pursuant to the Scheme of Arrangement; or (b) upon expiry of 60 days after the date of Allotment, pursuant to a transaction to achieve 'minimum public shareholding' in terms of Rule 19(2)(b) and Rule 19A of the SCRR, through an 'offer for sale through the stock exchange mechanism' prescribed by the Securities and Exchange Board of India or any other permitted mechanism under Applicable Law.

Rakesh Gangwal, Shobha Gangwal, The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware) and Asha Mukherjee have agreed that they will not, without the prior written consent of the Book Running Lead Managers, during the period starting from the date the execution of the Issue and Placement Agreement and ending 180 days after the date of Allotment, (a) offer, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of shares of the Company or any securities convertible into or exercisable as or exchangeable for the Equity Shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above; whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise; or (d) indulge in any publicity activities prohibited by the domestic and international legal counsel, during the period in which it is prohibited under each such laws.

Rahul Bhatia, Kapil Bhatia, Rohini Bhatia, Alok Mehta, InterGlobe Enterprises Limited, Acquire Services Private Limited and IGE (Mauritius) Private Limited agree that, they will not without the prior written consent of the Book Running Lead Managers, during the period commencing from the date the execution of the Issue and Placement Agreement and ending 180 days after the date of Allotment, directly or indirectly: (a) offer, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, transfer or dispose of, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Equity Shares or any securities convertible into or exercisable as or exchangeable for the Equity Shares; or (c) publicly announce any intention to enter into any transaction described in (a) or (b) above; whether any such transaction described in (a) or (b) above is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise. Provided that any transfer of Equity Shares on account of implementation of the Scheme of Arrangement shall not be subject to the terms of this paragraph.

Notwithstanding anything contained in the immediately preceding paragraph, upon expiry of 60 days after the date of Allotment pursuant to the Issue, they are permitted to sell, in the aggregate, up to such number of Equity Shares held by them as required in order for the Company to achieve 'minimum public shareholding' in terms of Rule 19(2)(b) and Rule 19A of the SCRR, through an 'offer for sale through the stock exchange mechanism' prescribed by SEBI or any other permitted mechanism under applicable law.

Inter-se Allocation of Responsibilities of the Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities among the BRLMs for the Issue:

Sl. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities.	Citi, JPM, MS	Citi
2.	Due diligence of the Company including its operations, management, business plans, legal etc.	Citi, JPM, MS	Citi
3.	Drafting of the entire offer document(s)	Citi, JPM, MS	Citi
4.	Drafting and design of other Issue related material such as application forms, abridged prospectus etc.	Citi, JPM, MS	JPM
5.	Co-ordination with the RoC and SEBI including RoC filing.	Citi, JPM, MS	Citi
6.	Co-ordination of all transaction agreements	Citi, JPM, MS	Citi
7.	Drafting and approval of all statutory advertisements. Review of other publicity material such as corporate advertisements, press releases, etc.	Citi, JPM, MS	MS
8.	Preparing road show presentation and frequently asked questions.	Citi, JPM, MS	MS
9.	Appointment of intermediaries, including the Public Issue Account Bank, the Registrar to the Issue, the printers, the advertising agency.	Citi, JPM, MS	JPM
10.	Co-ordination with the Stock Exchanges for all SE related activities including book building software and bidding terminals. Post-bidding activities including management of escrow accounts, follow-up with SCSBs, Registrar to the Issue, co-ordination for allocation, demat delivery of Equity Shares, intimation of Allocation and dispatch of the CANs to Applicants etc. The Book Running Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company. The post-Issue activities will involve essential co-ordination and follow up steps with the Stock Exchanges, which include the finalisation of listing and trading of Equity Shares.	Citi, JPM, MS	JPM
11.	Institutional (including domestic) marketing strategy, which will cover, inter alia: • Finalising the Investor Master-list and division of investors for one to one meetings	Citi, JPM, MS	MS

Sl. No.	Activity	Responsibility	Co-ordinator
	• Finalising the road show schedule		
12.	Pricing, managing the book and allocation	Citi, JPM, MS	JPM

Minimum Public Shareholding

Pursuant to the shareholders' agreement dated April 23, 2015, as amended, between the RG Group, IGE Group and the Company (the "**Shareholders' Agreement**") and through a letter dated September 11, 2017, the IGE Group has acknowledged and agreed that the following contribution has been agreed between the IGE Group and the RG Group in order to comply with the existing percentage prescribed under requirements for minimum public shareholding (the "**MPS Requirement**"): Company will issue up to 22,385,614 Equity Shares constituting 5.416% of 10.832% required to achieve the MPS Requirement as on date whereas the IGE Group will sell up to 11,192,807 Equity Shares constituting 2.708% of 10.832% required to achieve the MPS Requirement as on date and the RG Group will sell up to 11,192,807 Equity Shares constituting 2.708% of 10.832% required to achieve the MPS Requirement as on date.

Pursuant to IGE Group's obligation under the Shareholder's Agreement, IGE Group has acknowledged and agreed that after a period of 60 days from the date of listing of shares in the Issue and no later than November 9, 2018, the IGE Group will undertake a sale of equity shares as mentioned above through the offer for sale through the stock exchange mechanism as specified by SEBI or any other mechanism permitted by applicable law to fulfil the IGE Group's aforementioned contribution to the MPS Requirement. IGE Group have acknowledged and agreed that the Company and the RG Group will have fulfilled their obligations to contribute towards the MPS Requirement by participating in the Issue to the extent of Equity Shares to be issued or sold, as the case may be, as mentioned above and that the Company and the RG Group will not be required to make any further contributions to the MPS requirement to the extent of the contribution specified above.

DISTRIBUTION AND SOLICITATION RESTRICTIONS

The distribution of this Red Herring Prospectus or any material related to the Issue and the offering, sale or delivery of the Equity Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Red Herring Prospectus or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Red Herring Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction, other than India, or the possession, circulation or distribution of this Red Herring Prospectus or any other material relating to the Company or the Equity Shares in any jurisdiction, where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Red Herring Prospectus nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act and 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 applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as "US QIBs", and for the avoidance of doubt, the term US QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

This Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit an offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company and the Selling Shareholders and their respective affiliates from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

ADDITIONAL PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

*Investors are advised to consult with their own legal counsel and refer to this section and "**Distribution and Solicitation Restrictions**" on page 185 prior to purchasing any Equity Shares or making any resale, pledge or transfer of such Equity Shares.*

The Equity Shares being Allotted shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges.

Additional transfer restrictions applicable to the Equity Shares are listed below.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares issued pursuant to the Issue within the United States, by its acceptance of this Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the Book Running Lead Managers that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

i. the purchaser is authorised to consummate the purchase of the Equity Shares issued pursuant to the Issue in compliance with all applicable laws and regulations;

ii. the purchaser acknowledges that the Equity Shares issued pursuant to the Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

iii. the purchaser (a) is a US QIB, (b) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (c) is acquiring such Equity Shares for its own account or for the account of a US QIB with respect to which it exercises sole investment discretion;

iv. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

v. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (a) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a US QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (b) in accordance with all applicable laws, including the securities laws of the states of the United States;

vi. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

vii. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

viii. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR

OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

ix. our Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

x. the purchaser acknowledges that our Company, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in the Issue

Each purchaser that is acquiring the Equity Shares issued pursuant to the Issue outside the United States, by its acceptance of this Red Herring Prospectus and of the Equity Shares issued pursuant to the Issue, will be deemed to have acknowledged, represented to and agreed with our Company and the Book Running Lead Managers that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

i. the purchaser is authorised to consummate the purchase of the Equity Shares issued pursuant to the Issue in compliance with all applicable laws and regulations;

ii. the purchaser acknowledges that the Equity Shares issued pursuant to the Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any State of the United States and are subject to restrictions on transfer;

iii. the purchaser is purchasing the Equity Shares issued pursuant to the Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

iv. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to the Issue, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

v. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

vi. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (a) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a US QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (b) in accordance with all applicable laws, including the securities laws of the States of the United States;

vii. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER

JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

viii. our Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

ix. the purchaser acknowledges that our Company, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each EEA State that has implemented the Prospectus Directive (Directive 2003/71/EC) (each, a "**Relevant Member State**"), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

i. to any legal entity which is a qualified investor as defined under the Prospectus Directive;

ii. to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the Book Running Lead Managers; or

iii. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for our Company or any Book Running Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the Book Running Lead Managers and our Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of to the public" in relation to any of the Equity

Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the Book Running Lead Managers has been obtained to each such proposed offer or resale.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**"). On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the Securities and Exchange Board of India Act, 1992, as amended from time to time ("**SEBI Act**"), notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 ("**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of a company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognised stock exchange.

Minimum Level of Public Shareholding

All listed companies are required to ensure a minimum public shareholding of 25%, as required under the SCRR and the SEBI Listing Regulations. However, a listed company has a period of three (3) years from the date of listing of the securities of the company to comply with the requirement of having a minimum public shareholding of 25% as provided under the SCRR. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" and the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**"), which provides specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribe certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

Insider Trading Regulations

The Insider Trading Regulations have been notified by SEBI to prohibit and penalise insider trading in India. An insider is, among other things, prohibited from dealing either on his own behalf or on behalf of any other person, in the securities of a listed company or a company proposed to be listed when in possession of unpublished price sensitive information, subject to certain limited exceptions.

The Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a predefined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to the securities of a company or any person who has a connection with the company that is expected to put him in possession of unpublished price sensitive information.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, the Companies Act. Prospective investors are urged to read the Memorandum and Articles of Association carefully, and consult with their advisers, as the Memorandum and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares. Capitalised terms used and not defined herein, shall have the same meaning as ascribed to such words in the Memorandum and Articles of Association.

General

The authorised share capital of our Company is ₹ 7,500.00 million, divided into 750,000,000 Equity Shares of ₹ 10 each.

Memorandum and Articles of Association

Our Company is governed by its Memorandum and Articles of Association.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

1. *To operate air support services to meet the requirement of public as well as private sector which would include services by Aero planes and/or Helicopters and such other transport services in India and abroad as may be approved by the Government of India or such other competent authority.*

2. *To operate scheduled/non-scheduled and transport services by aero planes and/or Helicopters to inaccessible areas and difficult terrains and to provide intra-city transportation for the carriage of passengers, mail and freight.*

3. *To operate Tourist Charters by Aero planes and/or Helicopters and to undertake any other operations that may be directed/requisitioned by the Government.*

4. *To organise, run, maintain, take on lease, purchase, sell, exchange, promote, establishes, manage, acquired, operate, take on hire, airlines, aircrafts, charters of air-craft, carrier of goods and passenger.*

5. *(i) To operate any air transport services or flight by Aero planes and/or Helicopters for a commercial or other purpose and to carry out all forms of aerial flights in different cities as may become necessary.*

   (ii) To provide pleasure/leisure rides in air with a view to promote air-mindedness in the country.

6. *To establish, provide, maintain and conduct research and other laboratories, training colleges, school and other institutions for the training, education and instruction of students and other who may desire to avail themselves of the same and to provide for the delivery and holding of lectures, demonstrations, exhibitions, class meetings and conferences connected with Aero plane and/or Helicopters.*

7. *To provide or to do all or any of the activities relating to training, educating, imparting, coaching to students, technicians connected with Aero planes and/or Helicopters in all respects of aircraft maintenance engineering, aircraft electronics and awarding diploma to persons, employed or desirous of being employed either by the Company or by any other persons.*

8. *To plan, promote, develop, design, test, repair, maintain, assemble, import, buy, sell etc. on hire purchase, charter, altering, modifying, manufacturing of aero planes, helicopters, aero engine, air support equipment, air frames, components, parts, tools, equipment, accessories, air borne radio and to deal in aerial conveyance of all kinds of machinery and other apparatus used or employed in connection therewith.*

9. *To carry on business as tourism agents and contractors and to facilitate traveling and to provide for tourists and travelers and promote the provision of conveniences of all kinds in through tickets, circular tickets, sleeping cars or berths, reservations, hotels and loading accommodation, guides, safe deposits, inquiry bureaus, libraries, lavatories, reading room, baggage transport and otherwise.*

10. *To carry on the business of transport, cartage and haulage contractors, garage, proprietors, owners and charters of road vehicles, aircrafts, shops, tugs, barges and boats of every description, lighter men, carriers of goods and passengers by road, rail water or air, Carmen, cartage contractors, stevedores, wharfirgers, cargo superintendents, packers, halers, ware housemen, store keepers and job masters*.

Dividends

Under Indian law, a company pays dividend upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM held each fiscal year. Under the Companies Act, unless the board of directors of a company recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act, no dividend can be declared or paid by a company for any fiscal year except out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act or out of the profits of the company for any previous fiscal year(s) arrived at in accordance with the provisions of the Companies Act. According to the Articles of Association, the amount of dividends shall not exceed the amount recommended by the Board of Directors. However, our Company may declare a smaller dividend in the general meeting. In addition, as is permitted by the Articles of Association, the Board of Directors may pay interim dividend as it may think fit, subject to the requirements of the Companies Act.

The Equity Shares issued pursuant to this Red Herring Prospectus shall rank *pari passu* with the existing Equity Shares in all respects including entitlements to any dividends that may be declared by our Company.

Capitalisation of Reserves and Issue of Bonus Shares

As per the Articles of Association, any general meeting of our Company may resolve the whole or any part of the undivided profit of the Company (which shall include any premiums received on the issue of shares and any profits or other sums which have been set aside as a reserve or have been carried forward without being divided) be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised amount be applied on behalf of such members in paying up in full any un-issued shares of the Company which shall be distributed accordingly or in or towards payment if the uncalled liability on any issued share and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised amount provided that any sum standing to the credit of a securities premium account or a capital redemption reserve account may, for the purpose of the Articles only be applied in the paying up of an un-issued shares to be issued to the members of the Company as fully-paid bonus shares. Any issue of bonus shares would be subject to SEBI ICDR Regulations and the Companies Act.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62 of the Companies Act, such new shares shall be offered to existing shareholders in proportion to the amount paid up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date, the Board may dispose of the shares offered in respect of which no acceptance has been received in a manner which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash of for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our Company's shareholders in a general meeting.

The Articles of Association authorise our Company to, from time to time, increase its share capital by such sum, to be divided into shares of such amount, as may be specified pursuant to a resolution. Subject to the provisions of Section 61 of the Companies Act, the Company may, by ordinary resolution, (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the share so cancelled. The Articles of Association also provide that our Company may issue shares and quasi equity instruments with differential rights as to dividend, voting or otherwise in accordance with such rules as many be prescribed, or hybrids, derivatives and options, as may be allowed under the Companies Act, or any other regulation/enactment, from time to time.

General Meetings of shareholders

There are two types of general meetings of the shareholders:

(i) AGM; and

(ii) EGM.

Our Company must hold its AGM within six months after the expiry of each fiscal year provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The Board of Directors may convene an EGM when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than one tenth of our Company's paid up share capital, in accordance with Section 100 of the Companies Act, 2013.

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received, in writing or electronic mode, from not less than 95% of the shareholders entitled to vote. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

A company intending to pass a resolution relating to matters including but not limited to, amendment in the objects clause of the Memorandum, the issuing of shares with different voting or dividend rights, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed under the Companies Act, 2013, is required to obtain the resolution passed by means of a postal ballot instead of transacting the business in the company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Such postal ballot includes procedure for voting by electronic mode.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares on a show of hands, every member present in person shall have one vote; and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company.

A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Companies Act, 2013.

Transfer of shares

Transfer of shares of the RG and the IGE Group

If any member of either the RG Group (i.e. Mr. Rakesh Gangwal, the Chinkerpoo Group and Ms. Shobha Gangwal and any of its affiliates, as defined in the Articles of Association) or the IGE Group (i.e. Mr. Kapil Bhatia, Mr. Rahul Bhatia, Ms. Rohini Bhatia and InterGlobe Enterprises Limited and any of its affiliates, as defined in the Articles of Association) proposes to transfer its Equity Shares to a third-party purchaser (not being an affiliate) otherwise than on a stock exchange or by way of a pre-negotiated sale on a stock exchange, then the other group will have the right of first refusal and tag along right.

Neither group can transfer, either directly or indirectly, without the prior written consent of the other group, any of its Equity Shares to a (i) competitor, unless such transfer is undertaken in good faith on the floor of a stock exchange other than (a) in a block deal or a synchronised deal; and (b) where the identity of the buyer was otherwise known; or (ii) to any person if such a proposed transfer requires such person to make an 'open offer' under the Takeover Regulations.

Transfer of shares of the public shareholders

The Equity Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the SEBI Listing Regulations, in the event our Company has not effected the transfer of shares within 15 days or where our Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, it is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay. The Equity Shares shall be freely transferable, subject to applicable laws.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, and any related SEBI guidelines issued in connection therewith.

Liquidation Rights

If the Company is wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Act, 2013, divide amongst the members, *in specie* or in kind, the whole or any part of the assets of the Company and may, with the same sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories, as the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

STATEMENT OF POSSIBLE INCOME TAX BENEFITS AVAILABLE TO INTERGLOBE AVIATION LIMITED AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,
The Board of Directors
InterGlobe Aviation Limited
Level 1, Tower C, Global Business Park
Mehrauli-Gurgaon Road
Gurgaon 122 002, Haryana

Date: 11 September 2017

Dear Sirs,

Independent Auditors' Certificate on the Statement of possible Income Tax benefits ("the Statement") available to InterGlobe Aviation Limited ("the Company") and its Shareholders under the applicable Income Tax laws in India prepared in accordance with the requirement under Schedule XVIII – Clause 18 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("the Regulations").

This Certificate is issued in accordance with the terms of our engagement letter dated 10 September 2017.

We understand that the Company in connection with the requirements of the Regulations is required to place a certificate on the Statement available to the Company and its shareholders which is required for proposed offering of equity shares of face value of Rs. 10 under Institutional Placement Programme ("IPP") and to be included in the Red Herring Prospectus and the Prospectus (together referred to herein as the "Offering Memorandum").

Management's Responsibility

The preparation of the accompanying Statement is the responsibility of the Company's management including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.

The Company's management is also responsible for ensuring that the Company is in compliance with the requirements of the Regulations and for providing all relevant information to us in this regard.

Auditors' Responsibility

Pursuant to the requirement of the Regulations, our responsibility is to express reasonable assurance in the form of an opinion based on our examination of tax computations and the income tax returns filed by the Company and as per information, explanations and representations obtained from the Company.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) I, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

Based on the information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company, we are of the opinion that the enclosed Statement prepared by the Company, initialed by us and the Company for identification purpose, states the possible Income Tax benefits available to the Company and to its shareholders under the Income-tax Act, 1961 ("the Act") and Income tax Rules, 1962 including amendments made by Finance Act 2017 (together "the Tax Laws"), presently in force in India as on the signing date. These possible Income Tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive these possible Income Tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Statement covers the possible Income Tax benefits available to the Company and its shareholders. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offering of equity shares of the Company under IPP (the "Proposed Offer") particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible Income Tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We do not express any opinion or provide any assurance as to whether:

i) the Company or its shareholders will continue to obtain these possible Income Tax benefits in future; or
ii) the conditions prescribed for availing the possible Income Tax benefits where applicable, have been/would be met with.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

Restriction on Use

We hereby give consent to include this Statement in the Offering Memorandum and in any other material used in connection with the Proposed Offer, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
ICAI firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership No.: 092894
Place: Gurgaon

Date: 11 September 2017

THE STATEMENT OF POSSIBLE INCOME TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the possible Income Tax benefits available to the Company and its shareholders under the direct tax laws in force in India (i.e. applicable for the assessment year 2018-19). These benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the possible Income Tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, may or may not choose to fulfill.

UNDER THE INCOME TAX ACT, 1961 ('THE ACT')

A. BENEFITS TO THE COMPANY UNDER THE ACT:

The Company will be entitled to deduction/ exemption under the sections mentioned hereunder from its total income chargeable to income tax.

1. Special Income Tax benefits available to the Company

There are no special Income Tax benefits available to the Company.

2. General Income Tax benefits available to the Company

a) Business income

- The Company is entitled to claim depreciation on specified tangible and intangible assets owned, wholly or partly, by it and used for the purpose of its business as per the provisions of section 32 of the Act. Unabsorbed depreciation if any, for an assessment year can be carried forward and set off against any sources of income in the same assessment year or any subsequent assessment years as per the provisions of section 32(2) read with section 72 of the Act.

- As per the provisions of section 35D of the Act, any specified preliminary expenditure incurred, after 31 March 1998 by an Indian company before the commencement of its business or after commencement of its business, in connection with the extension of an undertaking or setting up a new unit, shall be allowed a deduction of an amount equivalent to one-fifth of such expenditure for each of the five successive financial years beginning with the financial year in which the new unit commences production or operation or the extension of the undertaking is completed. However, any expenditure in excess of 5 percent of the cost of the project or the capital employed in the business of the Company, shall be ignored for the purpose of computing the deduction allowable under section 35D of the Act.

- As per the provisions of section 35DD of the Act, any expenditure incurred by an Indian Company, on or after 1 April 1999, wholly and exclusively for the purpose of amalgamation or demerger of an undertaking, the Company shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of five successive financial years beginning with the financial year in which the amalgamation or demerger takes place.

- As per the provisions of section 35DDA of the Act, if a Company incurs any expenditure in any financial year by way of payment of any sum to an employee in connection with his voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, the Company would be eligible to claim a deduction for one-fifth of the amount so paid in computing the profits and gains of the business for that financial year, and the balance shall be deducted in equal installments for each of the four immediately succeeding financial years.

- As per the provisions of section 35CCD of the Act, if a Company incurs any expenditure (not being in the nature of cost of any land or building) on any skill development project notified by the Central Board of Direct Taxes ('CBDT') in this behalf in accordance with the guidelines as may be prescribed, then the Company shall be allowed a deduction of sum equal to one and one-half times of such expenditure. However, as per proviso to section 35CCD of the Act, the quantum of deduction is restricted to the sum equal to such expenditure with effect from the assessment year 2021-22.

- As per Explanation 2 to section 37 of the Act, any expenditure incurred by the Company on the activities relating to corporate social responsibility ('CSR') referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the Company for the purpose of the business or profession. However, CSR expenditure which is either of the nature described in provisions of section 30 to section 36 of the Act or of the nature described in section 80G of the Act shall be allowed as deduction under respective sections, subject to fulfillment of conditions, if any, specified therein.

- As per the provisions of section 72(1) of the Act, if the net result of the computation of income from business is a loss to the Company, not being a loss sustained in a speculation business, such loss can be set off against any other income and the balance loss, if any, can be carried forward for eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be set off against business income.

  As per the provisions of section 72A of the Act, pursuant to business re-organizations, such as amalgamation, demerger, etc., the accumulated tax losses/ unabsorbed depreciation of the predecessor company shall be deemed to be the loss/ unabsorbed depreciation of the successor company for the previous year in which amalgamation/ demerger as the case may be was effected, and other provision of the Act related to set off and carry forward of losses/ allowance for unabsorbed depreciation shall apply, subject to fulfillment of prescribed conditions.

- As per the provisions of section 80JJAA of the Act, if the assessee is liable for tax audit, there shall be allowed a deduction of an amount equal to 30 percent of additional employee cost incurred in the course of business for 3 assessment years including the year in which such employment is provided, subject to the conditions prescribed under the said section.

b) Credit for Minimum Alternate Tax ('MAT')

- As per the provisions of section 115JAA of the Act, the Company is eligible to claim MAT credit paid for any assessment year commencing on or after 1 April 2006. The amount of credit available shall be the difference between MAT paid under section 115JB of the Act and taxes payable on total income computed under other provisions of the Act. MAT credit shall be allowed for set-off for subsequent assessment years to the extent of difference between the tax payable as per the normal provisions of the Act and the taxes payable under section 115JB of the Act for that assessment year.

- MAT credit is eligible for carry forward and set-off for up to 15 years succeeding the assessment year in which the MAT credit arises.

c) Capital gains

Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Capital assets, being shares listed on a recognized stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond held for a period of more than 12 months immediately preceding the date of transfer, and shares (other than listed) or an immovable property, being land or building or both, held for more than 24 months immediately preceding the date of transfer are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months/ 24 months as the case may be are considered as long term capital gains (‘LTCG). In respect of any other capital assets, the holding period should exceed 36 months immediately preceding the date of transfer, to be considered as long-term capital assets. Capital gains arising on sale of these assets held for 12 months/ 24 months/ 36 months or less are considered as short term capital gains (‘STCG’).

- LTCG arising on transfer of a long term capital asset, being an equity share in a company or units of an equity oriented fund or a unit of a business trust shall be exempt from tax under section 10(38) of the Act provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 and such transaction is chargeable to Securities Transaction Tax (‘STT’), subject to conditions specified under that Chapter. Such capital gain exemption would be available without such transaction being subject to STT if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency. However, income by way of LTCG shall not be reduced in computing the book profits for the purposes of computation of MAT under section 115JB of the Act.

- As per the amendment made by Finance Act, 2017, LTCG will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government in this behalf, of such equity share is entered on or after 1st day of October 2004 and such transaction is not chargeable to STT.

- As per the provisions of section 48 of the Act, LTCG arising from the transfer of capital assets, other than bonds or debentures (excluding capital indexed bonds issued by the Government), is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration. Further, expenditure incurred wholly and exclusively for the transfer is also deductible. As per the amendment made by Finance Act, 2017, the base year for indexation has been shifted from 1 April 1981 to 1 April 2001, and further cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as fair market value as on 1 April 2001.

- As per the provisions of section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20 percent (plus applicable surcharge and cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if such tax payable on transfer of listed securities (other than a unit) or zero coupon bonds exceeds 10 percent of the LTCG (without indexation benefits), the excess tax shall be ignored for the purpose of computing the tax payable by the Company. Further, such long term capital gain would be reduced from the gross total income before computing deductions under chapter VIA and such deductions shall be allowed as if the gross total income so reduced were the gross total income of the assessee.

- As per the provisions of section 111A of the Act, STCG arising from the transfer of a short term capital asset, being an equity share in a Company or unit of an equity oriented fund as specified under section 10(38) of the Actor a unit of a business trust, would be subject to tax at the rate of 15 percent (plus applicable surcharge and cess) provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 and such transaction is chargeable to STT, subject to conditions specified under that Chapter. Such concessional rate would be available without such transaction being subject to STT if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency. Further, such short term capital gain would be reduced from the gross total income before computing deductions under chapter VIA and such deductions shall be allowed as if the gross total income so reduced were the gross total income of the assessee

- STCG arising from the transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented fund as specified under section 10(38) of the Act or a unit of a business trust, is subject to tax at the rate of 30 percent (plus applicable surcharge and cess) provided that the transaction is not chargeable to STT.

- As per the provisions of section 50 of the Act, where a capital asset is forming part of a block of assets in respect of which depreciation has been allowed under the Act, capital gains shall be computed in the following manner:

    - where full value of consideration on account of transfer of any asset forming part of block of asset, as reduced by expenditure incurred wholly or exclusively in connection with transfer, exceeds the written down value of block of assets at the beginning of the previous year and actual cost of assets acquired during the year, such excess shall be deemed to be STCG and taxed accordingly.

    - where any block of assets ceases to exist, for the reason that all the assets in that block are transferred, the difference between the consideration arising on result of transfer and the written down value of block of assets at the beginning of the previous year and the actual cost of assets acquired during the year, shall be deemed to be short term capital gains/ (losses) and taxed accordingly.

- As per provisions of section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

- As per provisions of Section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Exemption of capital gain from income-tax

- Under section 54EC of the Act, capital gains arising from transfer of long term capital assets [other than those exempt under section 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months after the date of transfer, in bonds redeemable after three years and issued on or after 1 April 2007, by:

  - National Highway Authority of India ('NHAI') constituted under Section 3 of National Highway Authority of India Act, 1988; and

  - Rural Electrification Corporation Limited ('REC'), a company formed and registered under the Companies Act, 1956.

  - Any other bond which is redeemable after three years and is notified by the Central Government in this behalf (introduced by Finance Act, 2017).

- As per section 54EE of the Act, capital gains arising from transfer of long term capital assets [other than those exempt under section 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months after the date of transfer, in a unit or units, issued before the 1 April 2019 of such fund as may be notified by the Central Government in this behalf.

- Where a part of the capital gain is reinvested under section 54EC or section 54EE of the Act, the exemption shall be available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed INR 5,000,000 per assessee during any financial year.

- Where the new bonds or units are transferred or converted into money within three years from the date of their acquisition, the amount so exempt is taxable as capital gains in the year of transfer/ conversion.

- The characterization of the gain/ losses, arising from sale/ transfer of shares/ units as business income or capital gains would depend on the nature of holding and various other factors.

d) Securities transaction Tax

- As per the provisions of section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

e) Dividends

- As per the provisions of section 10(34) read with section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another domestic company is exempt from tax. However, as per Section 94(7) of the Act, losses arising from purchase and sale of securities or unit, where such securities or unit are bought or acquired within a period of three months prior to the record date and such securities or unit are sold or transferred within three or nine months respectively from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt.

- Further, any amount declared, distributed or paid by the Company by way of dividends on or after 1 April 2003, whether out of current or accumulated profits, shall be charged to additional income tax at the rate of 15 percent (plus applicable surcharge and cess). Credit in respect of dividend distribution tax paid by a subsidiary of the Company could be available while determining the dividend distribution tax payable by the Company as per provisions of section 115-O(1A) of the Act, subject to fulfillment of prescribed conditions.

  A company shall be a subsidiary of another company, if such other company, holds more than half in nominal value of the equity share capital of the company.

- For the purpose of determining the tax on distributed profits payable in accordance with section 115-O of the Act, the amount of dividends needs to be grossed up by the rate of tax prescribed in section 115-O(1) of the Act. Resultantly, the effective rate of tax will be 20.358 percent of the amount of dividends declared, distributed or paid by the Company.

- Any income received from distribution made by any mutual fund specified under section 10(23D) of the Act or from the administrator of the specified undertaking or from the units of specified company referred to in section 10(35) of the Act, is exempt from tax in the hands of the Company under section 10(35) of the Act. However, as per section 94(7) of the Act, losses arising from the sale/ redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent of the amount of income claimed exempt.

- As per the provisions of section 115BBD of the Act, dividend received by an Indian company from a specified foreign company (in which it has shareholding of 26 percent or more) would be taxable at the concessional rate of 15 percent on gross basis (plus applicable surcharge and cess).

f) Other Provisions

- As per the provisions of section 80G of the Act, the Company is entitled to claim deduction either for whole of the sum paid as donation to specified funds or institutions or fifty percent of the sum paid, subject to limits and conditions as provided in section 80G(5) of the Act.

B. BENEFITS TO THE SHAREHOLDERS OF THE COMPANY UNDER THE ACT:

a) Dividends exempt under section 10(34) of the Act

- As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the members/ shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15 percent (plus applicable surcharge and cess) on the amount distributed as dividend. However, as per Section 94(7) of the Act, losses arising from purchase and sale of securities or unit, where such securities or unit are bought or acquired within a period of three months prior to the record date and such securities or unit are sold or transferred within three or nine months respectively from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt.

- For the purpose of determining the tax on distributed profits payable in accordance with section 115-O of the Act, the amount of dividends needs to be grossed up by the rate of tax prescribed in section 115-O(1) of the Act. Resultantly, the effective rate of tax will be 20.358 percent of the amount of dividends declared, distributed or paid by the Company.

- As per Section 115BBDA of the Act, where the total income of a specified assessee (as defined therein) resident in India, includes any income in aggregate exceeding INR 1,000,000, by way of dividends declared, distributed or paid by a domestic company or companies, the income-tax calculated on such dividend exceeding INR 1,000,000 shall be calculated at the rate of 10 percent.

b) Capital gains

Computation of capital gains

- Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Capital assets, being shares listed on a recognized stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond held for a period of more than 12 months immediately preceding the date of transfer, and shares (other than listed) or an immovable property, being land or building or both, held for more than 24 months immediately preceding the date of transfer are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months/ 24 months as the case may be are considered as LTCG. In respect of any other capital assets, the holding period should exceed 36 months immediately preceding the date of transfer to be considered as long-term capital assets. Capital gains arising on sale of these assets held for 12 months/ 24 months/ 36 months or less are considered as STCG.

- LTCG arising on transfer of a long term capital asset, being an equity share in a company or units of an equity oriented fund or a unit of a business trust shall be exempt from tax under section 10(38) of the Act provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 and such transaction is chargeable to STT, subject to conditions specified under that Chapter. Such capital gain exemption would be available without such transaction being subject to STT if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency. However, income by way of LTCG shall not be reduced in computing the book profits for the purposes of computation of MAT under section 115JB of the Act.

- As per the amendment made by Finance Act, 2017, LTCG will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government in this behalf, of such equity share is entered on or after 1st day of October 2004 and such transaction is not chargeable to STT.

- As per the provisions of section 48 of the Act, LTCG arising from the transfer of capital assets, other than bonds or debentures (excluding capital indexed bonds issued by the Government), is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration. Further, expenditure incurred wholly and exclusively for the transfer is also deductible. As per the amendment made by Finance Act, 2017, the base year for indexation has been shifted from 1 April 1981 to 1 April 2001, and further cost of acquisition of an asset acquired before 1 April 2001 shall be allowed to be taken as fair market value as on 1 April 2001.

- In respect of a non-resident shareholder, as per the first proviso to section 48 of the Act, the capital gains arising from the transfer of a capital asset being shares or debentures in an Indian Company, shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed shall be reconverted into Indian currency. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.

- As per the provisions of section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20 percent (plus applicable surcharge and cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if such tax payable on transfer of listed securities (other than a unit) or zero coupon bonds exceeds 10 percent of the LTCG (without indexation benefits), the excess tax shall be ignored for the purpose of computing the tax payable by the Company. Further, such long term capital gain would be reduced from the gross total income before computing deductions under chapter VIA and such deductions shall be allowed as if the gross total income so reduced were the gross total income of the assessee.

- In respect of a non-resident shareholder, the amount of capital gains arising from transfer of unlisted securities or shares of a company not being a company in which the public are substantially interest shall be taxable at the rate of 10 percent without giving effect to first and second proviso to section 48 of the Act.

- As per the provisions of section 111A of the Act, STCG arising from the transfer of a short term capital asset, being an equity share in a Company or unit of an equity oriented fund as specified under section 10(38) of the Act or a unit of a business trust, would be subject to tax at the rate of 15 percent (plus applicable surcharge and cess) provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 and such transaction is chargeable to STT, subject to conditions specified under that Chapter. Such concessional rate would be available without such transaction being subject to STT if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency.

- STCG arising from the transfer of short term capital asset, being an equity share in a Company or a unit of an equity oriented fund as specified under section 10(38) of the Act or a unit of a business trust, is subject to tax at the rate of 30 percent (plus applicable surcharge and cess) provided that the transaction is not chargeable to STT.

- As per provisions of section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
- As per provisions of Section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

Exemption of capital gain from income-tax

- Under section 54EC of the Act, capital gains arising from transfer of long term capital assets [other than those exempt under section 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months after the date of transfer, in bonds redeemable after three years and issued on or after 1 April 2007, by:

  - NHAI constituted under Section 3 of National Highway Authority of India Act, 1988; and

  - REC, a company formed and registered under the Companies Act, 1956.

  - Any other bond which is redeemable after three years and is notified by the Central Government in this behalf (introduced by Finance Act, 2017).

- As per section 54EE of the Act, capital gains arising from transfer of long term capital assets [other than those exempt under section 10(38) of the Act] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months after the date of transfer, in a unit or units, issued before the 1 April 2019 of such fund as may be notified by the Central Government in this behalf.

- Where a part of the capital gain is reinvested under section 54EC or section 54EE of the Act, the exemption shall be available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed INR 5,000,000 per assessee during any financial year.

- Where the new bonds or units are transferred or converted into money within three years from the date of their acquisition, the amount so exempt is taxable as capital gains in the year of transfer/ conversion.

- The characterization of the gain/ losses, arising from sale/ transfer of shares/ units as business income or capital gains would depend on the nature of holding and various other factors.

- As per the provisions of section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before or two years after the date of transfer, for purchase of a new residential house, or for construction of a residential house property, in India, within three years from the date of transfer, subject to conditions and to the extent specified therein.

- As per provisions of section 56(2)(vii)/ 56(2)(viia)/ 56(2)(x) of the Act and subject to exception provided therein, where an individual or HUF, a firm or company (not being company in which public are substantially interested) receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'. However, the said section is not applicable for exceptions provided in respective proviso therein.

c) Tax treaty benefits

- As per provisions of section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial.

d) Non-resident Indian taxation

- Special provisions in case of Non-Resident Indian ('NRI') in respect of income/ LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:

  - NRI means an individual being a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

  - Under the provisions of section 115E of the Act, any capital gains arising to a NRI on transfer of shares held in an Indian Company for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be taxed at a concessional flat rate of 10 percent (plus applicable surcharge and cess) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act, subject to satisfaction of certain conditions. Further, income from investment [other than dividend exempt under section 10(34) of the Act] and income from long term capital gains [other than gain exempt under section 10(38) of the Act] from assets (other than specified foreign assets) is taxable at the rate of 20 percent (plus applicable surcharge and cess). No deduction is allowed from such income in respect of any expenditure or allowance or deduction under Chapter VIA of the Act.

- As per the provisions of section 115F of the Act, LTCG [not covered under section 10(38) of the Act] arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is reinvested in specified assets or in savings certificate referred to in section 10(4B) of the Act within six months of the date of transfer, subject to the extent and conditions specified in that section.

- If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently; if the specified assets or saving certificates referred in section 10(48) of the Act are transferred or converted into money within three years from the date of their acquisition.

- Under the provisions of section 115G of the Act, it shall not be necessary for a NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both and tax deductible at source under provisions of Chapter XVII-B has been deducted from such income.

- Under the provisions of section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he/ she may furnish a declaration in writing to the assessing officer, along with his/ her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him/ her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

- Under the provisions of section 115-I of the Act, a NRI may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under Section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and the tax liability arising thereon.

C. BENEFITS AVAILABLE TO FOREIGN PORTFOLIO INVESTORS (‘FPIs’) UNDER THE ACT:

- Dividends exempt under section 10(34) of the Act
- As per the provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the members/ shareholders from the Company is exempt from tax. The Company will be liable to pay dividend distribution tax at the rate of 15 percent (plus applicable surcharge and cess) on the amount distributed as dividend. However, as per Section 94(7) of the Act, losses arising from purchase and sale of securities or unit, where such securities or unit are bought or acquired within a period of three months prior to the record date

and such securities or unit are sold or transferred within three or nine months respectively from the record date, will be disallowed to the extent of the amount of dividend claimed as exempt.

- For the purpose of determining the tax on distributed profits payable in accordance with section 115-O of the Act, the amount of dividends needs to be grossed up by the rate of tax prescribed in section 115-O(1) of the Act. Resultantly, the effective rate of tax will be 20.358 percent of the amount of dividends declared, distributed or paid by the Company.

a) Capital gains

- LTCG arising on transfer of a long term capital asset, being an equity share in a company or units of an equity oriented fund or a unit of a business trust shall be exempt from tax under section 10(38) of the Act provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 and such transaction is chargeable to STT, subject to conditions specified under that Chapter. Such capital gain exemption would be available without such transaction being subject to STT if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency.

- As per the provisions of section 111A of the Act, STCG arising from the transfer of a short term capital asset, being an equity share in a Company or unit of an equity oriented fund as specified under section 10(38) of the Act or a unit of a business trust, would be subject to tax at the rate of 15 percent (plus applicable surcharge and cess) provided that the transaction of sale of such equity share or unit is entered into on or after 1 October 2004 and such transaction is chargeable to STT, subject to conditions specified under that Chapter. Such concessional rate would be available without such transaction being subject to STT if such transaction is undertaken on a recognized stock exchange located in any International Financial Services Centre and where the consideration is paid or payable in foreign currency.

- Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30 percent, where such transactions are not subjected to STT, and at the rate of 15 percent if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and cess.

- Under section 115AD(1)(iii) of the Act income by way of LTCG arising from the transfer of shares [in cases not covered under Section 10(38) of the Act' held in the company will be taxable at the rate of 10 percent (plus applicable surcharge and cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

- In case there is any income by way of short-term capital gain (except that referred to in section 111A of the Act), the whole of such amount should be included in the total income and taxed at the rate of 30 percent. Capital gain arising on transfer of long term capital assets, being shares in a company [not covered under section 10(38) of the Act], are taxed at the rate of 10 percent (plus applicable surcharge and cess). Such capital gains would be computed without giving effect to the first and second proviso to section 48 of the Act.

No deduction under Chapter VIA should be allowed in respect of the incomes referred above, while calculating total income from the gross total income.

- The benefits of exemption under section 54EC and 54EE of the Act mentioned above in case of the Company is also available to FPIs.

- As per provisions of section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

- As per the amendment made by the Finance Act, 2017, the provisions of indirect transfer in Explanation 5 to Section 9 of the Act shall not apply to Foreign Portfolio Investors which are registered as Category I or II with the Securities and Exchange Board of India.

b) Tax Treaty benefits

- As per provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of DTAA between India and the country in which shareholder has fiscal domicile to the extent they are more beneficial to the non-resident.

c) Computation of book profit under Section 115JB

- Capital gains and corresponding expenditure relatable to income from capital gains arising on transaction in securities (other than short term capital gains arising on transactions on which STT is not chargeable), accruing or arising to a foreign company which has invested in such securities are not taxable provided that income tax is payable on such capital gains at a rate less than the rate stated in section 115JB (1) of the Act.

d) Other provisions

- As per provisions of section 115AD of the Act, income (other than income by way of dividends referred to section 115-O of the Act) received in respect of securities (other than units referred to in section 115AB of the Act) is taxable at the rate of 20 percent (plus applicable surcharge and cess). However, any income by way of interest referred to in section 194LD of the Act shall be taxed at the rate of 5 percent.

- It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

D. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES/ FUNDS UNDER THE ACT:

- As per section 115U of the Act, any income accruing/arising/received by a person from his investment in venture capital company/ fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments been made directly in the venture capital undertaking. Further, the income accruing or arising to or received by the venture capital company/ funds from investments made in a venture capital undertaking if not paid or credited to a person (who has investments in a venture capital company/ fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

E. BENEFITS AVAILABLE TO INVESTMENT FUND UNDER THE ACT:

- Under section 10(23FBA), any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" is exempt from income tax.

- As per Section 115UB of the Act, any income accruing/ arising/ received by a person from his investment in investment fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/ arising/ received by such person had the investments by the investment fund been made directly by him. Further, the income accruing or arising to or received by the investment fund if not paid or credited to a person (who has investments in the investment fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

F. BENEFITS AVAILABLE TO MUTUAL FUNDS UNDER THE ACT:

- In terms of section 10(23D) of the Act, all mutual funds set up by public sector banks or public sector financial institutions or mutual funds registered under the Securities and Exchange Board of India Act/ Regulations there under or mutual funds authorized by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income taxes on all their income, including income from investment in the shares of the company.

- Section 47(xviii) of the Act provides that any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating scheme of a mutual fund, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated scheme of the mutual fund shall not be considered as transfer for the purpose of section 2(47) of the Act.

  Section 47(xix) of the Act provides that any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated plan of that scheme of the mutual fund shall not be considered as transfer for the purpose of Section 2(47) of the Act.

- As per Finance Act, 2017, the scope of section 115BBDA has been extended to cover all resident persons except domestic company, fund or institution exempt under section 10(23C)(iv), trust exempt under section 10(23C)(v), university or other educational institution exempt under section 10(23C)(vi), hospital or other medical institution exempt under section 10(23C)(via) and trust or institution registered under section 12AA.

Notes:

i. All the above benefits are as per the current tax laws and any change or amendment in the laws/regulation, which when implemented would impact the same.

ii. The possible Income Tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.

LEGAL PROCEEDINGS

Our Company is subject to various legal proceedings from time to time, mostly arising in the ordinary course of its business including criminal proceedings, civil proceedings, tax proceedings, environmental proceedings, labour and regulatory related disputes. Our Company believes that the number of proceedings and disputes in which our Company is involved is not unusual for a company of its size in the context of doing business in India and in international markets. For the purpose of disclosure in this Red Herring Prospectus, our Company has considered the following as 'material' legal proceedings:(i) outstanding criminal proceedings involving our Company, our Subsidiary and our Directors; (ii) outstanding legal proceedings (including tax proceedings) involving our Company, our Subsidiary and our Directors, the monetary value of which exceeds 1% of the profit after tax of our Company as of and for the financial year ended March 31, 2017 i.e. ₹ 165.91 million; and (iii) outstanding legal proceedings (including statutory and regulatory proceedings), unfavourable outcome in which, could have a material adverse effect on the business, reputation, financial conditions, profitability or results of operations of our Company.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company or our Subsidiary shall, unless otherwise decided by our Board of Directors, not be considered as litigation until such time that our Company or our Subsidiary are impleaded as defendants in litigation proceedings before any judicial forum.

Litigations against our Company

Civil Proceedings

1. Nitesh Mohanlal Doshi ("**Petitioner**") has filed a public interest litigation (PIL no. 22 of 2017) before the High Court of Bombay against the Union of India (through Ministry of Corporate Affairs), the SEBI, our Company, Mr. Rahul Bhatia, Mr. Rakesh Gangwal, Acquire Services Private Limited, InterGlobe Enterprises Limited (collectively, the "**Promoters**") and others ("**Respondents**") alleging that the payment of dividend made by our Company in the month of June 2015 was in violation of the provisions of Section 123 of the Companies Act, 2013 and the relevant rules issued thereunder and was made with an intention to defraud members of the public. Further, the Petitioner has also alleged that our Company has issued bonus shares on June 25, 2015 in violation of applicable law and such allotment was fraudulent. The Petitioner has prayed for, *inter alia*, (a) issuance of a writ of certiorari or writ in the nature of certiorari cancelling the allotment of bonus shares, allotted on June 25, 2015 in favour of the Promoters and other shareholders of our Company; (b) directing our Company to recover the entire amount received by the Promoters on account of the initial public offering of our Company; (c) directing the Union of India to order the change of management as provided under Section 388B of the Companies Act, 1956 and take charge of our Company; and (d) for instituting a criminal complaint against the Promoters for cheating the public in relation to the allotment of bonus shares on June 25, 2015, declaration of interim dividend on June 19, 2015 out of alleged projected profits and for alleged fraud committed by our Company and the Promoters. The matter is currently pending.

2. Y V Sharma and Baldev Singh ("**Petitioners**") have filed a public interest litigation (WP (PIL) no. 27 of 2015) before the High Court of Jammu and Kashmir at Jammu against the Union of India, the MoCA, the DGCA, the AAI, State of Jammu & Kashmir, our Company and other airlines ("**Respondents**") to issue an appropriate writ, order or direction to the Respondents to submit the details regarding the rationale behind charging minimum and maximum air-tariff from a passenger travelling by air and to make airlines more accountable and transparent to their passengers. The Petitioners have also prayed to cap the minimum as well as maximum airfare being charged by different airline services in order for the public at large to be able to travel by air. On April 19, 2016, our Company filed its objections. The matter is currently pending.

3. The Mizoram Bar Association ("**Petitioner**") has filed a public interest litigation (W.P. (C) (PIL) no. 162 of 2015) before the Gauhati High Court at Aizawl Bench against the Union of India, DGCA, AAI, MoCA, our Company and others ("**Respondents**") challenging the alleged excessive airfares of all flights to and from Aizawl and requiring airlines to provide services connecting Mizoram to other airports in the north-east in furtherance of the implementation of the route dispersal guidelines ("**Route Dispersal Guidelines**") under the

Policy on Regional and Remote Area Air Connectivity circulated by the MoCA *vide* order no. AV. 13030/34/2012-DT dated March 4, 2014 ("**MoCA Regional and Remote Policy 2014**"). Our Company by its affidavit in opposition filed on April 18, 2016 stated that the Route Dispersal Guidelines were already being contested in a matter before the Supreme Court (SLP (C) no. 35074 of 2015) and that the Supreme Court *vide* its order dated December 16, 2015 had ordered to maintain the status quo. Further, our Company submitted that (a) the Supreme Court *vide* its order dated March 15, 2016 acknowledged that the Government of India was considering re-evaluating the Route Dispersal Guidelines; and (b) the MoCA Regional and Remote Policy 2014 had been kept in abeyance by the MoCA *vide* its email dated October 1, 2014. The matter is currently pending.

4. Our Company and Al Rais Travel and Shipping Agencies L.L.C ("**Al Rais**") have entered into a Passenger General Sales Agency Agreement on June 4, 2011 for a period of three (3) years ("**PGSA**"). Al Rais, through its sister entity, also entered into a Cargo General Sales Agency Agreement dated August 1, 2011 with our Company for a period of three (3) years ("**CGSA**", collectively with PGSA referred to as the "**GSA Agreements**"). Pursuant to the GSA Agreements, our Company had appointed Al Rais as its 'Passenger and Cargo General Sales Agent' in the territory of United Arab Emirates ("**UAE**").

   Upon the expiry of the terms of the GSA Agreements, our Company proposed to appoint Navigator Tourism and Travel L.L.C ("**Navigator**"), an affiliate of our Company, as its new 'General Sales Agent' in the UAE. Accordingly, our Company did not renew the GSA Agreements upon the expiry of the GSA Agreements, due to efflux of time, and the same was communicated to Al Rais. However, Al Rais alleged that our Company's decision to not renew the GSA Agreements is illegal in the UAE, as the GSA Agreements were registered under the UAE Commercial Agency law, which prevents foreign principals from terminating or refusing to renew an agency agreement, unless they can provide to the UAE competent authority, a substantial reason justifying such termination or non-renewal.

   Our Company amicably tried to settle the matter with Al Rais, however, the said settlement talks failed and subsequently, Al Rais filed a complaint against our Company and Navigator on January 5, 2016 with the Commercial Agency Committee of the Ministry of Economy of UAE ("**Agency Committee**"). Thereafter, our Company filed its response before the Agency Committee on March 9, 2016, wherein our Company disputed the claims of Al Rais and submitted, *inter-alia*, that the GSA Agreements were not commercial agency requirements under the UAE Commercial Agency law. Simultaneously, our Company also filed a complaint before the Agency Committee requesting the Agency Committee to declare that the GSA Agreements were not commercial agency agreements and to de-register the GSA Agreements. The Agency Committee passed its order dated December 21, 2016 in favour of Al Rais and rejected our Company's request. Consequently, our Company, on January 19, 2017, filed an appeal against the decision of the Agency Committee before the Court of First Instance, Abu Dhabi ("**Court of First Instance**"), which has been rejected by the Court of First Instance. The Company has filed an appeal against the decision of the Court of First Instance before the Abu Dhabi Court of Appeal.

5. Cochin International Airports Limited ("**CIAL**") filed a writ petition (W.P. (C) no. 19879 of 2012) against the Union of India, DGCA, our Company and others before the High Court of Kerala at Ernakulum for quashing and stay on the operation of clause 2 (B) of DGCA's circular no. 7 of 2007 dated September 28, 2007, DGCA's circular no. 3 of 2010 dated June 2, 2010 and letter dated July 20, 2012 issued to the CIAL, granting permission to airline operators to provide ground handling services at airports other than those belonging to the AAI. Our Company filed its counter affidavit on December 28, 2012. The High Court of Kerala *vide* its orders dated August 22, 2012 and April 8, 2013 has granted a stay in favour of the CIAL. The matter is currently pending.

6. Go Holdings Private Limited ("**Go Holdings**"), Go Airlines (India) Limited ("**GoAir**") and Jeh N Wadia ("**Plaintiffs**") have filed a suit (no. 1014 of 2013) before High Court of Bombay against our Company and Google India Private Limited ("**Google**") (collectively, the "**Defendants**") alleging infringement and passing off the mark 'GoAir', seeking permanent injunction and damages amounting to ₹ 1,000 million approximately and/or accounts of profits. GoAir has also filed a notice of motion against the Defendants in November 2013 to

restrain the Defendants from using the mark 'GoAir' till the final disposal of this suit. Our Company filed its reply on December 13, 2013 denying such allegations and Google filed its reply on December 24, 2013. The Plaintiffs filed their affidavit in rejoinder dated January 7, 2014 and subsequently, our Company filed its sur-rejoinder dated March 4, 2014. Thereafter, our Company has also filed its written statement dated November 5, 2014. The matter is currently pending.

7. Ms. Meera Jafri ("**Petitioner**") has filed a writ petition (bearing no. 4804 of 2010) dated May 18, 2010 before the High Court of Allahabad against the Union of India, our Company and others for refusal to issue boarding pass to Mr. Rizwan Jafri, the son of the Petitioner, on examining his condition. The Petitioner has stated that she was taking her son, who is a patient of cerebral palsy, from Lucknow to Mumbai for treatment and had the requisite certificates to prove that he was not a threat to fellow passengers and was not violent. The Petitioner has filed the petition on the grounds that fundamental rights under Articles 14 and 21 of the Constitution of India have been violated and has pleaded, *inter-alia*, for a compensation by our Company. Our Company by its counter affidavit dated September 7, 2010 submitted that the Petitioner and her son were denied boarding passes because they reported late to the check-in counter, which is one of the grounds to refuse boarding as has been expressly mentioned in the 'Conditions of Carriage' and forms a binding contract between our Company and the Petitioner. The matter is currently pending.

8. Mr. Sunil Kumar Tandon has filed an industrial dispute claim statement (ID no. 46 of 2012) before the Industrial Tribunal cum Labour Court, Karkardooma Court, New Delhi against our Company for his reinstatement, payment of back wages and consequential benefits. Mr. Kumar's services had been terminated following which he initiated conciliation proceedings. Upon the failure of the conciliation proceedings, the present suit has been filed. On February 15, 2013, our Company filed its written statement. The matter is currently pending.

Direct Tax

1. *Assessment Year 2007-2008*

Our Company filed its income tax return for AY 2007-2008 declaring a loss of ₹ 2,147.84 million. The Deputy Commissioner of Income-tax ("**DCIT**") *vide* its assessment order dated December 29, 2009 reduced our Company's total loss to ₹ 2,025.11 million ("**DCIT Order dated December 29, 2009**"). Consequently, by a demand notice dated December 29, 2009, the DCIT issued a demand of *nil* as total tax payable by our Company and also issued a show-cause notice as to why a penalty should not be imposed upon us. Our Company *vide* its reply dated January 28, 2010 denied the allegation and also filed a rectification application dated December 16, 2011 to claim the allowance of the pre-operative expenses incurred during AY 2006-2007 and in AY 2007-2008. Consequently, the DCIT *vide* its order dated January 27, 2012 increased our Company's loss amount from ₹ 2,025.11 million to ₹ 2,055.24 million.

Thereafter, the Commissioner of Income Tax ("**CIT**"), New Delhi *suo moto* issued revisionary order dated March 19, 2012 ("**CIT Order dated March 19, 2012**") treating the DCIT Order dated December 29, 2009 erroneous and prejudicial to the interest of revenue and directed the DCIT to reframe the assessment order passed in the **DCIT Order dated December 29, 2009**. Our Company filed an appeal before the Income Tax Appellate Tribunal ("**ITAT**"), New Delhi against the **CIT Order dated March 19, 2012** ("**ITAT Appeal**").

Pursuant to the **CIT Order dated March 19, 2012**, the DCIT *vide* its assessment order dated March 28, 2013, assessed our Company's total business income to be ₹ 464.00 million. Consequently, by a demand notice dated March 28, 2013, the DCIT issued a demand of ₹ 268.63 million as total tax payable by our Company and also issued a show-cause notice as to why a penalty should not be imposed upon us. Our Company filed a rectification application dated April 26, 2013 to rectify certain factual errors. Consequently, the DCIT *vide* its order dated May 21, 2013 computed our Company's total business loss to be ₹ 180.60 million and the tax demand was nullified ("**DCIT Order dated May 21, 2013**"). Our Company filed an appeal before the CIT(Appeals) against the DCIT Order dated May 21, 2013 and the appeal is currently pending.

Our Company received a favourable order from ITAT dated July 18, 2016 in the ITAT Appeal ("**ITAT Order dated July 18, 2016**"), pursuant to which the Additional Commissioner of Income-tax ("**ACIT**") *vide* its order dated November 16, 2016 increased the total loss of our Company to ₹ 2,032.85 million and issued a show-cause notice dated February 16, 2017 as to why a penalty should not be imposed upon us. Our Company *vide* its reply dated February 21, 2017 denied the allegation.

The Principal Commissioner of Income-tax filed an appeal on December 23, 2016 against the ITAT Order dated July 18, 2016 before the High Court of Delhi which has been admitted by the High Court of New Delhi *vide* an order dated July 07, 2017. The matter is currently pending.

2. *Assessment Year 2008-2009*

Our Company filed its income tax return for AY 2008-2009 declaring a loss of ₹ 3,141.48 million. The Additional Commissioner of Income-tax ("**ACIT**") *vide* its assessment order dated December 7, 2010, reduced our Company's total loss as per return of income to ₹ 1,485.70 million. Consequently, by a demand notice dated December 7, 2010, the ACIT issued a demand of *nil* as total tax payable by our Company.

The ACIT also issued a show-cause notice dated December 7, 2010, for requiring our Company to show cause as to why a penalty should not be imposed upon us for furnishing inaccurate particulars concealing our income. Our Company *vide* its reply dated January 14, 2011 denied the allegation. Our Company also filed an appeal (bearing no. 336/10-11) before Commissioner of Income-tax (Appeals)-4 ("**CIT(A)**") dated January 20, 2011, challenging the order dated December 7, 2010.

The CIT(A) *vide* its order dated January 8, 2016 allowed the appeal partly ("**CIT(A) Order**"). The Deputy Commissioner of Income-tax ("**DCIT**") *vide* its order dated February 9, 2016 gave effect to the CIT(A) Order and assessed the total income at ₹ 1,548.24 million and pursuant to a demand notice dated February 9, 2016, issued a demand of ₹ 993.21 million as total tax payable by our Company.

The DCIT also issued a show cause notice along with an appeal effect order dated February 9, 2016, for showing cause as to why a penalty should not be imposed against our Company on the grounds of furnishing inaccurate particulars concealing our income. Our Company *vide* its reply dated March 3, 2016 denied the allegation.

Our Company has filed an appeal before the Income Tax Appellate Tribunal ("**ITAT**") against the CIT(A) Order on February 11, 2016. The ITAT *vide* its order dated November 18, 2016 allowed the appeal of our Company. Our Company filed a letter before ACIT dated January 6, 2017 requesting to give effect to the order of ITAT. The ACIT *vide* its order dated March 6, 2017 gave effect to the order of ITAT dated November 18, 2016 and assessed our Company's business loss at ₹ 3,171.43 million.

The Principal Commissioner of Income-tax has filed an appeal before the High Court of Delhi on the said issue on December 23, 2016. Our Company has also filed miscellaneous application dated February 22, 2017 before ITAT. The matter is currently pending.

3. *Assessment Year 2009-2010*

Our Company filed a revised income tax return for AY 2009-2010 declaring a loss of ₹ 2,122.20 million. The Deputy Commissioner of Income-tax ("**DCIT**") by an assessment order dated December 23, 2011 assessed our Company's income to be ₹ 1,691.03 million. On account of sufficient carry forward losses, the DCIT issued a demand of ₹ 0.20 million as total tax payable by our Company *vide* its demand notice dated December 23, 2011. Our Company also filed an appeal (bearing no. 287/11-12) before Commissioner of Income-tax (Appeals)-4 ("**CIT(A)**") against the order of DCIT dated December 23, 2011 ("**CIT(A) Appeal**").

The DCIT also issued a show-cause notice dated December 23, 2011, requiring our Company to show cause as to why a penalty should not be imposed upon us for furnishing inaccurate particulars to conceal income. Our Company *vide* its reply dated January 3, 2012 denied the allegations and had prayed that the penalty proceedings under the Income Tax, 1961 ("**IT Act**") may be deleted, or alternatively be kept in abeyance till the disposal of the appeal by CIT(A). However, the DCIT again issued a penalty notice dated June 13, 2012, referring to the penalty notice dated December 23, 2011 and requested the principal officer of our Company to appear personally or through authorised representative or to submit a reply by June 21, 2012. Our Company replied on June 27, 2012 reiterating our stand. Thereafter, our Company by a rectification application dated November 5, 2012 and March 19, 2012 requested the DCIT to grant allowance for part of the pre-operative expenses incurred during AY 2006-2007, in AY 2009-2010, and to compute the taxable income by considering our Company's revised return.

Our Company has received a notice dated March 24, 2014 for re-assessment of income for AY 2009-2010. The DCIT *vide* its reassessment order dated March 24, 2015 assessed our Company's income to be at ₹ 1,708.61 million ("**DCIT Order dated March 24, 2015**"). On account of sufficient carry forward losses, no demand was raised on our Company. Our Company has filed an appeal before the CIT(A) against the order dated March 24, 2015. The CIT(A) *vide* its order dated June 8, 2017 allowed the appeal and annulled the DCIT Order dated March 24, 2015.

The CIT(A) *vide* its order dated January 20, 2016 allowed the CIT(A) Appeal partly. The DCIT *vide* its order dated February 22, 2016 gave effect to the order of the CIT(A) dated January 20, 2016 and assessed the total income at ₹ 2,042.32 million. Consequently, by a demand notice dated February 22, 2016, the DCIT issued a demand of ₹ 1,171.68 million as total tax payable by our Company.

The DCIT also issued a show cause notice along with appeal effect order dated February 22, 2016, requiring our Company to show cause as to why a penalty should not be imposed upon us for furnishing inaccurate particulars concealing our income. Our Company *vide* its reply dated March 8, 2016 denied the allegation.

Our Company also filed appeal before the Income Tax Appellate Tribunal ("**ITAT**") against the order of CIT(A) dated January 20, 2016 on February 11, 2016. The ITAT *vide* its order dated November 18, 2016 allowed the appeal of our Company. The Additional Commissioner of Income-tax *vide* its order dated February 21, 2017 gave effect to the order of ITAT dated November 18, 2016 and assessed our Company's business loss at ₹ 2,121.80 million.

Our Company has also filed a miscellaneous application dated February 22, 2017 before ITAT. The Principal Commissioner of Income-tax has filed an appeal before the High Court of Delhi on the said issue on May 1, 2017. The matter is currently pending.

4. *Assessment Year 2010-2011*

Our Company filed its income tax return for AY 2010-2011 declaring *nil* income. The Deputy Commissioner of Income-tax ("**DCIT**") *vide* an assessment order dated March 15, 2013 assessed our Company's total income to be ₹ 1,462.39 million ("**DCIT Order dated March 15, 2013**"). On account of sufficient carry forward losses, the DCIT issued a demand of *nil* as total tax payable by our Company. Our Company filed an appeal against the DCIT Order dated March 15, 2013 before the Commissioner of Income-tax (Appeals) ("**CIT(A)**") on challenging the various additions/disallowances made by the DCIT, which appeal was rejected by the CIT(A) *vide* its order dated January 20, 2016 ("**CIT(A) Order dated January 20, 2016**"). Our Company filed an appeal before the Income Tax Appellate Tribunal ("**ITAT**") against the CIT(A) Order dated January 20, 2016 on February 11, 2016 and this appeal is still pending.

The DCIT, consequent to the CIT(A) Order dated January 20, 2016, assessed the total income of our Company to be ₹ 2,239.96 million *vide* its assessment order dated February 22, 2016. The DCIT issued a demand of *nil* as total tax payable by our Company *vide* its demand notice and also issued a show-cause notice as to why a penalty should not be imposed upon us. Our Company *vide* its reply dated March 8, 2016 denied the allegations. The matter is currently pending.

5. *Assessment Years 2011-2012*

The Additional Commissioner of Income Tax, New Delhi ("**IT Authority**") *vide* its notice dated February 23, 2017 under Section 148 of the Income Tax Act, 1961 ("**IT Act**") has sought a return of income from our Company for the FY 2011-2012, as the IT Authority is of the opinion that the income of our Company for the FY 2011-2012 has escaped assessment under Section 148 of the IT Act. Our Company has provided its response *vide* its letter dated March 27, 2017 and has denied that its income has escaped assessment under the IT Act. Our Company has received notice dated July 12, 2017 under Section 143(2) of the IT Act and has filed its reply to the notice on July 28, 2017. The matter is currently pending.

6. *Assessment Year 2012-2013*

Our Company filed the income tax return for AY 2012-2013 declaring a loss of ₹ 1,703.03 million. The Deputy Commissioner of Income-tax ("**DCIT**") *vide* an assessment order dated March 25, 2015 assessed our Company's total taxable income to be ₹ 4,367.08 million and issued a demand of ₹ 1,543.30 million as total tax payable by our Company. Our Company has filed an appeal before the Commissioner of Income-tax (Appeals)-4 ("**CIT(A)**") against the order of DCIT dated March 25, 2015 challenging the various additions/disallowances made by the DCIT in its assessment order.

The DCIT issued a show-cause notice dated March 25, 2015, requiring our Company to show cause as to why a penalty should not be imposed on the grounds of furnishing inaccurate particulars to conceal income. Our Company *vide* its reply dated April 15, 2015 denied the allegations and had prayed that the penalty proceedings under the Income Tax Act,1961 may be deleted, or alternatively, be kept in abeyance till the disposal of the appeal by CIT(A).

The CIT(A) *vide* its order dated March 22, 2017 passed an order enhancing the assessment. The Additional Commissioner of Income-tax *vide* its order dated April 26, 2017 passed an order assessing the total income at ₹ 9,271.86 million. Consequently, by a demand notice dated April 26, 2017, the DCIT issued a demand of ₹ 2,465.83 million as total tax payable by our Company. Our Company also filed stay of demand application dated May 30, 2017.

Our Company has filed a rectification application dated May 23, 2017 before the Additional Commissioner of Income-tax. Our Company also filed an appeal before Income Tax Appellate Tribunal on May 22, 2017 against the order passed by CIT(A). The matter is currently pending.

7. *Assessment Year 2013-2014*

The Deputy Commissioner of Income-tax ("**DCIT**") issued notices dated September 4, 2014, April 6, 2015 and June 30, 2015 for AY 2013-2014 requiring various details for assessment of income. In response to the aforesaid notices issued, our Company has filed various replies along with the details asked by the DCIT.

The DCIT referred the case to Transfer Pricing Officer ("**TPO**") and the TPO *vide* its order dated October 18, 2016 passed the order with *nil* adjustments/no adverse findings in respect of arm's length price for certain specific domestic transactions. The Additional Commissioner of Income-tax *vide* its order dated December 6, 2016 passed assessment order and assessed the income to be ₹ 16,548.02 million after certain adjustments/disallowances. Consequently, DCIT *vide* a demand notice dated December 6, 2016 issued a demand of ₹ 5,028.14 million as total tax payable by our Company. Our Company also filed stay of demand application dated January 10, 2017. Subsequently, the Principal Commissioner of Income-tax *vide* its order dated March 21, 2017 has stayed the demand till disposal of appeal or December 31, 2017, whichever is earlier.

The Additional Commissioner of Income-tax also issued a show-cause notice dated December 6, 2016, requiring our Company to show cause as to why a penalty should not be imposed upon us for of furnishing inaccurate particulars concealing our income. Our Company *vide* its reply dated January 2, 2017 denied the allegation.

Our Company has also filed rectification application dated January 6, 2017 before the Additional Commissioner of Income-tax. Our Company has filed an appeal before CIT(A) on January 10, 2017 against the demand of DCIT. The matter is currently pending.

8. *Assessment Year 2014-2015*

The Additional Commissioner of Income-tax ("**ACIT**") *vide* its order dated December 6, 2016 passed assessment order and assessed the income to be ₹ 7,992.58 million. Consequently, by a demand notice dated December 6, 2016, the Deputy Commissioner of Income-tax ("**DCIT**") issued a demand of ₹ 2,309.22 million as total tax payable by our Company. Our Company also filed stay of demand application dated January 10, 2017. The Principal Commissioner of Income-tax *vide* its order dated March 21, 2017 stayed the demand till disposal of appeal or December 31, 2017, whichever is earlier.

The ACIT also issued a show cause notice dated December 6, 2016, for showing cause as to why a penalty should not be imposed against our Company on the grounds of furnishing inaccurate particulars concealing our income. Our Company *vide* its reply dated January 2, 2017 denied the allegation.

Our Company has also filed rectification application dated January 6, 2017 before the ACIT. Our Company has filed an appeal before CIT(A) on January 9, 2017 against the demand of DCIT. The matter is currently pending.

Indirect Tax

1. The Commissioner of Customs, Bengaluru ("**Commissioner, Bengaluru**") issued a show cause-notice (bearing no. VII/10/47/2013 Cus. Adjn/674/4) dated January 24, 2014 to our Company for showing cause, among other things, as to why:

    a. The 'aircraft engines' and 'engine stand' imported by our Company should not be re-classified under CTH 8411 12 00 and 7326 19 90, respectively;
    b. The benefit of exemption under s. no. 346D of notification Cus. dated March 1, 2002 (no. 21/2002), as amended, and s. no. 454 of notification dated March 17, 2012 (no. 12/2012-Cus.), as amended, claimed by the importer in respect of the goods imported, should not be denied;
    c. Duty amounting to ₹ 264.90 million in respect of goods valued at ₹ 963.40 million along with the applicable interest should not be recovered from our Company;
    d. Goods valued at ₹ 963.40 million, which have been imported should not be confiscated; and
    e. Penalty should not be imposed on the importer.

Our Company replied to the show-cause notice *vide* its reply dated March 28, 2014. The Commissioner, Bengaluru *vide* an order dated June 12, 2014 raised a demand of ₹ 240.60 million for the duty as well as imposed penalty of ₹ 240.60 million and a further penalty of ₹ 50.00 million. Our Company has filed an appeal (no. 22550 of 2014) before the Custom Excise and Service Tax Appellate Tribunal ("**CESTAT**") against the order dated June 12, 2014. The CESTAT has *vide* its order dated March 23, 2015 granted an unconditional stay for recovery of amount demanded in the order of Commissioner, Bengaluru dated June 12, 2014. The matter is currently pending.

2. The Commissioner of Service Tax, New Delhi issued a show cause notice dated December 13, 2012 for FY 2008-2009 and FY 2011-2012 for showing cause as to why service tax amounting to ₹ 820.78 million should not be levied on account of excess CENVAT credit availed by our Company and excess utilisation of CENVAT credit by our Company on certain items and why penalty proceedings should not be initiated against it. Our Company has filed its reply to the show cause notice on December 2, 2013. The matter is currently pending.

3. The Directorate General of Central Excise Intelligence, Ahmedabad Zonal Unit issued a demand cum show cause notice dated June 2, 2014 for FY 2012-2013 to FY 2013-2014 for showing cause as to why service tax amounting to ₹ 358.56 million should not be levied on account of service tax on external commercial borrowing loans along with interest and penalty. Our Company has voluntarily deposited the amount of service tax of ₹

358.56 million along with interest of ₹ 44.87 million before the issuance of show cause notice. The issue involved in the present show-cause notice is for the amount of penalty sought to be imposed which could be equal to the amount of service tax demanded in the show cause notice. On April 15, 2015, our Company has filed its reply with the tax authorities against the show cause notice. The Commissioner of Service Tax, Delhi IV *vide* its order dated October 29, 2015 imposed the penalty of ₹ 358.57 million and the amount of service tax and interest were appropriated. On January 29, 2016, an appeal was filed by our Company before the Customs, Exercise and Service Tax Appellate Tribunal, Chandigarh against the order of Commissioner of Service Tax, Delhi IV dated October 29, 2015. Our Company has deposited 25% of the penalty amount (i.e. ₹ 89.64 million) under protest on November 27, 2015. The matter is currently pending.

4. The Directorate General of Central Excise Intelligence, New Delhi ("**DGCEI, New Delhi**") issued a summon dated October 27, 2015 to our Company seeking certain year wise information in respect of, among others, the amount of inflight food sales and ancillary passenger services, to which the representatives of our Company have obliged to. The DGCEI, New Delhi issued another summon on November 26, 2015 seeking additional information in relation to amount of certain ancillary services such as cancellation charges and refund processing charges. Our Company has deposited an ad-hoc deposit of service tax of ₹ 40 million under protest on March 31, 2016 and has provided the requisite information to the DGCEI, New Delhi. The matter is currently pending.

5. The Directorate General of Central Excise Intelligence, New Delhi ("**DGCEI, New Delhi**"), *vide* its letter dated March 27, 2017 sought certain information from our Company in relation to the refunds/credits received on account of leasing of aircraft and aircraft engines, to which the representatives of our Company obliged to. Subsequently, the DGCEI, New Delhi issued a summon dated May 11, 2017 seeking certain information in relation to the credits received from the manufactures of engines for a specified period. The representatives of our Company submitted the requisite information. Thereafter, our Company received another letter dated May 31, 2017 from the DGCEI, New Delhi seeking certain additional documents in relation to the leasing of aircraft and aircraft parts and credits received from the engine manufacturers. The matter is currently pending.

Regulatory Matters

1. The CCI *vide* its notice dated March 11, 2016 has sought certain documents and clarifications from Mr. Rahul Bhatia in respect of the alleged in-tandem increase in air fare by various airline operators, including our Company, in certain jurisdictions concurrent with the Jat agitation in Punjab, particularly in the month of February 2016. Our Company has filed its reply to the CCI's notice dated March 11, 2016 on April 11, 2016 and there has been no further communication from the CCI. The matter is currently pending.

2. Ms. Shikha Roy filed an information before the CCI (case no. 32/2016) on March 28, 2016, alleging that pursuant to a cartel between our Company, SpiceJet, and Jet Airways, higher prices were charged on certain routes (particularly Delhi - Chandigarh and Delhi - Amritsar) concurrent with the Jat agitation in Haryana in February 2016. The CCI issued a notice dated May 3, 2016 to our Company and the other parties for a preliminary hearing in the matter on May 25, 2016. The matter is currently pending.

3. Express Industry Council of India ("**Informant**") filed an information (case no. 30 of 2013) before the CCI against our Company, Jet Airways, SpiceJet, Air India and GoAir (collectively, the "**Opposite Parties**") ("**Information**"). It was alleged that the Opposite Parties operated in a concerted manner to introduce fuel surcharge ("**FSC**") for transportation of cargo, which was anti-competitive under the provisions of the Competition Act, 2002 ("**Competition Act**"). It was also alleged that although the levy of the FSC was introduced to address the sharp volatility in air turbine fuel ("**ATF**") prices, there was no correlation between changes in FSC vis-à-vis changes in ATF.

   The CCI *vide* its order dated September 2, 2013 held that the allegations made in the Information *prima facie* indicate the existence of an agreement between the Opposite Parties to determine the fuel prices and hence, required a detailed investigation by the Director General of CCI ("**DG**").

The DG, after requesting for certain information from our Company, submitted an investigation report dated February 4, 2015 ("**DG Report**") to the CCI wherein it was concluded that there is no violation of Section 3(1) read with Section 3(3)(a) of the Competition Act. The CCI *vide* its order dated February 19, 2015 directed the Informant and the Opposite Parties to appear on April 1, 2015. The Informant has filed objections to the DG Report on April 23, 2015 and the matter was fixed for July 23, 2015 for filing of objections/rejoinder and arguments. The matter was heard by the CCI on August 13, 2015.

The CCI *vide* its order dated November 17, 2015 noted that Jet Airways, SpiceJet and our Company have acted in concert in fixing the FSC rates and hence, are in contravention of Section 3(1) and Section 3(3)(a) of the Competition Act ("**CCI Order**"). Accordingly, a penalty at the rate of 1% of the average turnover of the last three (3) financial years was imposed on our Company (i.e., ₹ 637.4 million) along with Jet Airways and SpiceJet. Our Company filed an appeal (Appeal no. 7 of 2016) against the CCI Order before the Competition Appellate Tribunal ("**COMPAT**"). The COMPAT *vide* its order dated April 18, 2016 set aside the CCI Order on account of violation of principles of natural justice and remanded the matter to the CCI to reconsider the DG Report and to take appropriate action in the matter.

After reconsidering the DG Report, the CCI *vide* its letter dated February 8, 2017 stated that the material on record indicated that our Company, Jet Airways and SpiceJet have acted in a concerted manner in fixing and revising the FSC rates and did not support the conclusions drawn in the DG Report. The Informant and the Opposite Parties were then provided with an opportunity to file their responses. Our Company has filed its response on March 29, 2017. The matter is currently pending.

4. The CCI *vide* its letter dated March 27, 2014 and subsequent letters has directed our Company to furnish certain details with respect to an inquiry on the issue of similar/identical pricing of air fares by domestic airlines on several. Our Company made its submissions in response to various letters by the CCI. The Director General of CCI ("**DG**") has *vide* its letter dated September 16, 2015 notified our Company of its decision to initiate a suo-moto case (bearing no. 3 of 2015) alleging, *inter-alia*, the contravention of provisions of Section 3 of the Competition Act, 2002 in relation to the alleged cartelisation in the airline industry. The DG submitted its report on September 20, 2016 on the issue of the pricing mechanism in the airline industry. The CCI *vide* its order dated November 23, 2016 instructed the DG to further investigate the algorithm used in the software by the airlines to determine the pricing mechanism, allocation of the seats in relation to the proximity to the departure date and the determination of a new parameter of time period to determine price parallelism. The DG has initiated an investigation and has sought further details from our Company. The matter is currently pending.

Criminal Complaints

In addition to the proceedings disclosed above under *"Litigation involving our Company"*, in the usual course of business, several criminal complaints/first information reports have been filed by passengers and customers against our Company and employees of our Company under various provisions of the Indian Penal Code, 1860 and the Code of Criminal Procedure, 1973, *inter alia*, involving allegations of theft, criminal breach of trust, criminal conspiracy and causing hurt by an act that endangers life or personal safety of others.

Litigations by our Company

Civil Proceedings

1. Our Company ("**Petitioner**") has filed a writ petition (S.B. CWP no. 12788 of 2015) before the High Court of Rajasthan at Jodhpur against the AAI, the Airport Director, Maharana Pratap Airport, Udaipur and others ("**Respondents**") ("**Writ Petition**") challenging the communications dated October 1, 2015 and October 30, 2015 issued by the AAI, whereby the Airport Director, Maharana Pratap Airport, Udaipur, stated that the Petitioner must undertake ground handling activities either through its own employees or through National Aviation Company of India Limited or its subsidiaries or through Indo-Thai Airport Management Services ("**Communications**"). The Petitioner has prayed, *inter alia*, for the Communications to be quashed and/or set aside and to restrain the Respondents from preventing the Petitioner from carrying out ground handling activities, including through its ground handling agent at Maharana Pratap Airport, Udaipur. The Petitioner has

also filed an application to stay the operation of the Communications. On November 11, 2015, the High Court of Rajasthan passed an order restraining the Respondents from preventing the Petitioner to carry out ground handling activities through its own agents/entities or outsourcing the same at Maharana Pratap Airport, Udaipur. The AAI has filed a transfer petition before the Supreme Court on January 13, 2016 to transfer the Writ Petition from the High Court of Rajasthan to the Supreme Court. The matter is currently pending.

2. Our Company and Ms. Manjishtha Chaudhary ("**Petitioners**") have filed a writ petition (bearing no. 4607 of 2017) before the High Court of Punjab and Haryana at Chandigarh against the Union of India, the AAI, the Directorate General of Civil Aviation, the Airport Director, Sree Guru Ramdas Jee International Airport, Amritsar and others ("**Respondents**") challenging the communication dated February 13, 2017, whereby the Airport Director, Sree Guru Ramdas Jee International Airport, Amritsar, stated that the Petitioners must undertake ground handling activities through their own designated staff employees only and that contracting out to a third party is impermissible ("**Communication**"). The Petitioners have prayed, *inter alia*, for the Communication to be revoked/rescinded/recalled and/or cancelled and to restrain the Respondents from preventing or obstructing the Petitioners from carrying out ground handling activities through their own agents/entities or outsourcing the same at Sree Guru Ramdas Jee International Airport, Amritsar. The High Court of Haryana and Punjab *vide* its interim order dated March 10, 2017, in lieu of the order dated March 6, 2017 passed by the Supreme Court, permitted our Company to submit a list of employees/contractors, who after due verification, shall be permitted to do the ground handling activities. The matter is currently pending.

3. The FIA, our Company and others ("**Petitioners**") have filed a writ petition (W.P. no. 18628 of 2015) before the High Court of Punjab and Haryana against the Union of India and others ("**Respondents**") for issuance of a writ of mandamus and a writ in the nature of prohibition for quashing (a) communication dated June 4, 2015 *vide* which Chandigarh International Airport Limited ("**CHIAL**") has specified its award of space requirements to the airlines; (b) an email dated July 1, 2015 *vide* which the CHIAL has written to the airlines stating that it has awarded a ground handling contract to Air India Air Transport Services Limited ("**AIATSL**") and has further requested all the airlines to contact AIATSL to avail ground handling facilities at the CHIAL; and (c) an email dated July 28, 2015 *vide* which the CHIAL has written to the airlines regarding the allotment of space at the new terminal and again mandated that the ground handling should be provided by AIATSL and that only the airlines which follow the AAI's 1GHA will be permitted ("**Communications**"). In terms of the Communications, the Petitioners were prevented by the Respondents from undertaking their ground handling services at the CHIAL and only the airlines which follow Airports Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007 ("**Regulations 2007**") were permitted to undertake the ground handling activities.

   The Petitioners have alleged that the CHIAL is misinterpreting the Regulations 2007, and has prayed that directions be issued by the High Court of Punjab and Haryana to the Respondents for allowing sufficient space to the Petitioners to carry out ground handling activities at the CHIAL. The Petitioners further claimed that the Communications are erroneous and that ground handling cannot be entrusted to any sole entity and the Communications are liable to be set aside.

   The AAI and the CHIAL has filed a written statement contending that the petition is not maintainable and stating that the Petitioners have not complied with the Regulations 2007.

   The High Court of Punjab and Haryana *vide* its pronouncement dated September 24, 2015 ("**Order dated September 24, 2015**") has held that the contract alleged to have been given by the AAI to the AIATSL for the ground handling services at the new terminal of the CHIAL ousting the Petitioner airlines to self-handle their ground handling services is illegal, arbitrary, unconstitutional and unreasonable and the Communications should be set aside. Further, the High Court of Punjab and Haryana held that Aircraft Operators Aviation Security Functions specified by Bureau of Civil Aviation Security shall be performed by bonafide whole-time employees of the Petitioner airlines and the other ground handling services can be outsourced by the Petitioner airlines from ground handling agencies, if specifically permitted in writing by the AAI. The FIA has filed a clarification application dated October 15, 2015 in relation to Order dated September 24, 2015 to clarify if '*other ground handling services can be outsourced by the Petitioner airlines from ground handling agencies, if specifically permitted in writing by AAI*' means to include bona-fide employees of any ground handling agencies who have been given an airport entry permit by the airport. The FIA has also prayed, *inter alia,* to provide a stay order to maintain status quo and subsequently, the High Court of Punjab and Haryana has granted a stay order to maintain status quo. The matter is currently pending.

4. Our Company ("**Petitioner**") has filed a writ petition (W.P. no. 435 of 2016) before the High Court of Uttarakhand at Nainital against the AAI, the Airport Director, Jolly Grant Airport and others ("**Respondents**") challenging the communication dated September 29, 2015 and letters dated December 15, 2015 and February 16, 2016 ("**Communications**") whereby the Airport Director, Jolly Grant Airport has stated that the Petitioner must undertake ground handling either through its own employees or through the National Aviation Company of India Limited or its subsidiaries. The Petitioner has prayed for, *inter alia*, the Communications to be quashed and/or set aside and to restrain the Respondents from preventing the Petitioner members from carrying out ground handling activities through its ground handling agent/entities at Jolly Grant Airport, Dehradun. Our Company has also filed an application to stay the operation of the Communications. On February 29, 2016, the High Court of Uttarakhand passed an order to stay the effect and operation of the Communications. The matter is currently pending.

5. Our Company ("**Applicant**") has filed an application (OA no. 422 of 2017) before the National Green Tribunal, Principal Bench at New Delhi ("**NGT**") against the Union of India and other ("**Respondents**"). The NGT had earlier passed an order dated August 3, 2015 under the matter of Jai Kumar v. Union of India (OA no. 515 of 2014) in which it was stated that no disinfectant/insecticide fumigation is to be carried out in the aircraft of any airline while landing and taking off in any part of the country when passengers are on board and that spraying disinfectant was to be carried out only when the aircraft was empty ("**NGT Order**"). Pursuant to the NGT Order, the DGCA issued a letter dated February 26, 2015, wherein it asked all aircraft operators, including the Applicant not to carry out any disinfectant/insecticide spraying/fumigation while passengers were on board. Further, an application has been filed by the Applicant before NGT seeking appropriate order or direction to permit spraying safe insecticide while passengers are on board to eliminate mosquitoes and other insects carrying vector borne diseases. This matter is currently pending.

6. The FIA, our Company and other ("**Petitioners**") have filed a special leave petition (SLP (c) no. 7764 of 2011) before the Supreme Court of India against the order dated March 4, 2011, in W.P. (C) no. 8004 of 2010, whereby the High Court of Delhi had dismissed the writ petition challenging certain circulars issued by the DGCA and the Airports Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007 ("**Regulations 2007**") as *ultra vires* the provisions of the Aircraft Act, 1934, the Aircraft Rules, 1937, the Airports Authority of India Act, 1994 and Articles 14 and 19(1)(g) of the Constitutuion of India on grounds that by virtue of the aforesaid circulars/Regulations 2007, the airlines operator were denied permission to self-handle aircrafts and as a consequence none of the ground handling staff of airlines or their existing ground handling agents would be allowed entry into the airports. This would result into the six (6) metro airports coming to a complete standstill. It was also contended that undertaking ground handling services enables the airline operators, *inter alia*, to maintain the quality, cost, efficiency and level of performance. The Supreme Court *vide* its orders dated May 5, 2011, July 20, 2012 and October 29, 2013 held that status quo would be maintained till further orders. Subsequently, an application was filed by the Petitioners for directions and interim orders on December 9, 2013.

On March 6, 2017 the Supreme Court *vide* its order held that the maintenance of status quo would not hamper the implementation of the new National Civil Aviation Policy, 2016 dated June 15, 2016 which, *inter alia*, deals with ground handling. Subsequently, an interlocutory application was filed by Bhadra International (India) Private Limited on March 28, 2017 seeking modification of order dated March 6, 2017 of Supreme Court to remove the word 'contractors' from the order. The matter is currently pending.

The FIA, our Company and others ("**Petitioners**") have filed a contempt petition (bearing no. 524 of 2013) in SLP (c) no. 7764 of 2011 dated February 7, 2014 against the Secretary of Government of India, the MoCA, Joint Commissioner of Security and Assistant Commissioner of Security, Bureau of Civil Aviation Security ("**BCAS**") (collectively, the "**Respondents**") alleging that certain directions and orders issued by the Respondents are in contravention of the Supreme Court order in SLP (c) no. 7764 of 2011 dated October 29, 2013. The BCAS filed its reply on February 7, 2014. The matter is currently pending.

Criminal Complaints

Our Company has initiated several proceedings under Section 138 of the Negotiable Instruments Act, 1881 before various judicial authorities in respect of dishonor of cheques. All such proceedings are currently pending at various stages of adjudication. Additionally, our Company has filed certain first information reports and criminal complaints against several individuals and entities in relation to various provisions of the Indian Penal Code, 1860 and Code of Criminal Procedure, 1973, *inter alia*, pertaining to allegations of theft, cheating, mischief, fraudulent activities including but not limited to false ticket bookings, promising employment by malafidely using our Company's goodwill, incidents relating to safety and security of our employees, accidents, unruly passengers, bomb and hijacking hoaxes, smuggling of drugs and narcotics, smuggling of weapons and hazardous substances, carrying dangerous goods etc. These first information reports and complaints are currently pending.

Litigations, not involving our Company, which are material to the business of our Company

1. Bhadra International (India) Private Limited, Novia International Consulting Aps., Tie Up Arrangement between Bhadra International India Private Limited and Novia International Consulting Aps. ("**Petitioners**") have filed a writ petition (W.P. no. 18776(W) of 2015) against the AAI and the Airport Director, Netaji Subhas Chandra Bose International Airport, Kolkata ("**Respondents**") before the High Court of Calcutta seeking (a) implementation of the order no. COM/931/1.1/REG/GHS/NR/2013/760 dated August 25, 2014 ("**Order dated August 25, 2014**") issued by the Respondents particularly at Netaji Subhas Chandra Bose International Airport, Kolkata; and (b) an interim order for removal of all such non-entitled entities and their staff from the airports. The Order dated August 25, 2014 issued a direction to the airports directors to stop issuing/renewing passes to non-entitled entities and their staff which had been providing services or supplying man power/equipment to various airlines in violation of the Airports Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007. The FIA has filed an impleadment application (CAN no. 9303 of 2015) before the High Court of Calcutta to be added as a party to this writ petition. The matter is currently pending.

2. The FIA and Mr. Vikram Chona ("**Petitioners**") have filed a writ petition (W.P. no. 25174 (W) of 2015) before the High Court of Calcutta against the AAI, the Airport Director, Netaji Subhas Chandra Bose International Airport, Kolkata, Bhadra International (India) Private Limited and Novia International Consulting Aps. and other ("**Respondents**") for challenging the impugned communications dated August 25, 2014 and August 20, 2015 issued by the AAI ("**Impugned Communications**"). Such Impugned Communications (a) direct the airports directors to stop issuing/renewing passes to non-entitled entities and their staff which has been providing services or supplying man power/equipment to various airlines in violation of the Airports Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007 ("**Regulations 2007**"); and (b) take on record the alleged incorrect interpretation of the status quo order of the Supreme Court in the matter of Federation of Indian Airlines and others v. Union of India and others (SLP (c) no. 7764 of 2011) in relation to the Regulations 2007. The Petitioners have filed this writ petition seeking, *inter alia*, to revoke, rescind, recall and/or cancel the Impugned Communications and to pass an interim order. The matter is currently pending.

3. Bhadra International (India) Private Limited, Novia International Consulting Aps., Tie Up Arrangement between Bhadra International India Private Limited and Novia International Consulting Aps. ("**Petitioners**") have filed a writ petition (bearing no. 22407 of 2015) before the High Court of Madras at Chennai against the AAI, the Airport Director, Chennai Airport and other ("**Respondents**") seeking implementation of the order no. COM/931/1.1/REG/GHS/NR/2013/760 dated August 25, 2014 ("**Order dated August 25, 2014**") by the Respondents particularly at the Chennai Airport ("**Writ Petition**") which is a direction for compliance of the Airports Authority of India (General Management, Entry for Ground Handling Services) Regulations, 2007

("**Regulations 2007**"), directing that these regulations have to be strictly enforced to provide quality ground handling services at airports. The Order dated August 25, 2014 issued a direction to the airport directors to stop issuing/renewing passes to non-entitled entities and their staff which had been providing services or supplying man power/equipment to various airlines.

The Airports Authority of India, Chennai had passed orders that all non-entitled entities should be removed. Further, the AAI in respect to Calicut and Coimbatore Airports had issued communications dated August 14, 2015 and August 25, 2015, respectively, directing that the passes of the non-entitled entities would not be renewed any longer and all airlines except the domestic airlines are required to shift to authorised ground handling agencies ("**Impugned Communications**"). The High Court of Madras *vide* its order dated July 24, 2015 disposed off the Writ Petition directing that the Respondents implement the Regulations 2007 in letter and spirit and take appropriate steps to remove the various non-entitled entities operating in the Airport of Chennai as expeditiously as possible ("**Order dated July 24, 2015**").

The FIA has filed an appeal (W.A. no 1481 of 2015) before the High Court of Madras against the Order dated July 24, 2015 on grounds that the order is against law and facts and that there is an error apparent on the face of records before the High Court of Madras.

Further, the FIA has also filed a petition for stay against the Impugned Communications and an interim injunction to restrain the Respondents interfering with the ground handling being carried out by the member airlines of the FIA on September 10, 2015. On October 9, 2015, the Madras High Court passed status quo orders. The matter is currently pending.

4. Shyam Dayaram Dewani ("**Petitioner**") has filed a public interest litigation (PIL no. 63 of 2016) before the High Court of Bombay at Nagpur bench by way of the writ petition under Article 226 and 227 of the Constitution of India against the Union of India, the DGCA and the FIA ("**Respondents**") alleging that domestic airlines are charging exorbitant airfares in violation of the Aircraft Act, 1934 and rules created thereunder and that there is no uniform policy for fixing tariff and airfare including in relation to charges for specific seats and baggage allowance. The Petitioner has prayed for, *inter alia*, (a) issuance of directions against the UOI and the DGCA for fixation of policies in relation to airfare/tariff, display of availability of seats by member airlines of the FIA and take appropriate action against airlines who violate the same; (b) issuance of directions to the FIA to display tariff on its website and also in newspapers; (c) direct the UOI and the DGCA to conduct enquiries as to how air fare increases many fold during holidays, festivals and peak seasons; (d) quash and set aside the seat allotment process followed by member airlines of the FIA as well as the exorbitant baggage, cancellation and other charges levied by member airlines of the FIA; and (e) grant ad-interim stay on levy of such charges by member airlines of the FIA. On August 29, 2016, the Respondents filed their reply. The matter is currently pending.

5. The AAI ("**Petitioner**") has filed a special leave petition (bearing no. 33863 of 2016) before the Supreme Court of India against the FIA and others ("**Respondents**") against a judgment dated September 2, 2016 (W.P no. 1466 of 2016) rendered by the High Court of Bombay. Mumbai International Airport Private Limited ("**MIAL**") operates, manages and develops the Chhatrapati Shivaji International Airport, Mumbai. Pursuant to an Operations, Management and Development Agreement, MIAL sought to levy the flight catering charge by converting the benchmark for the charges payable from 13% of the cost of the non-perishable food items to 13% of the sale price of these food items. The FIA, being aggrieved by such levy of royalty/fee being imposed by the MIAL as flight catering charges filed a writ petition before the High Court of Bombay. The High Court of Bombay held that the levy of such charges was null and void ("**HC Order**") and the AAI and Union of India is directed to instruct the MIAL to refrain from levy of any charges on food and beverages items from passengers on board the airlines. A similar special leave petition (bearing no. 33177 of 2016) has also been filed by MIAL (one of the respondents to the writ petition no. 1466 of 2016) to grant special leave against the order of the High Court of Bombay and seeking interim relief to stay the operation and effect of the order of the High Court of Bombay. The matter is currently pending.

6. The FIA ("**Petitioner**") has filed a writ petition (W.P. no. 19945 of 2015) before the High Court of Orissa against the AAI, the Airport Director, Bhubaneshwar ("**AAI, Bhubaneshwar**"), National Aviation Company of India Limited ("**NACIL**") and the Union of India ("**Respondents**") challenging the communication dated October 16, 2015 whereby the AAI, Bhubaneshwar has stated that the Petitioner airlines must undertake ground handling either through their own employees or through NACIL or its subsidiaries ("**Communication**"). The Petitioner has prayed for, *inter alia*, the Communication to be quashed and/or set aside and to restrain the Respondents from preventing the Petitioner airlines from carrying out ground handling activities through their ground handling agent/entities at Bhubaneshwar airport and direct the Respondents to issue airport entry permits to the ground handling personnel engaged by the Petitioner member airlines. On November 16, 2015, the High Court of Orissa passed an order staying the operation of the Communication. Subsequently, on January 13, 2016, the AAI filed a transfer petition (bearing no. 160 of 2016) before the Supreme Court of India seeking transfer of the writ petition (W.P. no. 19945 of 2015) to the Supreme Court of India and tagging it with SLP (c) 7764 of 2011. The matter is currently pending.

7. Mumbai International Airport Private Limited ("**MIAL/Appellant**") has filed an appeal (bearing no. 4 of 2013) on February 18, 2013 before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA and other ("**Respondent**") challenging, *inter-alia*, the order no. 32/2012-13 dated January 15, 2013 issued by the AERA, which determined the aeronautical tariff and development fee in respect of Chhatrapati Shivaji International Airport, Mumbai for 1st regulatory period (i.e. April 1, 2009 to March 31, 2014). The FIA has filed an application to implead itself in the appeal. The matter is currently pending.

8. Delhi International Private Airport Limited ("**DIAL/Appellant**") has filed an appeal (bearing no. 10 of 2012) on May 23, 2012 before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA and others ("**Respondent**") ("**Appeal**") along with an application seeking interim relief challenging the order no. 3/2012-2013 dated April 20, 2012 issued by the AERA in the matter of determination of aeronautical tariff in respect of Indira Gandhi International Airport, New Delhi for the 1st regulatory period (i.e. April 1, 2009 to March 31, 2014). The FIA, along with certain other parties, impleaded as party to the Appeal by an order dated September 5, 2012 pursuant to the oral request of the parties. The FIA filed its counter affidavit along with its reply to the interim application on October 12, 2012. On November 29, 2016, an application was filed by the AERA before the AERAAT seeking direction for expeditious disposal of the Appeal. The matter is currently pending.

9. The FIA ("**Appellant**") has filed an appeal (bearing no. 6 of 2012) before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA and Delhi International Private Airport Limited ("**DIAL**") ("**Respondents**"), along with an application seeking interim relief to set aside the order no. 3/2012-2013 dated April 20, 2012 issued by the AERA ("**AERA Order**") in the matter of determination of aeronautical tariff in respect of Indira Gandhi International, Airport, New Delhi for the 1st regulatory period (i.e., April 1, 2009 to March 31, 2014) whereby the AERA has wrongfully determined the escalation in tariff determination for the DIAL with effect from May 15, 2012. The AERA has increased the aeronautical tariff for the DIAL 'on a one-time basis during the control period' between the years 2012-2014 by 345.92%, while adopting the 'shared till' approach for determination of tariff and levied user development fees in violation of the applicable provisions of the Airports Economic Regulatory Authority of India Act, 2008 ("**AERA Act**"). The Appellant has, *inter alia*, prayed to set aside the AERA Order and that the AERA must re-determine the tariff of the DIAL. The DIAL filed its counter-affidavit on September 20, 2012 and the FIA filed its rejoinder affidavit to the DIAL's counter-affidavit on September 28, 2012. Thereafter, the AERA filed its counter-affidavit on October 4, 2012 and the FIA filed its rejoinder affidavit to the AERA's counter-affidavit on October 16, 2012. Thereafter, the AAI filed its reply and the MoCA filed its reply in April 2013. Subsequently, the FIA filed its rejoinder affidavits i.e. to the AAI's reply on April 30, 2013 and to the MoCA's reply on July 19, 2013. The matter is currently pending.

10. Delhi International Private Airport Limited ("**DIAL/Appellant**") has filed an appeal (bearing no. 7 of 2012) dated December 13, 2011 before Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA ("**Respondent**") challenging order no. 28/2011-2012 dated November 8, 2011 issued by the AERA on November 14, 2011 ("**AERA Order**") in the matter of levy of development fee by the DIAL at Indira Gandhi International Airport, New Delhi ("**IGI Airport, New Delhi**"). In its appeal, the DIAL has sought enhancement of the project cost as determined by the AERA Order to the extent it excludes certain amounts/heads from the final project cost. Accordingly, directions have been sought by the AERAAT for the AERA to pass a fresh order with respect to the quantum and tenure of the levy of development fee at the IGI, Airport, New Delhi. The AERAAT *vide* its order dated September 14, 2012, at the oral request of the FIA, of which our Company is a member airline, granted liberty to the FIA to be impleaded as a party to the appeal. The FIA filed its reply to the appeal on November 21, 2012 denying the contentions raised by the DIAL. Thereafter, the DIAL filed an application dated January 2, 2013 placing on record the two subsequent orders issued by the AERA on August 3, 2012 and December 28, 2012.

    On July 11, 2013, AERAAT disposed off all appeals preferred against the order dated November 8, 2011 observing that the subsequent order passed by the AERA dated December 28, 2012 has the effect of changing the nature of the earlier order by revising it, while keeping the issues open for arguments and directed the earlier appeals to be taken up when the appeals assailing the subsequent order dated December 28, 2012 are taken up for hearing. Subsequently, the DIAL filed a review application on August 29, 2013 seeking review of the order dated July 11, 2013 and praying that appeal be restored. The AERAAT *vide* its order dated October 23, 2013 directed the appeal to be restored. The matter is currently pending.

11. The FIA ("**Appellant**") has filed an appeal (bearing no. 3 of 2013) on January 28, 2013 before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA, Delhi International Private Airport Limited ("**DIAL**") and others ("**Respondents**") challenging order no. 30/2012-2013 dated December 28, 2012 issued by the AERA ("**Impugned DF Order**") reviewing its order no. 28/2011-2012 dated November 8, 2011 ("**Principal DF Order**"). By way of the Impugned DF Order, AERA revised the rates of development fee at the Indira Gandhi International Airport, New Delhi from ₹ 200 to ₹ 100 per embarking domestic passenger and from ₹ 1,300 to ₹ 600 per embarking international passenger at the airport. Further, the Appellant submitted that the Principal DF Order was already under challenge *vide* appeal (bearing no. 1 of 2012) filed by the Appellant before the AERAAT which was pending adjudication. However, the AERAAT *vide* its order dated July 11, 2013 disposed of appeal (bearing no. 1 of 2012) on account of the pendency of the to the present appeal (bearing no. 3 of 2013). The DIAL filed its counter affidavit on March 19, 2013 and the FIA filed its rejoinder on July 9, 2013. The AAI filed its counter affidavit on March 19, 2013 and the FIA filed its rejoinder on July 9, 2013. The AERA filed its counter affidavit on August 27, 2013 and the FIA filed its rejoinder on October 21, 2013. The matter is currently pending.

12. The FIA ("**Appellant**") has filed an appeal (bearing no. 5 of 2013) on February 19, 2013 before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA, Mumbai International Private Airport Limited ("**MIAL**") and others ("**Respondents**") challenging order no. 29/2012-2013 dated December 21, 2012 issued by the AERA ("**Impugned Order**"). By way of the Impugned Order, AERA has determined the rate and levy of the development fee applicable at the Chhatrapati Shivaji International Airport, Mumbai. Such determination of the rate and levy of the development fee has been alleged to be in violation of the Airports Economic Regulatory Authority of India Act, 2008. The Appellant, *inter alia*, has prayed for setting aside the Impugned Order, striking down the levy and collection of the development fee and refund of the amount of the development fee collected so far with interest. The Appellant has also filed an application for grant of interim stay of the Impugned Order. The matter is currently pending.

13. Mumbai International Private Airport Limited ("**MIAL/Appellant**") has filed an appeal (bearing no. 2 of 2013) dated January 22, 2013 before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA ("**Respondent**") challenging the order no. 29/2012-2013 dated December 21, 2012 issued by the Respondent ("**Impugned Order**"). The Impugned Order has determined the rate and levy of the development fee applicable at the Chhatrapati Shivaji International Airport, Mumbai. The Appellant has, *inter alia*, prayed for (a) quashing the Impugned Order to the extent that it caps the project cost at ₹ 1,20,698 million, caps the escalations, claims and contingencies at ₹ 6,300 million and caps the interest rate on the development fee securitised loan at 11.25% per annum; and (b) seeking direction to the AERA to recalculate the development fee repayment schedule for the loan on the development fee and also to clarify that the rate of development fee determined by the AERA is exclusive of applicable taxes. Further, the FIA has been impleaded as a Respondent party to this appeal, pursuant to the impleadment application dated March 20, 2013 of the FIA. The AERAAT *vide* its order dated July 11, 2013 allowed the impleadment application filed by the FIA. Thereafter, the AERA filed its reply to the appeal on July 12, 2013 and the MIAL filed its rejoinder to the AERA's reply on August 29, 2013. The FIA filed its counter affidavit on August 29, 2013. The MIAL filed the rejoinder to the FIA's reply on December 9, 2013. The matter is currently pending.

14. The FIA ("**Appellant**") has filed an appeal (bearing no. 11 of 2013) on April 2, 2013 along with an application seeking condonation of delay before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA, Mumbai International Private Airport Limited ("**MIAL**") and others ("**Respondents**") challenging the order no. 32/2012-2013 dated Janaury 15, 2013 issued by AERA ("**Impugned Order**"). The Impugned Order detemined the aeronautical tariff in respect of Chhatrapati Shivaji International Airport, Mumbai, ("**CSI Airport, Mumbai**") which has been alleged to be in violation of the Airports Economic Regulatory Authority of India Act, 2008. The Appellant, *inter alia*, has prayed for setting aside the Impugned Order. The AERA filed its counter affidavit to the appeal on October 1, 2013 and the FIA filed its rejoinder on October 1, 2013. The MIAL filed its counter affidavit to the appeal on November 18, 2013 and the FIA filed its rejoinder on November 18, 2013. The AAI filed its counter affidavit to the appeal on November 18, 2013. The matter is currently pending.

15. Bangalore International Airport Limited ("**Appellant**") filed an appeal (bearing no. 3 of 2014) on August 7, 2014 before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA ("**Respondent**") challenging the order no. 8/2014-15 dated June 10, 2014 by the Respondent regarding the determination of aeronautical tariff in respect of Kempegowda International Airport wherein the Respondent determined, *inter alia*, the aeronautical tariffs and applied a '40% Shared Revenue Till' model in violation of Airports Economic Regulatory Authority of India Act, 2008. Accordingly, the Appellant prayed that the tariffs be re-determined. The FIA has been impleaded to this appeal. The matter is currently pending.

16. The FIA ("**Appellant**") has filed an appeal (No. 1 of 2014) dated June 30, 2014 before the Airports Economic Regulatory Authority Appellate Tribunal (merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification dated May 26, 2017, referred to as the "**AERAAT**") against the AERA, Bangalore International Airport Limited ("**BIAL**") and others ("**Respondents**") challenging the order no. 8/2014-2015 dated June 10, 2014 in the matter of determination of aeronautical services in respect of Kempegowda International Airport, Bengaluru ("**Bengaluru Airport**"), for the 1st control period (i.e. April 1, 2011 to March 31, 2016) passed by the AERA ("**Order dated June 10, 2014**"). The Bengaluru Airport is being operated, managed and developed by the BIAL, pursuant to being declared as the successful bidder in competitive bidding process in 2004. The Appellant has claimed that the AERA has wrongly computed the aeronautical tariff and user development fee by following shared till approach in contravention of the Airports Economic Regulatory Authority of India Act, 2008 ("**AERA Act, 2008**"). The FIA prayed for setting aside of the Order dated June 10, 2014 and also filed an interlocutory application seeking for (a) a stay on levy of information, communiction and technology charges from July 1, 2014; (b) a direction to the BIAL not to compel airlines to execute an agreement with Société Internationale De Télécommunications; and (c) a direction to the BIAL to

ensure that airlines continue to receive 'Common Use Terminal Equipment', 'Common Use Self Service' and 'Baggage Reconciliation System' services. The AERAAT *vide* its order dated July 1, 2014 granted a stay on levy of information, communiction and technology charges.

Subsequently, the BIAL filed a writ petition dated July 15, 2014 (W.P. (C) 4338 of 2014) before the High Court of Delhi seeking quashing of stay granted *vide* order dated July 1, 2014 passed by the AERAAT and for issuance of a writ of mandamus directing the MoCA to constitute the AERAAT in accordance with the provisions of Section 19, 21, 23 and 26 of the AERA Act, 2008. The High Court of Delhi *vide* its order dated July 28, 2014 observed that the order dated July 1, 2014 passed by the AERAAT shall remain in force only for the benefit of the FIA and its members and shall not be applicable to any other airline. The High Court of Delhi *vide* its order dated December 23, 2014 disposed off the writ petition (W.P. (C) 4338 of 2014), owing to the settlement arrived between the FIA and the BIAL that the airlines shall pay USD 1 per departing passenger as information, communiction and technology charges instead of USD 1.25. Further, the High Court of Delhi granted two (2) weeks time period to the AERA to consider the settlement arrived between the FIA and the BIAL and to pass an appropriate order. Subsequently, the AERA *vide* its order (bearing no. 15/2014-15) dated January 6, 2015 amended Order dated June 10, 2014 to charge USD 1 per departing passenger as information, communication and technology charges instead of USD 1.25.

The appeal (bearing appeal No. 1 of 2014) dated June 30, 2014 filed by the FIA is currently pending.

17. GMR Hyderabad International Airport Limited ("**Petitioner**") has filed a writ petition (W.P. no. 27390 of 2015) dated August 26, 2015 before the High Court at Hyderabad against the Union of India and the AERA ("**Respondents**") for issuance of a writ of mandamus declaring the order no. 38/2013-2014 dated February 24, 2014 by the AERA ("**AERA Order**") invalid in view of the policy directive dated June 10, 2015 issued by the Central Government ("**Policy Directive**"). Further, the Petitioner prayed to declare that the Petitioner is entitled to collect tariffs/airport charges in the same manner as done prior to the AERA Order and consequently direct AERA to re-determine the tariff in accordance with the Policy Directive within a stipulated time. The FIA has filed an impleadment application. On August 26, 2015, the Petitioner also filed an injunction petition (W.P. no. 35564 of 2015) before the High Court at Hyderabad against the Respondents for restraining the Respondents from interfering with the Petitioner's collection of tariffs/airport charges in the same manner as was done before the AERA Order. The High Court at Hyderabad *vide* its order dated October 6, 2015 allowed the Petitioner to, *inter alia*, collect tariffs/airport charges in the same manner as done prior to the AERA Order. The matter is currently pending.

18. GMR Hyderabad International Airport Limited ("**Petitioner**") has filed a writ petition (W.P. no. 22474 of 2014) dated August 6, 2014 before the High Court at Hyderabad against AERA and others ("**Respondents**") for issuance of a writ of mandamus to declare the order of the AERA dated February 24, 2014 ("**AERA Order**"), which provides a single till tariff policy for user development fees for most major airports in India, as invalid and *ultra vires* the provisions of the Airport Economic Regulatory Authority of India Act, 2008, and has prayed for a stay order to suspend the operation of the AERA Order. The FIA has filed an impleadment application. The matter is currently pending.

19. The FIA ("**Petitioner**") has filed a writ petition (W.P. (C) no. 11361 of 2016) before the High Court of Delhi against the Union of India and others ("**Respondents**") challenging notification G.S.R. 994(E) dated October 21, 2016 in relation to the insertion of Rule 88C in the Aircraft Rules, 1937 and the order bearing F. no. AV 13011/3/2016-DT dated November 9, 2016 issued by the Respondents imposing and/or collecting levy for the 'Regional Connectivity Fund' ("**RCF**") from the member airlines of the Petitioner. The Petitioner has alleged that the RCF is *ultra vires* the provisions of the Airport Authority Act, 1934 and the insertion of Rule 88C is illegal. Further, the Petitioner also alleged that the levy is in a nature of tax and not a fee and therefore could only be levied by the authority of law. An application for grant of ex-parte interim relief has also been made by the Petitioner seeking stay of the RCF. The Respondents have filed their counter affidavit on 16 December 2016. Subsequently, the Petitioner filed its rejoinder to the counter affidavit. The matter is currently pending.

20. The FIA (“**Petitioner**”) has filed a writ petition (W.P. no. 564(W) of 2016) before the High Court at Calcutta against the AAI and others (“**Respondents**”) for issuance of a writ of mandamus calling upon the Respondent authorities to forthwith revoke, recall and/or cancel letter dated January 5, 2016, a writ of certiorari for directing the Respondents to certify and transmit records in relation to letter dated January 5, 2016 and a writ of prohibition to restrain the Respondent authorities from giving effect to letter dated January 5, 2016 *vide* which the Respondents had directed the airlines to submit the application for renewal of airport entry permits (“**AEP**”) till June 30, 2016 of only those officials that are on the payroll of the ground handling agencies approved by the Respondents in furtherance of the letter dated August 20, 2015 issued by the Respondents wherein the Respondents informed the Petitioner that with effect from September 30, 2015, the Petitioner airlines will have to utilise its ‘bonafide employees’ for ground handling at Netaji Subhas Chandra Bose International Airport, Kolkata (“**NSCBIA**”).

    In terms of the same, the Petitioner airlines would be prevented by the Respondents from undertaking their ground handling services at the NSCBIA. It was submitted that the said communication was in violation of the status quo orders passed by Supreme Court in (SLP (c) no. 7764 of 2011) (“**Supreme Court Order**”), which was pending for adjudication till date and order passed by High Court at Calcutta in (W.P. no. 25147(W) of 2015) dated October 5, 2015 which noted the letters issued by the AAI dated September 24, 2015 and September 29, 2015 stating that the renewal of the outsourced ground handling personnel would be regulated by the Supreme Court Order. The matter is currently pending.

21. Ajay Kumar Mishra (“**Petitioner**”) has filed a public interest litigation (PIL no. 9552 of 2016) before the High Court of Allahabad against the Union of India (through Secretary of Civil Aviation), State of Uttar Pradesh (through Chief Secretary, Lucknow), the DGCA, the AAI and others (“**Respondents**”) for (a) issuing a writ, order or direction to command the State Government of Uttar Pradesh to provide the designated land to the AAI within the time period stipulated by the High Court of Allahabad for the construction of a civil enclave at the Allahabad airport; (b) issuing a writ, order or direction to command the necessary Respondents to provide necessary and adequate budgetary allocations to the AAI for the construction of the civil enclave at the Allahabad airport and to provide proper airport/civil enclave to the district; and (c) issuing any other appropriate writ, order or direction which the High Court of Allahabad deems fit and proper for the construction of a civil enclave in the district of Allahabad. The Petitioner had requested to implead the private airlines, including our Company, as party respondents to this public interest litigation, which has been granted by the Court of Chief Justice of the High Court of Allahabad on June 6, 2017. The matter is currently pending.

Material legal proceedings involving our Directors

For further details, please refer to “*Litigations against our Company - Civil Proceedings – Sr no. 1”*.

REGULATIONS AND POLICIES

A brief overview of certain laws and regulations that are relevant to our business are as follows. The information detailed below has been obtained from various legislation, including rules and regulations promulgated by regulatory bodies, and by local authorities that are available in the public domain. Please note that the information set out below is based on legal provisions that are subject to change and is neither exhaustive nor a substitute for professional legal advice. Prospective investors should seek independent legal advice on the laws and regulations applicable to our business and the sectors in which we operate.

Except as otherwise specified in this Red Herring Prospectus, taxation statutes and other miscellaneous regulations and statutes apply to us as they do to any other Indian company. The statements below are 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.

Regulatory Regime in India

The GoI has formulated various regulations which specifically apply to companies operating in the aviation sector. These regulations affect various aspects of our business, including the acquisition, maintenance and operation of our aircraft, the destinations and routes we are able to access, and the personnel we retain or engage. Some of the key industry regulations and the roles of the regulator(s) appointed/constituted thereunder, are discussed below.

Laws Relating to the Aviation Industry

The primary legislation governing the aviation sector in India is the Aircraft Act, 1934, as amended from time to time ("**Aircraft Act**") and the Aircraft Rules, 1937 ("**Aircraft Rules**") enacted pursuant to the Aircraft Act. These legislations empower various authorities, including the Ministry of Civil Aviation ("**MoCA**") and Directorate General of Civil Aviation ("**DGCA**"), to regulate the manufacture, possession, use, operation, sale and export/import of aircrafts and for securing the safety of aircraft operations in India. In addition, the following are some of the important laws applicable to entities, like us, which provide scheduled air transport services in India:

(a) **The Airports Authority of India Act, 1994:** a statute constituting the Airports Authority of India ("**AAI**"), and providing for the administration and cohesive management of aeronautical communication stations, airports, and civil enclaves where air transport services are operated or are intended to be operated;

(b) **The Carriage by Air Act, 1972:** a statute giving effect to the Convention for the unification of certain rules relating to international carriage by air ("**Warsaw Convention**") signed at Warsaw on October 12, 1929 (as amended by the Hague Protocol on September 28, 1955) and also to the Convention for the Unification of Certain Rules for International Carriage by Air ("**Montreal Convention, 1999**") signed at Montreal on May 28, 1999 and acceded to by India. The Warsaw Convention lays down certain principles relating to, *inter alia*, international carriage by air such as luggage ticket, air consignment note, passenger ticket and liabilities of the carrier and the Montreal Convention, 1999 establishes a modern compensatory regime in respect of passengers who suffer death or injury caused by an accident during international carriage by air and also provides a simplified liability regime for baggage and air cargo while facilitating use of electronic documents of carriage in place of paper. India has also extended the provisions of this statute to non-international carriage by air;

(c) **The Tokyo Convention Act, 1975:** a statute giving effect to the Convention on Offences and Certain Other Acts Committed on Board Aircraft ("**Tokyo Convention**"), signed at Tokyo on September 14, 1963 and acceded to by India. The Tokyo Convention lays down the principles relating to penal offences and acts, whether or not offences, committed to jeopardise the safety of the aircraft or of persons or property therein or which jeopardise good order and discipline on board. The Tokyo Convention is not applicable to aircraft used in military, customs or police services;

(d) **The Anti-Hijacking Act, 2016:** a statute giving effect to the Convention for the Suppression of Unlawful Seizure of Aircraft ("**Hague Convention**") signed at The Hague on December 16, 1970 and acceded to by India. The Hague Convention lays down the principles for providing appropriate measures against unlawful acts of seizure or exercise of control of aircraft in flight jeopardise the safety of persons and property, seriously affect the operation of air services, and undermine the confidence of the peoples of the world in the safety of civil aviation;

(e) **The Suppression of Unlawful Acts against Safety of Civil Aviation Act, 1982:** a statute giving effect to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation ("**Montreal Convention 1971**") signed at Montreal on September 23, 1971 and acceded to by India. The Montreal Convention 1971 regulates the law relating to unlawful acts against the safety of civil aviation that jeopardise the safety of persons and property, seriously affect the operation of air services, and undermine the confidence of the peoples of the world in the safety of civil aviation;

(f) **The Airports Economic Regulatory Authority of India Act, 2008:** a statute for the establishment of the Airport Economic Regulatory Authority to regulate tariff and other charges for the aeronautical services rendered at airports, and to monitor performance standards of airports and also to establish an Appellate Tribunal (which has been merged with Telecom Disputes Settlement and Appellate Tribunal *vide* a notification issued by Government of India on May 26, 2017) to adjudicate disputes and dispose of appeals;

(g) **The Cape Town Convention on International Interests in Mobile Equipment, 2001 ("Cape Town Convention"):** a treaty designed, *inter alia*, to facilitate asset-based financing and leasing of aviation equipment signed at Cape Town on November 16, 2001 and acceded to by India. In addition to the Cape Town Convention, the Cape Town Protocol to the Cape Town Convention, which elaborates on registration of contract of sale, and remedies on insolvency, and modifies certain provisions of the Cape Town Convention. Further, the Aircraft (Third Amendment) Rules, 2015 dated February 9, 2015 and Aircraft (Second Amendment) Rules, 2017 dated March 23, 2017 were notified in order to incorporate certain provisions of the Cape Town Convention and Cape Town Protocol relating to registration of aircraft; and

(h) **The Convention on International Civil Aviation, 1944 ("Chicago Convention")**: a treaty to establish the rights of the signatory states over their territorial airspace signed at Chicago on December 7, 1944 and acceded to by India. It lays down the basic principles relating to modern international civil aviation and international transport of dangerous goods by air. The Chicago Convention also established the International Civil Aviation Organisation ("**ICAO**"), a specialised agency of the United Nations, which administers the principles of the Chicago Convention and puts into practice the rules and regulations that would underline them.

In addition to the above enactments and the Aircraft Rules, air transport services in India are governed by other rules, including:

(a) The Indian Aircraft (Public Health) Rules, 1954;
(b) The Aircraft (Demolition of Obstructions Caused by Buildings, Trees, etc.) Rules, 1994;
(c) The Aircraft (Carriage of Dangerous Goods) Rules, 2003;
(d) The Aircraft (Security) Rules, 2011; and
(e) The Aircraft (Investigation of Accident & Incidents) Rules, 2012.

In addition to the above, laws relating to direct and indirect taxation, environmental and pollution control regulations, intellectual property, labor and employment-related legislation, etc., apply to us, as they apply to all industries. We are required to obtain various consents, approvals and permissions prior to or during the course of our operations under the aforesaid laws.

Regulators

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 (also 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; and the AAI – which is responsible for the infrastructure in respect of airports.

MoCA

MoCA is responsible for formulation of national policies and programmes 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.

MoCA has issued a policy on Regional and Remote Area Connectivity dated March 3, 2014 and brought in effect *vide* its order dated March 4, 2014 which aims to regulate and promote better air transportation services in regional and remote locations in India by providing incentives like exemption from landing and parking charges, waiver of electricity charges, etc.

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.

MoCA has also issued "*Guidelines for Slot Allocation*" dated May 13, 2013 dealing with allocation of constrained or limited airport capacity to airlines and other aircraft operators through a transparent and equitable mechanism so as to ensure viable airport and air transport operations. Under these guidelines, all airports are divided into three categories based on their levels of congestion.

MoCA has issued the "*National Civil Aviation Policy, 2016*" ("**NCAP 2016**") which focuses on creating safe, secure, affordable and sustainable air travel for passengers and air transportation of cargo with access to various parts of India and the world. This policy, *inter alia*, (a) introduces a Regional Connectivity Scheme which aims at facilitating/stimulating regional air connectivity by making it affordable; (b) removes the 5/20 requirement for international operations by an Indian airlines operator; (c) promotes the use of domestic 'Maintenance, Repair and Overhaul ("**MRO**") services; (d) provides that all domestic 'Scheduled Operators' would be permitted to carry out self-handling at all airports by engaging their own subsidiary, through own employees or employees of their own subsidiary taken on regular employment. The Central Government *vide* Aeronautical Information Circular no. 19 of 2017 dated August 30, 2017 has revised the rate of levy to ₹ 5,000 per flight to fund the 'Regional Connectivity Fund' as envisaged under NCAP 2016 ("**RCF**"). The RCF will be applicable on scheduled flights (subject to exemptions on certain routes) from September 1, 2017. Detailed regulations to give effect to some provisions of the NCAP 2016 are currently awaited.

On October 21, 2016, the Government of India launched the Ude Deshka Aam Nagrik ("**UDAN**") scheme to develop regional aviation market. The UDAN scheme envisages providing connectivity to un-served and under-served airports of the country through revival of existing air-strips and airports. The scheme would be in operation for a period of 10 years.

DGCA

The DGCA is the principal regulatory authority for the civil aviation sector in India. The DGCA, among other things, promulgates, implements and monitors standards relating to the operations and airworthiness of an aircraft, licensing and training of personnel such as flight crew, cabin crew, flight dispatchers and aircraft maintenance engineers, licensing of air transport operations, licensing of civil aerodromes, 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, Civil Aviation Requirements ("**CAR**"), Air Transport Advisory Circulars ("**ATAC**"), Aeronautical Information Circulars ("**AIC**") and other circulars and advisory circulars.

Among other things, the DGCA is responsible for the following:

(a) **Aircraft registration:** The DGCA is responsible for registration of all civil aircraft in India. Rule 30 of the Aircraft Rules empowers the DGCA to register aircraft and to grant certificate of registration in India;

(b) **Certificate of airworthiness:** Rule 15 of the Aircraft Rules requires all aircraft registered in India to possess a current and valid certificate of airworthiness before they are flown. Under the provisions of Rule 50 of the Aircraft Rules, the DGCA issues, renews or revalidates the certificate of airworthiness;

(c) **Grant of approval to organisations engaged in maintenance, manufacture etc.:** Pursuant to Rule 133B of the Aircraft Rules, the DGCA certifies organisations for maintenance of aircraft, design and manufacture of aircraft and aircraft components, laboratories, training schools, etc.;

(d) **Continuing airworthiness information:** Rule 50A of the Aircraft Rules stipulates that an aircraft must always be in a state of continued airworthiness. The Civil Aviation Requirement ("**CAR**") Series M issued by the DGCA establishes technical requirements and administrative procedures for ensuring the continuing airworthiness of aircraft, including any component for installation thereto, which are, either registered in India or registered in a foreign country and used by an Indian operator for which India ensures oversight of operations. The provisions of this CAR Series M related to commercial air transport are applicable to licensed air carriers as defined by Rule 134 of the Aircraft Rules;

(e) CAR Series M mandates compliance with modifications incorporated in an aircraft, aircraft component and other equipment by manufacturers to maintain the aircraft in an airworthy condition. The CAR Series M specifies certain technical requirements to be complied by organisations and personnel involved in the maintenance of aircraft and aeronautical products, parts and appliances, in order to demonstrate the capability and means of discharging the obligations and associated privileges thereof. The CAR Series M also specifies conditions for issuing, maintaining, amending, suspending or revoking certificates attesting such compliance;

(f) Civil Aviation Requirement Series 145 ("CAR-145"): The CAR-145 issued by the DGCA requires mandatory approvals of organisations involved in the maintenance of large aircraft or of aircraft used for commercial air transport, and components intended for fitment. The CAR-145 lays down certain facility and personnel requirements to be complied by organisations and personnel who are qualified to carry out and/or certified non-destructive test of aircraft structures and/or components, on the basis of a standard recognised by DGCA;

(g) **Grant of licenses to crews and personnel involved in the operation and maintenance of aircraft:** The DGCA grants approvals and licenses under Rule 38 and Schedule III of the Aircraft Rules to certain personnel such as flight crew, cabin crew, flight dispatchers and aircraft maintenance engineers;

(h) **Slots**: The DGCA approves flight schedules at least 30 days in advance. Departure slots are determined by the DGCA; and

(i) **Grant of air operator's permits:** The DGCA, under the provisions of the Aircraft Rules and in accordance with and subject to provisions contained in Schedule XI, grants permission to persons to operate 'Scheduled Air Transport Services' to, within, and from India.

The air transport services that may be offered are:

(a) Scheduled Air Transport Services (Passenger) (CAR Section 3 Series 'C' Part II);
(b) Non-Scheduled Air Transport Services (Passenger) (CAR Section 3 Series 'C' Part III);
(c) Air Transport Services (Cargo) (CAR Section 3 Series 'C' Part IV); and
(d) Scheduled Regional Air Transport Services (CAR Section 3 Series 'C' Part VIII)

These permits, except for Air Transport Services (Cargo) are equivalent to the Air Operator's Certificate required to be granted by ICAO member states.

Regulations applicable to our business:

We are engaged in providing scheduled air transport services in India. Companies engaged in providing these services are required to obtain the corresponding permit to operate scheduled air transport services from the DGCA.

Operation of scheduled air transport services

A '*scheduled air transport service*' means an air transport service undertaken between two or more places and operated according to a published time-table or with flights so regular or frequent that they constitute a recognisably systematic series, with each flight being open to use by members of the public.

Permission to operate scheduled air transport services in India is only granted to:

- a citizen of India; or
- a company or a body corporate that is registered and has its principal place of business within India, and whose chairman and at least two-third of its directors are citizens of India, and with its substantial ownership and effective control vested in Indian nationals.

The eligibility requirements for such operating permit also include certain requirements relating to a minimum paid-up equity capital, a minimum number of aircraft, adequate number of aircraft maintenance engineers, adequate maintenance and repair facilities, adequate number of flight crew and cabin crew, security personnel, and adequate ground handling facilities and staff.

Airports

There are four categories of airports in India:

(a) International airports from where international flights can operate;
(b) Domestic airports from where only domestic flights can operate;
(c) Customs airports where imported goods can be unloaded or goods can be exported from; and
(d) Civil enclaves at defense airfields.

The AAI manages all airports in India (a) 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, any armed force of the Union; (b) all private airports in so far as it relates to providing air traffic service; (c) all civil enclaves; (d) all aeronautical communication stations; and (e) all training stations, establishments and workshops relating to air transport services.

Airlines are required to pay the AAI, private operators, Ministry of Defence, as the case may be, terminal, landing and navigation charges; route navigation and facility charges; landing and parking charges; other charges including but not limited to x-ray baggage charges, passenger services fee, user development fee, service charges for extension of watch hours. Airlines are dependent on airport operators to lease space for passenger services, parking facilities, engineering and dispatch facilities and administrative offices.

Foreign ownership restrictions

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, the FDI Policy of the GoI, which is consolidated and updated by the GoI on an annual basis, and FEMA. While the Industrial Policy and the FDI Policy of the GoI prescribe the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the manner in which such investment may be made. The Government has from time to time also made policy pronouncements on FDI through press notes and press releases, which have been, and are, consolidated into the FDI Policy.

Under the FDI Policy, foreign direct investment, or FDI, in the domestic scheduled airline sector is permitted up to 49% and investments by Non-Resident Indians are permitted up to 100%, in both cases through the automatic route and does not require any approval from the MoCA. Further, with prior government approval, foreign direct investment up to 100% is permitted in this sector. The FDI policy allows foreign airlines to invest in the capital of Indian companies operating scheduled and non-scheduled air transport passenger services, other than Air India, up to the limit of 49% of their paid-up capital subject to certain conditions.

In addition, the FDI Policy and the AIC No. 12/2013 prescribe the following conditions:

Restriction on FDI by foreign airlines

(a) Foreign airlines are allowed to invest up to the limit of 100% in the equity of companies operating cargo airlines, helicopter and seaplane services, under the automatic route.
(b) Foreign airlines are also allowed to invest in the capital of Indian companies operating scheduled and non-scheduled air transport passenger services, other than Air India, up to the limit of 49% of their paid-up capital, subject to the following conditions:

(i) the investment must have prior Government approval;

(ii) any FDI and FPI investment in the company would be included in calculating the 49% limit;

(iii) the investment must comply with the relevant and applicable regulations of SEBI, including the SEBI ICDR Regulations and the Takeover Regulations;

(iv) all foreign nationals likely to be associated with Indian scheduled and non-scheduled air transport services, as a result of such investment must be cleared from security view point before deployment;

(v) all technical equipment that might be imported into India as a result of such investment must have the clearance from the relevant authority in the MoCA; and

(vi) all other requirements for operating a scheduled air transport service, as above.

The AIC No. 12/2013 also sets out the following guidelines in connection with investment by foreign entities / airlines:

(a) only such scheduled passenger operators and non-scheduled passenger operators which are companies registered under the Companies Act, 1956 / Companies Act, 2013 can avail FDI by foreign airlines;

(b) positions of the chief executive officer, chief financial officer and chief operating officer, if held by foreign nationals, require security clearance by the Ministry of Home Affairs, Government of India;

(c) a scheduled air transport service / domestic scheduled passenger airline cannot enter into an agreement with a foreign investing institution or a foreign airline which gives such institution or airline the right to control the management of the domestic operator; and

(d) a foreign investing institution or other entity that proposes to hold equity in the domestic air transport sector may have representation on the board of directors of a domestic airline company, but such representation shall not exceed one-third of the total strength of such board.

Further, the total holding of all FPIs together with their sub-accounts in an Indian company is subject to a cap of 24% of the paid-up capital of the company, which may be increased up to the percentage of sectoral cap on FDI in respect of such company pursuant to a resolution of the board of directors of the company and the approval of the shareholders of the company by a special resolution in a general meeting and subject to prior intimation to the RBI. The total holding by each FPI and its sub-account should not exceed 10% of the total paid-up capital of that company.

Regulations applicable to our fleet:

Acquisition and lease of aircraft

The acquisition of aircraft and their use for scheduled airline operations requires that we obtain various permissions, approvals and consents. The import of aircraft requires a general “in-principle” approval and subsequently an NOC from the directorate of air transport.

Further, permission from the RBI is required for foreign currency financing arrangements for the acquisition of aircraft. Prior RBI permission is also required for leasing of aircraft where such lease provides an option to purchase the aircraft after the expiry of the term of the lease. For aircraft that are in operation elsewhere prior to their import by us, export certificates of airworthiness and certificates of deregistration are required from the regulators in the country of export prior to their import into India. Following the import of aircraft into India, further permissions, particularly in connection with registration of the aircraft, certification of their airworthiness, and an issue or extension of the permit to operate air transport services for scheduled commercial operations must be obtained and maintained in order for them to be inducted into our fleet and used for our operations. In addition to the above, our Company is also required to obtain and maintain adequate levels of insurance for its scheduled commercial operations, including among others:

(a) insurance for passengers, baggage, crew and cargo;
(b) hull loss and third-party risk; and
(c) any other conditions specified by the DGCA.

Under the applicable regulations, aircraft imported for scheduled commercial operations must comply with various functional requirements prior to their certification. These include limitations on maximum permissible age, type of aircraft that may be imported, installation of prescribed instrumentation and safety equipment and restrictions specific to the nature of the arrangement under which aircraft are leased.

Regulations governing our operations

During the course of our scheduled commercial operations, we are required to have various aspects of our operations, including our bi-annual flight schedules, approved by the DGCA.

Route dispersal guidelines

An airline providing scheduled services on domestic sectors in India is required to comply with Route Dispersal Guidelines as set forth by the Government in March 1994 and amended by MoCA *vide* its order dated August 8, 2016 (and effective from the winter schedule of 2017). These guidelines classify city pairs into the following categories:

(a) Category I, which covers 20 routes connecting directly the following cities (Mumbai – Delhi, Delhi – Bangalore, Mumbai – Chennai, Hyderabad – Delhi, Bangalore – Kolkata, Bangalore – Pune, Delhi – Patna, Mumbai – Cochin, Mumbai – Chandigarh, Mumbai – Lucknow, Bangalore – Mumbai, Delhi – Kolkata, Delhi – Chennai, Mumbai – Kolkata, Chennai – Kolkata, Ahmedabad – Delhi, Mumbai – Jaipur, Delhi – Pune, Delhi – Goa, Chennai – Pune);

(b) Category II, which covers routes connecting the North-Eastern Region, Jammu and Kashmir, Himachal Pradesh, Uttrakhand, Andaman and Nicobar Islands and Lakshadweep;

(c) Category IIA, which covers routes within the North-Eastern Region, Jammu and Kashmir, Himachal Pradesh, Uttrakhand, Andaman and Nicobar Islands, Lakshadweep and Cochin – Agatti – Cochin; and

(d) Category III, which covers all routes that does not fall in Categories I, II and IIA.

The Route Dispersal Guidelines require airlines providing scheduled services on domestic sectors in India to operate in the following manner if they are operating scheduled air transport services on one or more Category-I routes:

(a) On Category II, at least 10% of the capacity deployed on Category I routes;
(b) On Category IIA, at least 10% of the capacity deployed on Category II; and
(c) On Category III, at least 35% of the capacity deployed on Category I routes.

All airlines are free to operate anywhere in the country subject to compliance with the Route Dispersal Guidelines. The DGCA monitors compliance with the Route Dispersal Guidelines on a monthly basis. Further, pursuant to CAR Section 3 Series ‘M’ Part IV, issued by the DGCA on August 6, 2010, the DGCA has made it mandatory for airlines to pay the passengers compensation or provide certain facilities like meals, refreshment and accommodation for delay and cancellation of flights or in case the passengers were denied boarding despite having a confirmed ticket. Though airlines are exempted from paying compensation in certain cases like political instability, natural disaster, civil war, insurrection or riot, flood, explosion, government regulation or order affecting the aircraft, delays attributable to the ATC, meteorological conditions and security risks, they are liable to pay passengers a compensation of ₹ 5,000 to ₹ 10,000 or the value of the ticket, whichever is lower for flight cancellations or a compensation amounting to 200% to 400% of the value of the ticket subject to a maximum of ₹ 20,000. Additionally, passengers must be offered a refund of the air ticket or an alternate flight in case of cancellations and denial of boarding. In case of cancellation of flights, the CAR Section 3 Series ‘M’ Part IV makes it mandatory for the airlines to inform the passengers about it two weeks to 24 hours in advance from the scheduled departure of the flight to reduce inconvenience to them.

Bilateral Air Services Agreements

Our international operations are also subject to the bilateral air services agreements signed between India and the countries of the international destinations we fly to. These bilateral agreements govern the international commercial air transport services covering issues such the number of flights, seats, landing points and code-share. These agreements oblige us to abide by the laws related to civil aviation of the respective countries.

As per the NCAP 2016, the government plans to, *inter alia*, liberalise the regime of bilateral air service agreements and enter into ‘Open Skies’ air service agreements with other countries.

Regulations governing our personnel

Personnel employed in our operations, including, our flight crews, flight dispatchers, cabin crews and engineering personnel engaged in maintenance are required to be approved or licensed by the DGCA.

In addition to the above requirements, certain clearances are required for scheduled airlines prior to appointment of various personnel, including:

(a) security clearance for foreign pilots and engineers are required to be obtained under the Civil Aviation Requirements, Section 7, Series ‘G’ Part II issued on November 15, 2010; and

(b) security clearance for the chairman and directors of all scheduled airline operators are required to be obtained under the Civil Aviation Requirements, Section 3, Series ‘C’ Part II issued on March 1, 1994.

Clearances from the BCAS are also required to permit our personnel to access airports.

Flight crew

All of our flight crews are required to obtain aircraft type specific licenses from the DGCA prior to the operation of aircraft. These licenses are to be renewed on a periodic basis. Our flight crews are also required to undergo proficiency and medical checks on a regular basis in order to keep their licenses current.

In addition, our flight crews may also need to satisfy specific requirements in connection with certain types of specialised operations like Reduced Vertical Separation Minima (“**RVSM**”) operations, offshore operations, banner towing, etc. Our air crew training program is required to be approved by the DGCA.

Cabin crew

Our cabin crew is required to be trained on specific aircraft, and our cabin crew training documentation is required to be approved by the DGCA.

Regulations governing engineering and maintenance

Our Company requires the approval of the DGCA for its maintenance operations. Further, all Aircraft Maintenance Engineers (“**AME**”) employed in connection with our engineering and maintenance operations must be licensed or approved by the DGCA for carrying out their specific maintenance and certification roles. These licenses or approvals are required to be renewed on an annual basis. Recurrent training of these personnel is also required to ensure compliance with proficiency requirements.

Further, we are required to maintain certain basic maintenance facilities for our aircrafts in order to qualify for a permit to provide scheduled air transport services. These maintenance facilities may either be outsourced to other DCGA approved maintenance organisations or can be carried out by us, subject to development of an aircraft maintenance programme by us. Aircraft maintenance programmes developed by us are required to be approved by the DGCA to provide different levels of maintenance services for our fleet at various locations. We are required to renew these approvals as and when their validity expires.

Regulations governing security

We are required to comply with BCAS requirements when training our airport-based security personnel, and our security documentation must be approved by the BCAS. We are also required to obtain BCAS approval for our security arrangements at each airport prior to commencing our operations.

Regulations governing safety

We are required to designate competent and qualified pilots as Director/Chief of Operations and Director/Chief of Flight Safety. These pilots are responsible to the DGCA for ensuring compliance of all operational requirements and ensuring adherence to flight safety norms. Their duties and responsibilities are required to be clearly laid out in the operations manual. We are required to have a dedicated flight safety department with an adequate number of competent personnel for the implementation of the flight safety awareness, accident/incident prevention program, and reporting system.

Regulations governing safety management system

We are required to have a quality assurance system to carry out internal audits of our maintenance. We are required to establish a safety management system ("**SMS**") in accordance with CAR Section 1 Series C Part I. The SMS includes provisions regarding, inter-alia, the necessary organisational structures, accountabilities, policies and procedures. We are also required to appoint a safety manager, who is responsible for the implementation and maintenance of the SMS. The SMS has to be approved by the DGCA.

Labour and other laws

India has stringent labour legislation protecting the interests of employees. There is a clear distinction between (i) employees who are 'workmen' (as defined under various enactments, including, the Industrial Disputes Act, 1947 (the "**IDA**")) and (ii) employees who are not 'workmen'. Workmen are provided several benefits and are protected under various labour laws, whilst non-workmen employees are generally not afforded such benefits or protection, except in relation to bonus, provident fund and gratuity. Employees are usually subject to the terms of their employment contracts with their employers, which are subject to the provisions of the Indian Contract Act, 1872.

The following are certain labour and other legislations that apply to the Company owing to the nature of its activities:

(a) Contract Labour (Regulation and Abolition) Act, 1970;
(b) Copyright Act, 1957;
(c) Employee's Compensation Act, 1923;
(d) Employees Provident Fund and Miscellaneous Provisions Act, 1952;
(e) Employees State Insurance Act, 1948;
(f) Essential Services Maintenance Act, 1968;
(g) Food Safety and Standards Act, 2006;
(h) Indian Stamp Act, 1899;
(i) Industrial Disputes Act, 1947;
(j) Industrial Employment (Standing Orders) Act, 1946;
(k) Legal Metrology Act, 2009;

(l) Maternity Benefits Act, 1961;
(m) Minimum Wages Act, 1948;
(n) Payment of Bonus Act, 1965;
(o) Payment of Gratuity Act, 1972;
(p) Payment of Wages Act, 1936;
(q) Registration Act, 1908;
(r) Shops and Establishments Acts;
(s) The Competition Act, 2002;
(t) The Indian Telegraph Act, 1885;
(u) Indian Wireless Act, 1933;
(v) Trade Marks Act, 1999; and
(w) Transfer of Property Act, 1882.

Environment

The DGCA has, *vide* its various environment circulars issued from time to time, mandated adoption of several measures by the airlines, airport service providers and airports to ensure environment protection. Provided below are brief details of some of the key circulars:

(a) The DGCA, *vide* environment Circular 1 of 2009, dated September 16, 2009 and subsequently revised on August 10, 2011, has mandated creation of an environment cell for all scheduled airlines, non-scheduled airlines, airport service providers and private airports in order to address aviation related environmental issues.

(b) The DGCA, vide Civil Aviation Requirement Section 10 Series A Part I, issued on December 18, 2014 ("**CAR dated December 18, 2014**"), has provided guidance for the restricted use of APU/GPU to reduce the impact on the environment due to operation of such APU/GPU at airports. Additionally, the CAR dated December 18, 2014 has set forth certain conditions to reduce or minimise aircraft noise through an established noise management programme. The CAR dated December 18, 2014 also lays down guidelines to be followed while carrying out ground run-ups at all domestic and international airports in the country. We are also required to establish a fully operational real-time permanent noise monitoring system.

(c) The DGCA, *vide* environment Circular 1 of 2011, dated February 15, 2011, has prescribed limits for noise levels at the Indira Gandhi International Airport, New Delhi. Aircraft operators are directed not to undertake any activity that exceeds the maximum permissible noise limits as contained in the circular.

(d) The DGCA, *vide* environment Civil Aviation Requirement Section 10 Series B Part II, dated August 5, 2015, has provided for establishing a comprehensive approach to address aviation related climate change challenges as well as to ensure that organisations establish necessary organisational structure to effectively address environmental issues. This circular also encourages airlines and airport operators to track their carbon footprint on annual basis and for preparing a multipronged strategy in order to comply with the relevant regulations and policies. We are also required to establish one continuous monitoring station for determining pollutants to assess local air quality.

INDEPENDENT AUDITORS

The standalone financial statements of our Company as of March 31, 2017, 2016 and 2015 and for each of the fiscal years then ended, included in this Red Herring Prospectus, have been audited by B S R & Co., LLP, Chartered Accountants, independent auditors, as stated in their report for such fiscal years included herein.

The consolidated financial statements of our Company as of March 31, 2017 and for the fiscal year then ended, included in this Red Herring Prospectus, have been audited by B S R & Co., LLP, Chartered Accountants, independent auditors, as stated in their report for such fiscal year included herein.

The unaudited condensed interim consolidated and standalone financial statements for the three months ended June 30, 2017, included in this Red Herring Prospectus, have been reviewed by B S R & Co., LLP, independent auditor, in accordance with Standard on Review Engagements (SRE) 2410, as stated in their report for such period included herein. With respect to the unaudited condensed interim consolidated and standalone financial statements for the three months ended June 30, 2017, included herein, the independent auditor has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein, states that they did not audit and that they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report and such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

1. Our Company was incorporated in Lucknow as 'InterGlobe Aviation Private Limited' on January 13, 2004 under the Companies Act, 1956 with the Registrar of Companies, Uttar Pradesh and Uttaranchal at Kanpur. The registered office was subsequently changed from the state of Uttar Pradesh to the National Capital Territory of Delhi with effect from September 6, 2004 and such alteration was confirmed by an order of the Company Law Board dated September 1, 2004. The registered office of our Company was changed within the National Capital Territory of Delhi from 66, Janpath, New Delhi – 110 001, India to Central Wing, Ground Floor, Thapar House, 124, Janpath, New Delhi – 110 001, India on October 1, 2006. Pursuant to a special resolution of the shareholders of our Company on June 30, 2006, our Company was converted into a public company and the name of our Company was changed to 'InterGlobe Aviation Limited' and consequent to such change of name, a fresh certificate of incorporation dated August 11, 2006 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana.

2. The Issue is being made to QIBs in reliance upon Chapter VIII-A of the SEBI ICDR Regulations.

3. The Fresh Issue has been authorised and approved by the Board of Directors and the Issue of Securities Committee through resolution dated July 31, 2017 and September 11, 2017, respectively, and by our Company's shareholders through a special resolution dated August 28, 2017.

4. The Offer for Sale has been authorised by (i) Mr. Rakesh Gangwal by way of a letter dated September 11, 2017; (ii) Ms. Shobha Gangwal by way of a letter dated September 11, 2017; (iii) Dr. Asha Mukherjee by way of a letter dated September 11, 2017; and (iv) The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware) by way of a letter dated September 11, 2017.

5. Mr. Rakesh Gangwal and Ms. Shobha Gangwal have received approval from the Reserve Bank of India pursuant to its letter dated September 7, 2017 to transfer by sale a portion of the Equity Shares held by them through the Issue subject to *inter alia* compliance with conditions of sectoral cap adherence, pricing guidelines, reporting guidelines, entry route etc. under FEMA.

6. Our Company has received in-principle approvals under Regulation 28 (1) of the SEBI Listing Regulations to list the Equity Shares being offered in the Issue on both, BSE and the NSE, on September 11, 2017.

7. Our Company has obtained and will obtain necessary consents, approvals and authorisations required in connection with the Issue.

8. Except as disclosed in this Red Herring Prospectus, to our knowledge, there is no subsequent development after the date of our Reviewed Financial Results contained in this Red Herring Prospectus, which materially and adversely affects, or is likely to affect, the operations or profitability of our Company, or the value of our assets, or our ability to pay our material liabilities within the next twelve months.

9. Except as disclosed in this Red Herring Prospectus, there are no legal or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of the Issue.

10. Our Company's Auditors, B S R & Co. LLP, Chartered Accountants have audited our Company's Audited Financial Statements included in this Red Herring Prospectus; and have consented to the inclusion of their audit reports in relation thereto in this Red Herring Prospectus. Further, B S R & Co. LLP, Chartered Accountants performed procedures specified by ICAI for review of condensed interim financial statements in accordance with the Standard on Review Engagements (SRE) 2410 on 'Engagement to review financial statements' on the Reviewed Financial Results.

11. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

12. **Consents**

Consents in writing of the Directors, the legal advisors, the Book Running Lead Managers, the Public Issue Account Bank and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC and such consents will not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

13. **Experts**

B S R & Co. LLP, Chartered Accountants have consented to their name being included as an expert (as described under the provisions of Section 2(38) read with Section 26 of the Companies Act, 2013) in respect of their (i) limited review report dated September 11, 2017 on the unaudited condensed interim consolidated and standalone financial statements of the Company for three months ended June 2017; (ii) audit report dated May 9, 2017 on the consolidated and standalone financial statements of the Company for fiscal year ended March 31, 2017; (iii) audit report dated April 29, 2016 on the standalone financial statements for fiscal year ended March 31, 2016; (iv) audit report dated September 4, 2015 on the standalone financial statements of the Company for fiscal year ended March 31, 2015; and (v) the statement of tax possible Income Tax benefits issued on September 11, 2017. The term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

14. **Company Secretary and Chief Compliance Officer**

The Company Secretary and Chief Compliance Officer of our Company is Mr. Sanjay Gupta. His contact details are as follows:

Mr. Sanjay Gupta

InterGlobe Aviation Limited

Level 1-5, Tower-C, Global Business Park
M.G. Road, Gurugram-122 002, Haryana, India
Tel: +91 124 435 2500
Fax: +91 124 426 8664
Email: investors@goindigo.in

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems related to Allotment, credit of Allotted Equity Shares in the respective beneficiary account or unblocking of funds in the ASBA Accounts.

15. **Price Information of Past Issues handled by Book Running Lead Managers in the last three years**

The price information of past issues handled by Book Running Lead Managers to the Issue is as follows:

I. Citi

a. Price Information of Past Issues Handled by Citi:

No	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	UFO Moviez India Ltd.	6,000.0	625.00	May 14, 2015	600.00	(-)11.68% [(-)2.93 %]	(-)3.18% [+2.90%]	(-)18.27% [(-)3.76%]
2.	Coffee Day Enterprise Limited	11,500.0	328.00	November 2, 2015	317.00	(-)21.42% [(-)1.19%]	(-)20.76% [(-)6.15%]	(-)20.98% [(-)2.50%]
3.	InterGlobe Aviation Limited	30,085.0	765.00	November 10, 2015	855.80	+32.39% [(-)2.20%]	+9.41% [(-)3.78%]	+40.59% [(-)0.64%]
4.	Dr. Lal Pathlabs Limited	6,319.1	550.00	December 23, 2015	720.00	+32.54% [(-)7.49%]	+66.95% [(-)2.06%]	+63.13% [+3.87%]
5.	Mahanagar Gas Ltd.	10,388.8	421.00	July 1, 2016	540.00	+20.86% [+3.72%]	+57.15% [+5.00%]	+83.71% [(-)3.55%]
6.	L&T Infotech Ltd	12,363.8	710.00	July 21, 2016	667.00	(-)6.39% [+1.84%]	(-)12.44% [+1.97%]	(-)4.21% [(-)1.14%]
7.	RBL Bank Limited	12,129.7	225.00	August 31, 2016	274.20	+27.07% [(-)2.22%]	+56.98% [(-)7.50%]	+103.07% [+1.74%]
8.	Endurance Technologies Limited	11,617.4	472.00	October 19, 2016	572.00	+16.06% [(-)6.69%]	+23.78% [(-)2.84%]	+76.32% [+5.68%]
9.	Laurus Labs Limited	13,305.1	428.00	December 19, 2016	489.90	+11.44% [+3.62%]	+23.97% [+13.03%]	+41.43% [+18.31%]
10.	India Grid Trust	22,499.6	100.00	June 6, 2017	99.70	(-)7.66% [+0.00%]	(-)3.50% [+3.50%]	NA
11.	Tejas Networks Limited	7,766.9	257.00	June 27, 2017	257.00	+28.04% [+5.35%]	NA	NA

No	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
12.	Eris Lifesciences Limited	17,404.9	603.00	June 29, 2017	611.00	+0.87% [+5.37%]	NA	NA
13.	AU Small Finance Bank Limited	19,125.1	358.00	July 10, 2017	530.00	+58.76% [+2.12%]	NA	NA

Source: www.nseindia.com

Notes:

1. *Nifty is considered as the benchmark index.*
2. *In case 30th/90th/180th day is not a trading day, closing price on the NSE of a trading day immediately prior to the 30th/90th/180th day, is considered.*
3. *Since the listing date of India Grid Trust, Tejas Networks Limited, Eris Lifesciences Limited and AU Small Finance Bank Limited was June 6, 2017, June 27, 2017, June 29, 2017 and July 10, 2017 respectively, information relating to closing prices and benchmark index as on 90th/180th calendar day from listing date is not available.*

b. **Summary Statement of Price Information of Past Issues Handled by Citi:**

Fiscal year	Total no. of IPOs	Total funds raised (₹ in million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	4	66,796.5	-	-	1	1	1	1	-	-	-	-	-	-
2016-17	5	59,804.8	-	-	1	-	1	3	-	-	1	3	1	-
2015-16	4	53,904.1	-	-	2	-	2	-	-	-	2	1	1	-

Notes:

1. Since the listing date of India Grid Trust, Tejas Networks Limited, Eris Lifesciences Limited and AU Small Finance Bank Limited was June 6, 2017, June 27, 2017, June 29, 2017 and July 10, 2017 respectively, information relating to closing prices and benchmark index as on 180th calendar day from listing date is not available.

II. **Morgan Stanley**

a. **Price Information of Past Issues Handled by Morgan Stanley:**

No	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % Change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % Change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % Change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Coffee Day Enterprises Limited	11,500	328.00	November 2, 2015	317.00	-21.4% (-1.4%)	-20.8% (-6.3%)	- 21.0% (-2.7%)
2.	InterGlobe Aviation Limited (6)	30,090	765.00	November 10, 2015	855.80	32.4% (-3.8%)	7.8% (-6.7%)	40.8% (-0.6%)
3.	RBL Bank Limited	12,130	225.00	August 31, 2016	274.20	27.1% (-1.8%)	57.0% (-7.1%)	107.9% (1.7%)
4.	PNB Housing Finance Limited (7)	30,000	775.00	November 07, 2016	860.00	11.7% (-3.4%)	26.9% (4.4%)	70.5% (10.1%)

Source*: www.nseindia.com; for price information and prospectus/basis of allotment for issue details.*

Notes:

1. *Benchmark index considered is NIFTY50.*
2. *Issue Size is as per the prospectus filed with SEBI with the figures rounded off to the nearest decimal point.*
3. *If the 30th/90th/180th day falls on a trading holiday then pricing information on the immediate next trading day has been considered.*
4. *Pricing Performance for the company is calculated as per the final offer price.*
5. *Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date.*
6. *A discount of ₹76.5 was offered to employee investors.*
7. *A discount of ₹75.0 was offered to employee investors.*

b. **Summary Statement of Price Information of Past Issues Handled by Morgan Stanley:**

Financial year	Total no. of IPOs	Total funds raised (₹ in million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-2017	2	42,130	-	-	-	-	1	1	-	-	-	2	-	-
2015-2016	2	41,590	-	-	1	-	1	-	-	-	1	-	1	-

III. J.P. Morgan

a. **Price Information of Past Issues Handled by J.P. Morgan:**

No	Issue name	Issue size (in ₹ million)	Issue price (₹)	Listing date	Opening price on listing date (₹)	+/- % Change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % Change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % Change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	InterGlobe Aviation Limited[1]	30, 171.4	765.00	November 10, 2015	855.80	32.4% [-3.8%]	7.8% [-6.7%]	40.8% [-0.6%]
2.	Alkem Laboratories Limited[2]	13,477.6	1,050.00	December 23, 2015	1,380.00	30.3% [-6.5%]	28.6% [-1.1%]	31.9% [5.8%]
3.	Quick Heal Technologies Limited	4,512.5	321.00	February 18, 2016	305.00	-31.6% [7.0%]	-20.0% [11.0%]	-24.2% [21.6%]
4.	PNB Housing Finance Limited[3]	30,000.0	775.00	November 7, 2016	860.00	11.7% [-3.4%]	26.9% [4.4%]	70.5% [10.1%]

Source: www.nseindia.com
1. Price for eligible employees was ₹688.50 per equity share.
2. Discount of ₹100 per equity share to the offer price offered to eligible employees.
3. Discount of ₹75per equity share to the offer price offered to eligible employees.
Notes:

1. *The S&P CNX NIFTY is considered as the Benchmark Index.*
2. *Price on NSE is considered for all of the above calculation.*
3. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.*
4. *Closing price of 30th, 90th, 180th calendar day from listing day has been taken as listing day plus 29, 89 and 179 calendar days respectively.*
5. *Pricing Performance for the company is calculated as per the final offer price.*
6. *Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date.*
7. *The issue size is as per the basis of allotment.*

b. **Summary Statement of Price Information of Past Issues Handled by J.P. Morgan:**

Financial year	Total no. of IPOs	Total funds raised (₹ in	No. Of IPOs trading at discount - 30th calendar days from listing	No. of IPOs trading at premium - 30th calendar days from listing	No. Of IPOs trading at discount - 180th calendar days from listing	No. Of IPOs trading at premium - 180th calendar days from listing

		million)	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-2017	1	30,000.0	-	-	-	-	-	1	-	-	-	1	-	-
2015-2016	3	48,161.5	-	1	-	-	2	-	-	-	1	-	2	-

Note: In the event that any day falls on a holiday, the price/index of the next trading day has been considered.
1. The information for each of the financial years is based on issues listed during such financial year.

FINANCIAL STATEMENTS

NO	FINANCIAL STATEMENTS	PAGE NO
1.	Reviewed Financial Results	F-1
2.	Ind AS Audited Financial Statements	F-43
3.	IGAAP Audited Financial Statements	F-152

B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002, India

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Report on Review of Condensed Interim Consolidated Financial Statements

To the Board of Directors of
InterGlobe Aviation Limited

Introduction

We have reviewed the accompanying Condensed Interim Consolidated Financial Statements of InterGlobe Aviation Limited ("the Company") and its subsidiary (the Company and its subsidiary together referred to as "the Group"), which comprise the Condensed Interim Consolidated Balance Sheet as at 30 June 2017, the Condensed Interim Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Condensed Interim Consolidated Cash Flow Statement and the Condensed Interim Consolidated Statement of Changes in Equity for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. The Group's management is responsible for the preparation and fair presentation of the Condensed Interim Consolidated Financial Statements in accordance with requirements of Indian Accounting Standard 34, "Interim Financial Reporting" ("Ind AS 34"), specified under the Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder. Our responsibility is to express a conclusion on the Condensed Interim Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Consolidated Financial Statements does not give a true and fair view of the consolidated financial position as at 30 June 2017, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows for the three months period then ended in accordance with requirements of Ind AS 34, "Interim Financial Reporting", specified under the Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/ W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurugram
Date : 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Consolidated Balance Sheet as at 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

	As at 30 June 2017	As at 31 March 2017
I. ASSETS		
Non-current assets		
a. Property, plant and equipment (Refer to Note 3)	37,017.77	37,474.72
b. Capital work-in-progress	242.06	233.03
c. Other intangible assets (Refer to Note 4)	429.20	463.69
d. Intangible assets under development	36.78	18.83
e. Financial assets		
(i) Investments	0.18	0.18
(ii) Loans	5,702.17	5,440.26
(iii) Other financial assets	10,393.62	10,356.39
f. Income tax assets (net)	140.19	97.60
g. Other non-current assets	3,694.79	3,548.74
Total non-current assets	**57,656.76**	**57,633.44**
Current assets		
a. Inventories	1,623.90	1,631.50
b. Financial assets		
(i) Investments	42,831.87	37,134.10
(ii) Trade receivables	1,705.12	1,587.02
(iii) Cash and cash equivalents	1,797.29	1,531.19
(iv) Bank balances other than cash and cash equivalents, above	47,399.87	44,794.26
(v) Loans	297.73	39.76
(vi) Other financial assets	5,797.59	4,100.86
c. Other current assets	4,119.26	3,645.23
Total current assets	**105,572.63**	**94,463.92**
TOTAL ASSETS	**163,229.39**	**152,097.36**
II. EQUITY AND LIABILITIES		
EQUITY		
a. Equity share capital	3,615.99	3,614.68
b. Other equity	42,437.10	34,177.08
Equity attributable to owners of the Company	**46,053.09**	**37,791.76**
c. Non-controlling interest	-	-
Total equity	**46,053.09**	**37,791.76**
LIABILITIES		
Non-current liabilities		
a. Financial liabilities		
(i) Borrowings	23,212.08	23,957.08
(ii) Other financial liabilities	23,147.07	22,685.34
b. Provisions	1,307.90	1,223.94
c. Deferred tax liabilities (net)	2,243.12	1,618.06
d. Other non-current liabilities	88.70	75.00
e. Deferred incentives	17,706.44	16,899.90
Total non-current liabilities	**67,705.31**	**66,459.32**
Current liabilities		
a. Financial liabilities		
(i) Trade payables	7,861.60	7,746.10
(ii) Other financial liabilities	16,549.99	14,322.67
b. Provisions	793.89	667.06
c. Current tax liabilities (net)	1,647.52	446.77
d. Other current liabilities	17,590.72	19,725.85
e. Deferred incentives	5,027.27	4,937.83
Total current liabilities	**49,470.99**	**47,846.28**
TOTAL EQUITY AND LIABILITIES	**163,229.39**	**152,097.36**

Explanatory notes annexed
The explanatory notes form an integral part of these condensed interim consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Consolidated Statement of Profit and Loss for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

	For the period ended 30 June 2017
Income	
Revenue from operations	57,529.12
Other income	2,026.35
Total income	**59,555.47**
Expenses	
Aircraft fuel expenses	17,591.66
Aircraft and engine rentals (net)	8,536.92
Purchase of stock-in-trade	317.67
Changes in inventories of stock-in-trade	20.04
Employee benefits expense	5,842.77
Finance costs	769.75
Depreciation and amortisation expense	983.41
Other expenses	14,249.99
Total expenses	**48,312.21**
Profit before tax	**11,243.26**
Income tax expense	
Current tax	2,808.80
Deferred tax (credit) / charge	323.09
Total tax expense	**3,131.89**
Profit for the period	**8,111.37**
Other comprehensive income	
Items that will not be reclassified to profit or loss	
- Remeasurements of defined benefit plans	5.68
- Income tax relating to above mentioned item	(1.97)
Other comprehensive income for the period, net of tax	**3.71**
Total comprehensive income for the period	**8,115.08**
Profit for the period attributable to	
- Owners of the Company	8,111.37
- Non-controlling interest	-
Other comprehensive income for the period attributable to	
- Owners of the Company	3.71
- Non-controlling interest	-
Total comprehensive income for the period attributable to	
- Owners of the Company	8,115.08
- Non-controlling interest	-
Earnings per equity share of face value of Rs. 10 each (Refer to Note 9)	
Basic (Rs.)	22.44
Diluted (Rs.)	22.39

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Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Consolidated Cash Flow Statement for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

	For the period ended 30 June 2017
A. Cash flows from operating activities	
Profit before tax	11,243.26
Adjustments for:	
Depreciation and amortisation expense	983.41
Provision for redelivery and overhaul cost	186.09
Loss on sale of property, plant and equipment (net)	0.59
Non cash incentives, claims and credits (net)	(2.49)
Interest accretion on provisions and other financial liabilities measured at amortised cost	506.41
Deferred rent amortisation (included in Aircraft and engine rentals)	152.70
Property, plant and equipment written off	19.15
Unrealised foreign exchange gain (net)	(68.38)
Interest on borrowings measured at amortised cost	49.72
Finance lease charges on finance lease obligations measured at amortised cost	213.62
Employee stock option scheme expense	93.70
Interest income from bank deposits	(974.10)
Interest income from financial assets at amortised cost	(135.87)
Marked to market gain on current investments	(567.96)
Net gain on sale of current investments	(238.00)
Operating profit before working capital changes	**11,461.85**
Adjustments for:	
Increase in trade receivables	(125.24)
Decrease in inventories	7.60
Increase in loans, other financial assets, and other assets	(2,873.63)
Decrease in trade payables, other financial liabilities and other liabilities	(88.25)
Increase in deferred incentives	894.23
Cash generated from operating activities	**9,276.56**
Income tax paid	(1,350.64)
Net cash generated from operating activities	**7,925.92**
B. Cash flows from investing activities	
Purchase of property, plant and equipment and other intangible assets (including capital advances)	(717.49)
Proceeds from sale of property, plant and equipment	1.92
Deposits made with banks due to mature within 12 months from the reporting date (net)	(2,605.61)
Deposits made with banks due to mature after 12 months from the reporting date (net)	(115.53)
Purchase of mutual funds / shares	(27,257.00)
Proceeds from sale of mutual funds / shares	22,365.19
Interest received	1,206.92
Net cash used in investing activities	**(7,121.60)**
C. Cash flows from financing activities	
Repayment of secured loans (Refer to Note 3 below)	(743.95)
Interest paid	(2.15)
Finance lease charges paid	(160.51)
Proceeds from issue of shares on exercise of stock options	1.31
Proceeds from securities premium on exercise of stock options	51.24
Net cash used in financing activities	**(854.06)**
Net decrease in cash and cash equivalents during the period (A+B+C)	**(49.74)**
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	**46.12**
D. Cash and cash equivalents at the beginning of the period	
Cash on hand	43.17
Balance with banks:	
- On current accounts	1,488.02
	1,531.19
E. Cash and cash equivalents as at the end of the period	
Cash on hand	41.98
Balance with banks:	
- On current accounts	1,730.31
- On deposit accounts (with original maturity of three months or less)	25.00
	1,797.29
Less: Book overdraft	269.72
	1,527.57

B S R & Co. LLP * Chartered Accountants *

InterGlobe Aviation Limited
Condensed Interim Consolidated Cash Flow Statement for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

Notes:

1. The Condensed Interim Consolidated Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules issued thereunder.
2. Current account balance with banks includes Rs. 339.51 held in foreign currency which are freely remissible to the Group.
3. **Changes in liabilities arising from financing activities**

	For the period ended 30 June 2017
Opening balance of secured loans	**25,961.74**
- Finance lease obligations (including current maturities of finance lease obligations)	21,357.74
- Foreign currency term loan - from others	4,604.00
Cash flows	
Repayment of secured loans	(743.95)
Non-cash changes	
Foreign currency exchange fluctuations	(60.43)
Changes in finance lease obligation measured at amortised cost	83.79
Closing balance of secured loans	**25,241.15**
- Finance lease obligations (including current maturities of finance lease obligations)	20,652.65
- Foreign currency term loan - from others	4,588.50

Explanatory notes annexed
The explanatory notes form an integral part of these condensed interim consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Consolidated Statement of Changes in Equity for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

a. Equity share capital

	For the period ended 30 June 2017	
	Number of shares	Amount
Balance at the beginning of the period	361,468,363	3,614.68
Changes in equity share capital during the period:		
Issued during the period pursuant to exercise of employee stock options scheme	130,952	1.31
Balance at the end of the period	**361,599,315**	**3,615.99**

b. Other equity

	Equity component of compound financial instruments*	Reserves and surplus				Other comprehensive income**	Total equity attributable to owners of the Company
		Employee stock options outstanding account	Securities premium reserve	General reserve	Retained earnings		
Balance as at 1 April 2017	58.79	549.12	12,604.58	389.07	20,609.92	(34.40)	34,177.08
Profit for the period					8,111.37		8,111.37
Other comprehensive income for the period						3.71	3.71
Total comprehensive income for the period					**28,721.29**	**(30.69)**	**42,292.16**
Employee stock option scheme expense	-	93.70	-	-	-	-	93.70
Premium received on issue of shares on exercise of stock options	-	-	51.24	-	-	-	51.24
Amount utilized / transfer for issue of shares on exercise of stock options	-	(72.14)	72.14	-	-	-	-
Balance as at 30 June 2017	**58.79**	**570.68**	**12,727.96**	**389.07**	**28,721.29**	**(30.69)**	**42,437.10**

* Represents equity component of compound financial instruments (net of tax) - 36,716 0.00% convertible preference shares of Rs.1,000 each fully paid up.

** Other comprehensive income represents remeasurement of defined benefit plans (net of tax).

Explanatory notes annexed

The explanatory notes form an integral part of these condensed interim consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

InterGlobe Aviation Limited
Explanatory notes forming part of the condensed interim consolidated financial statements for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

1. Company Information / Overview

InterGlobe Aviation Limited (the "Company") is a public limited company domiciled in India. The Company was incorporated on 13 January 2004 as a private limited company in India. Subsequently, the Company changed its legal status from a private company to a public company on 11 August 2006. The Company's registered office is at Central Wing, Ground Floor, Thapar House, 124 Janpath, New Delhi - 110 001. The shares were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 10 November 2015. The Company is in the low cost carrier (LCC) segment of the airline industry in India.

The subsidiary of the Company, i.e. Agile Airport Services Private Limited ("Agile") has been incorporated on 14 February 2017 and the operations of Agile has not yet commenced.
InterGlobe Aviation Limited together with its subsidiary is hereinafter referred to as the "Group".

The activities of the Group comprises of air transportation and pre-flight and post flight ground handling operations which includes passenger and cargo services and providing related allied services such as in-flight catering services, work of ground handling and other allied services at the airports.

2.a Basis of preparation

(i) Statement of compliance

The Group had adopted Indian Accounting Standards (Ind AS) with effect from 1 April 2016, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, these Condensed Interim Consolidated Financial Statements comply with requirements of Ind AS 34, 'Interim Financial Reporting', as prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder.

On 14 February 2017, Agile Airport Services Private Limited ('Agile') was incorporated as a wholly owned subsidiary of the Company for the purpose of carrying out the work of ground handling and other allied services at the airports, having paid up capital of Rs. 100,000 (10,000 equity shares of Rs. 10 each). With the incorporation of the subsidiary, the Company is required to prepare consolidated financial statements with effect from 14 February 2017. Accordingly, no comparative figures for Condensed Interim Consolidated Statement of Profit and Loss, Condensed Interim Consolidated Cash Flow Statement, Condensed Interim Consolidated Statement of Changes in Equity and related explanatory notes are required to be presented.

The Condensed Interim Consolidated Financial Statements were authorised for issue by Board of Directors of the Company on 11 September 2017.

(ii) Basis of measurement

The Condensed Interim Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value or amortised cost.

(iii) Critical accounting estimates and judgements

In preparing these Condensed Interim Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the Condensed Interim Consolidated Financial Statements are as follows:

Note 2.(b) (xiii) - measurement of defined benefit obligations: key actuarial assumptions.
Note 2.(b) (ix) and (x) - judgement required to ascertain lease classification and fair value of aircraft.
Note 2.(b) (vii) - measurement of useful life and residual values of property, plant and equipment.
Note 2.(b) (xix) - estimation of costs of redelivery and overhaul.
Note 2.(b) (xiv) - judgement is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.
Judgement required to determine grant date fair value technique.
Note 2.(b) (iii) (iv) and 5 - fair value measurement of financial instruments.
Note 2.(b) (xxi) - judgement required to determine probability of recognition of deferred tax assets and MAT credit entitlement.
There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next twelve months.

(iv) Basis of consolidation

The Company consolidates entity which it owns or controls. The Condensed Interim Consolidated Financial Statements comprise the condensed interim standalone financial statements of the Company and its subsidiary as disclosed. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The Condensed Interim Consolidated Financial Statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions are eliminated upon consolidation. These Condensed Interim Consolidated Financial Statements are prepared by applying uniform accounting policies in use at the Group Non-controlling interest which represents part of net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the Company, are excluded.

2.b Significant accounting policies

The accounting policies applied in these Condensed Interim Consolidated Financial Statements are same as those applied in the last annual consolidated financial statements. The accounting policies are reproduced below:

B S R & Co. LLP * Chartered Accountants *

(i) Current - non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the normal operating cycle of the respective company of the Group;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting period; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the normal operating cycle of the respective company of the Group;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting period; or
- the respective company of the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the respective company of the group has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non-current.

(ii) Foreign currency transactions and translations

Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Group operates i.e., functional currency, to be Indian Rupees (Rs.). The Condensed Interim Consolidated Financial Statements are presented in Indian Rupees, which is the Group's functional and presentation currency. All amounts have been rounded to nearest millions upto two decimal places, unless otherwise stated.

Transactions and Balances

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Group at the exchange rates at the date of the transactions or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Condensed Consolidated Interim Statement of Profit and Loss, except for gains / (losses) arising on translation of long-term foreign currency monetary loans taken before 31 March 2016 and used for acquisition of depreciable property, plant and equipment, are adjusted in the cost of property, plant and equipment. The above treatment will continue till the repayment of the foreign currency monetary loans.

Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the Condensed Interim Consolidated Statement of Profit and Loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the Condensed Interim Consolidated Statement of Profit and Loss, within finance costs.

(iii) Fair value measurement

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 to/ by the Group.

All assets and liabilities for which fair value is measured or disclosed in the Condensed Interim Consolidated 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) 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 Condensed Interim Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

For the purpose of fair value disclosures, the Group 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.

The Group measures financial instruments, such as, investments, at fair value at each reporting date. Also, fair value of financial instruments measured at amortised cost is disclosed in Note 5.

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(iv) Financial instruments

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

Financial assets

Recognition and initial measurement
All financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially measured 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.

Classification and subsequent measurement
Classification
For the purpose of subsequent measurement, the Group classifies financial assets in following categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met:
- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset being equity instrument is measured at FVTPL.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in the Condensed Interim Consolidated Statement of Profit and Loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the Condensed Interim Consolidated Statement of Profit and Loss.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in Condensed Interim Consolidated Statement of Profit and Loss.

Impairment of financial assets (other than at fair value)
The Group recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognised as an impairment gain or loss in the Condensed Interim Consolidated Statement of Profit and Loss.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities

Recognition and initial measurement
All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the liability.

Classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Condensed Interim Consolidated Statement of Profit and Loss.

Financial liabilities other than classified as FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Condensed Interim Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Condensed Interim Consolidated Statement of Profit and Loss.

B S R & Co. LLP
Chartered Accountants

Derecognition
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Condensed Interim Consolidated Statement of Profit and Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the Condensed Interim Consolidated Balance Sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

Compound financial instruments - convertible preference shares
Compound financial instruments issued by the Company comprises of convertible preference shares that can be converted to equity shares of the Company.

Convertible preference shares are bifurcated into liability and equity components based on the terms of the contract.
The liability component of convertible preference shares is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of convertible preference shares is not remeasured subsequently.

Interest related to the liability component is recognised in Condensed Interim Consolidated Statement of Profit and Loss. On conversion, the liability component is reclassified to equity and no gain or loss is recognised.

(v) Share capital

Equity share capital
Issuance of ordinary shares are recognised as equity share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

(vi) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques 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 purposes of the Condensed Interim Consolidated Cash Flow Statement, cash and cash equivalents include cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, net of outstanding book overdrafts, which are considered part of the Group's cash management.

(vii) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. The Group has recognised major inspection costs relating to engine and airframe overhauls and other heavy maintenance as separate components for owned aircraft and aircraft taken on finance lease ("Leased Aircraft").

The cost of improvements to aircraft, if recognition criteria are met, have been capitalised and disclosed separately as leasehold improvement - aircraft.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Condensed Interim Consolidated Statement of Profit and Loss when property, plant and equipment is derecognised. The carrying amount of any component accounted as a separate component is derecognised, when replaced or when the property, plant and equipment to which the component relates gets derecognised.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Condensed Interim Consolidated Statement of Profit and Loss at the time of incurrence.

Depreciation
Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to Condensed Interim Consolidated Statement of Profit and Loss. Depreciation on property, plant and equipment, except aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment, leasehold improvements - aircraft and leasehold improvements, is provided on written down value method at the rates and in the manner provided in Schedule II of the Companies Act, 2013. Depreciation on aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment is provided on the straight line method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013.

Major inspection costs relating to engine and airframe overhauls and other heavy maintenance are identified as separate components for owned and Leased Aircraft and are depreciated over the expected lives between major overhauls and remaining useful live of the aircraft, whichever is lower.

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Depreciation has been charged based on the following useful lives:

Asset Head	Useful life in years
Owned and Leased Aircraft and owned spare engines	
-Aircraft and engine components including spare engines	20
-Major inspection and overhaul costs	4 - 12
Rotables and non-aircraft equipment	20
Furniture and fixtures	10
Computer	
-End user devices	3
-Server and networks	6
Office equipment	
-Office equipment	5
-Electrical equipment	10
Ground support equipment	15
Vehicles (including ground support vehicles)	
-Motor vehicles (ground support equipment)	8
-Motor vehicles	8

Expenditure incurred towards leasehold improvements - aircraft is depreciated on a straight line basis over the remaining period of the lease of the aircraft or 5 years, whichever is lower.

Leasehold improvements are depreciated on a straight line basis over the period of the initial lease term or their estimated useful life, whichever is lower.

The useful lives have been determined based on internal evaluation done by management and are in line with the estimated useful lives, to the extent prescribed by the Schedule II of the Companies Act, 2013, in order to reflect the technological obsolescence and actual usage of the asset. The residual values are not more than 5% of the

Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

Capital work-in-progress
Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

(viii) Other intangible assets

Recognition and measurement
Other intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of assets can be measured reliably. The other intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Gain or losses arising from derecognition of an other intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the other intangible asset and are recognised in the Condensed Interim Consolidated Statement of Profit and Loss when the asset is derecognised.

Subsequent costs
Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on other intangible assets is recognised in the Condensed Interim Consolidated Statement of Profit and Loss, as incurred

Amortisation
Amortisation is calculated to write off the cost of other intangible assets over their estimated useful lives of 3 years using the straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased/ disposed during the period.
Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Intangible assets under development
Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development.

(ix) Leases

Leased assets
Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities, as appropriate. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Leases in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to revise the terms of the lease (without renewing it) in a way that it would have been classified differently, had the changed terms been in effect at inception. The revised agreement involves renegotiation of original terms and conditions and are accounted prospectively over the remaining term of the lease.

Lease payments
Minimum lease payments made under finance lease are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease payments in respect of assets taken on operating lease are charged to the Condensed Interim Consolidated Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

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Sale and lease back transactions

Gains and losses arising on sale and leaseback transactions resulting in an operating lease and where the sale price is at fair value, are recognised immediately in the Condensed Interim Consolidated Statement of Profit and Loss. Where the sale price is below fair value, any losses are immediately recognised in the Condensed Interim Consolidated Statement of Profit and Loss, except where the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the initial period for which the asset is expected to be used. Where the sale price is above fair value, the excess over fair value is amortised over the initial period of the lease which coincides with the period for which the asset is expected to be used.

Any excess of sales proceeds over the carrying amount in case a sale and leaseback transaction results in a finance lease, is deferred and amortised over the expected period of use of leased asset in proportion to the depreciation of the leased asset.

(x) Incentive - non-refundable

Cash incentives

The Group receives non-refundable incentives in connection with the acquisition of aircraft and engines. In case of owned aircraft or aircraft under finance lease, incentives are recorded as a reduction to the cost of related aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the initial lease period of the respective aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Condensed Interim Consolidated Statement of Profit and Loss.

The Group also receives non-refundable milestone incentives from the engine manufacturer on achievement of certain milestones relating to acquisition and delivery of aircraft. These milestone incentives are recorded as reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining initial lease period of the respective aircraft. Where the aircraft is held under finance lease, the incentives are deferred and recognised under the head 'Other operating revenue' in the Condensed Interim Consolidated Statement of Profit and Loss, on a straight line basis over the remaining initial lease period of the respective aircraft. In case of prepayment of finance lease obligations for aircraft taken on finance lease and consequently taking the ownership of the aircraft, before the expiry of the lease term, the unamortised balance of deferred incentive is recorded as a reduction to the carrying value of the aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Condensed Interim Consolidated Statement of Profit and Loss.

Non-cash incentives

Non-cash incentives are recorded as and when due to the Group by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned aircraft and aircraft held under finance lease. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives, which coincides with the initial lease period.

The deferred asset explained above is reduced on the basis of utilization of incentives against liability towards purchase of goods and services.

(xi) Inventories

Inventories primarily includes stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment), fuel and in-flight inventories. Inventories are valued at lower of cost and net realisable value ('NRV'). Cost of inventories comprise all costs of purchase after deducting non refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the weighted average cost basis. NRV for in-flight inventory is the estimated selling price of goods sold less the estimated cost necessary to make the sale. NRV for stores and spares, loose tools and fuel used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price. Where necessary, due allowance is made for all damaged, obsolete and slow moving items. The comparison of cost and net realizable value is made on an item by item basis at each reporting date.

(xii) Impairment - non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Condensed Interim Consolidated Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(xiii) Employee benefits

Short-term employee benefits

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

Post-employment benefit plans

Defined contribution plans

The Group pays provident fund contributions to the appropriate government authorities. The Group has no further payment obligations once the contributions have been paid The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due

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Defined benefit plans
Defined benefit plans of the Group comprise gratuity.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The gratuity plan of the Group is unfunded.

The liability recognised in the Condensed Interim Consolidated Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost and other costs are included in employee benefit expense in the Condensed Interim Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in 'other equity' in the Condensed Interim Consolidated Statement of Changes in Equity and in the Condensed Interim Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognised immediately in Condensed Interim Consolidated Statement of Profit and Loss as past service cost.

Other long-term employee benefits

i. Compensated absences

The benefits under compensated expenses are accounted as other long-term employee benefits. The Group's net obligation in respect of compensated absences is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Condensed Interim Consolidated Statement of Profit and Loss in the period in which they arise.

ii. Others

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Condensed Interim Consolidated Statement of Profit and Loss in the period in which they arise.

Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees under the Employee Stock Option Scheme ('ESOS') is generally recognised as an employee stock option scheme expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The increase in equity recognised in connection with a share based payment transaction is presented in the 'Employee stock option outstanding account', as separate component in equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(xiv) ***Provisions and contingent liabilities and assets***

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past events, 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.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and 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 liabilities and assets
Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

(xv) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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, net of discounts. Revenue is recorded provided the recovery of consideration is probable and determinable.

Passenger and cargo revenue
Passenger revenue is recognised on flown basis i.e. when the service is rendered, net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any. Cargo revenue is recognised when service is rendered i.e goods are transported, net of airport levies and applicable taxes.

The sale of tickets not yet flown is credited to unearned revenue i.e. 'Forward Sales' disclosed under other current liabilities. Fees charged for modification and cancelation of flight tickets and towards special service request are recognised as revenue on rendering of the service

The unutilised balance in Forward Sales for more than a year is recognised as revenue based on historical statistics, data and management estimates and considering the Group's cancellation policy.

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In flight sales

Revenue from sale of merchandise is recognised on transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognised on sale of goods to the passenger, net of applicable taxes.

Tour and packages

Income and related expense from sale of tours and packages are recognised upon services being rendered and where applicable, are stated net of discounts and applicable taxes. The income and expense are stated on gross basis.

The sale of tours and packages not yet serviced is credited to unearned revenue, i.e. 'Forward Sales' disclosed under other current liabilities.

Interest income

Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method on a time proportionate basis.

Claims and other credits - non-refundable

Claims relate to reimbursement towards operational expenses such as operating lease rentals, aircraft repair and maintenance, etc, are adjusted against such expenses over the estimated period for which these reimbursements pertains. When credits are used against purchase of goods and services such as operating lease rentals, aircraft repair and maintenance, etc, these are adjusted against such expenses on utilization basis. The claims and credits are netted of against related expense arising on the same transaction as it reflects the substance of transaction. Moreover, any claim or credit not related to reimbursement towards operational expenses or used for purchase of goods and services are recognised as income in the Condensed Interim Consolidated Statement of Profit and Loss when a contractual entitlement exists, the amount can be reliably measured and receipt is virtually certain.

(xvi) Commission

The commission paid / payable on sales is recognised on sale of ticket and in accordance with the terms of contracts with agents (customers). As the Group acts as a principal, the commission is recognised as an expense in the Condensed Interim Consolidated Statement of Profit and Loss.

(xvii) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(xviii) Borrowing costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xix) Aircraft repair, maintenance and redelivery cost

The Group recognises aircraft repair and maintenance cost in the Condensed Interim Consolidated Statement of Profit and Loss (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses for owned aircraft and aircraft taken on finance lease) on incurred basis, except for aircraft maintenance covered by third party maintenance agreements, where in a portion of the cost are charged to the Condensed Interim Consolidated Statement of Profit and Loss at a contractual rate per hour in accordance with the terms of the agreements.

Aircraft maintenance costs also includes provision for overhaul expenses for certain aircraft held under operating leases. These are recorded at discounted value, where effect of the time value of money is material.

The Group has in its fleet aircraft on operating lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. The redelivery costs are estimated by management based on historical trends and data, and are recorded in the Condensed Interim Consolidated Financial Statements in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

(xx) Aircraft fuel expense

Aircraft fuel expenses are recognised in the Condensed Interim Consolidated Statement of Profit and Loss as uplifted and consumed, net off any discounts.

(xxi) Income tax

Income tax expense comprises of current and deferred tax. It is recognised in the Condensed Interim Consolidated Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any relating to income taxes. It is measured using tax rates enacted at the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Significant management judgement is required to determine the probability of deferred tax asset.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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Minimum Alternative Tax ('MAT') credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Group and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Group becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in Condensed Interim Consolidated Balance Sheet. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.
Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets levied by the same tax authorities.

(xxii) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares.
Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.
Diluted EPS is determined by adjusting profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares, which comprise share options granted to employees.

(xxiii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. Refer Note 8 for the change in management's approach towards evaluation and assessing performance of the Group.

(xxiv) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

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(Rupees in millions, except for share data and if otherwise stated)

3. Property, plant and equipment

As at 30 June 2017

Particulars	Owned aircraft and spare engines	Leased aircraft	Furniture and fixtures	Computer	Office equipment	Ground support equipment	Vehicles (including ground support vehicles)	Leasehold improvements	Leasehold improvements - aircraft	Rotables and non-aircraft equipment	Total
Gross value											
Balance at the beginning of the period	7,698.99	33,176.04	194.53	435.94	101.45	1,213.69	813.70	631.59	960.43	741.85	45,968.21
Additions during the period	237.12	-	1.73	20.95	3.64	95.98	16.54	9.98	5.58	143.90	535.42
Disposals during the period	43.60	-	-	0.12	-	1.80	2.46	-	-	22.36	70.34
Adjustments during the period */ **	-	(44.94)	-	-	-	-	-	-	-	-	(44.94)
Balance at the end of the period	**7,892.51**	**33,131.10**	**196.26**	**456.77**	**105.09**	**1,307.87**	**827.78**	**641.57**	**966.01**	**863.39**	**46,388.35**
Accumulated depreciation											
Balance at the beginning of the period	2,049.83	4,637.70	65.41	266.66	46.25	346.69	295.80	289.23	427.64	68.28	8,493.49
Depreciation for the period	123.07	557.72	8.74	24.16	5.37	43.37	40.18	49.09	62.78	11.29	925.77
Depreciation on disposals	43.60	-	-	0.06	-	0.64	1.17	-	-	3.21	48.68
Balance at the end of the period	**2,129.30**	**5,195.42**	**74.15**	**290.76**	**51.62**	**389.42**	**334.81**	**338.32**	**490.42**	**76.36**	**9,370.58**
Net carrying value as at 30 June 2017	**5,763.21**	**27,935.68**	**122.11**	**166.01**	**53.47**	**918.45**	**492.97**	**303.25**	**475.59**	**787.03**	**37,017.77**

As at 31 March 2017

Particulars	Owned aircraft and spare engines	Leased aircraft	Furniture and fixtures	Computer	Office equipment	Ground support equipment	Vehicles (including ground support vehicles)	Leasehold improvements	Leasehold improvements - aircraft	Rotables and non-aircraft equipment	Total
Gross value											
Balance at the beginning of the year	9,147.87	39,960.69	156.73	317.77	70.51	1,098.85	539.91	442.60	787.90	528.28	53,051.11
Additions during the year	574.67	236.19	37.83	120.02	31.16	114.84	281.90	188.99	172.53	259.44	2,017.57
Disposals during the year #	7,741.62	38.85	0.03	1.85	0.22	-	8.11	-	-	45.87	7,836.55
Adjustments during the year */ **	5,718.07	(6,981.99)	-	-	-	-	-	-	-	-	(1,263.92)
Balance at the end of the year	**7,698.99**	**33,176.04**	**194.53**	**435.94**	**101.45**	**1,213.69**	**813.70**	**631.59**	**960.43**	**741.85**	**45,968.21**
Accumulated depreciation											
Balance at the beginning of the year	2,233.41	2,748.46	21.75	127.79	20.17	163.52	135.27	102.43	200.07	23.90	5,776.77
Depreciation for the year	931.41	2,452.46	43.67	139.08	26.15	183.17	163.40	186.80	227.57	44.38	4,398.09
Depreciation on disposals	1,639.28	38.93	0.01	0.21	0.07	-	2.87	-	-	-	1,681.37
Adjustments during the year **	524.29	(524.29)	-	-	-	-	-	-	-	-	-
Balance at the end of the year	**2,049.83**	**4,637.70**	**65.41**	**266.66**	**46.25**	**346.69**	**295.80**	**289.23**	**427.64**	**68.28**	**8,493.49**
Net carrying value as at 31 March 2017	**5,649.16**	**28,538.34**	**129.12**	**169.28**	**55.20**	**867.00**	**517.90**	**342.36**	**532.79**	**673.57**	**37,474.72**

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(Rupees in millions, except for share data and if otherwise stated)

3. **Property, plant and equipment (continued)**

*As per Ind AS 101, a first-time adopter of Ind AS may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Condensed Interim Consolidated Financial Statements for the year ending immediately before the beginning of the first Ind AS financial reporting year as per the Previous Indian GAAP (i.e. year ended 31 March 2016 or before). The Group has opted for the optional exemption and accordingly, the Group had adjusted foreign currency gain amounting to Rs. 44.94 (31 March 2017: Rs. 369.17) during the period ended 30 June 2017, arising on re-statement of long-term foreign currency monetary loans used for acquisition of a depreciable capital asset.

**The Group has utilized its Initial Public Offer proceeds towards retirement of certain outstanding finance lease liabilities in foreign currency and consequent acquisition of aircraft. The adjustment in the Gross value of owned aircraft of Rs. Nil (31 March 2017: Rs. 5,718.07) represents the cost of the acquired finance leased aircraft as reduced by the outstanding deferred incentives amounting to Rs. Nil (31 March 2017: Rs. 894.75) in respect of these aircraft, as on the date of the acquisition. The adjustment in the Accumulated Depreciation of owned aircraft of Rs. Nil (31 March 2017: Rs. 524.29) represents the accumulated depreciation of the acquired finance leased aircraft as on the date of acquisition.
Consequently, the adjustment in the Gross value of finance leased aircraft of Rs. Nil (31 March 2017: Rs. 6,612.82) represents the cost of the transferred finance leased aircraft to owned aircraft, as on the date of the acquisition. Moreover, the adjustment in the Accumulated Depreciation of finance leased aircraft of Rs. Nil (31 March 2017: Rs. 524.29) represents the accumulated depreciation of the transferred finance leased aircraft to owned aircraft as on the date of acquisition.

During the year ended 31 March 2017, the Group has sold and leased back on operating lease, certain owned aircraft. Net gain amounting to Rs. 26.02 on account of such sale and lease back transaction has been recognised in the Condensed Interim Consolidated Statement of Profit and Loss under other income as the transaction has been established at fair value.

4. **Other intangible assets**

As at 30 June 2017

Particulars	Computer software	Total
Gross value		
Balance at the beginning of the period	755.11	755.11
Additions during the period	23.15	23.15
Disposals during the period	-	-
Balance at the end of the period	**778.26**	**778.26**
Accumulated amortisation		
Balance at the beginning of the period	291.42	291.42
Amortisation for the period	57.64	57.64
Amortisation on disposals	-	-
Balance at the end of the period	**349.06**	**349.06**
Net carrying value as at 30 June 2017	**429.20**	**429.20**

As at 31 March 2017

Particulars	Computer software	Total
Gross value		
Balance at the beginning of the year	316.72	316.72
Additions during the year	438.39	438.39
Disposals during the year	-	-
Balance at the end of the year	**755.11**	**755.11**
Accumulated amortisation		
Balance at the beginning of the year	116.98	116.98
Amortisation for the year	174.44	174.44
Amortisation on disposals	-	-
Balance at the end of the year	**291.42**	**291.42**
Net carrying value as at 31 March 2017	**463.69**	**463.69**

B S R & Co. LLP * Chartered Accountants *

(Rupees in millions, except for share data and if otherwise stated)

5. **Fair value measurement and financial instruments**

Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(i) As on 30 June 2017

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
Investments	0.18	-	-	0.18	-	-	0.18
Loans	-	-	5,702.17	5,702.17	-	-	5,962.63
Other financial assets*	-	-	10,393.62	10,393.62			
Current							
Investments	42,831.87	-	-	42,831.87	-	42,831.87	-
Trade receivables*	-	-	1,705.12	1,705.12			
Cash and cash equivalents*	-	-	1,797.29	1,797.29			
Bank balances other than cash and cash equivalents*	-	-	47,399.87	47,399.87			
Loans	-	-	297.73	297.73	-	-	297.73
Other financial assets*	-	-	5,797.59	5,797.59			
TOTAL	**42,832.05**	-	**73,093.39**	**115,925.44**			
Financial liabilities							
Non-current							
Borrowings#	-	-	23,212.08	23,212.08	-	-	23,212.08
Other financial liabilities							
Supplementary rentals	-	-	23,146.03	23,146.03	-	-	23,399.09
Others	-	-	1.04	1.04	-	-	1.04
Current							
Trade payables*	-	-	7,861.60	7,861.60			
Other financial liabilities							
Interest accrued but not due on borrowings#	-	-	124.97	124.97	-	-	124.97
Current maturities of finance lease obligations#	-	-	2,029.07	2,029.07	-	-	2,029.07
Supplementary rentals	-	-	11,203.15	11,203.15	-	-	11,223.11
Book overdraft*	-	-	269.72	269.72			
Maintenance advance*	-	-	2,923.08	2,923.08			
TOTAL	-	-	**70,770.74**	**70,770.74**			

(ii) As on 31 March 2017

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
Investments	0.18	-	-	0.18	-	-	0.18
Loans	-	-	5,440.26	5,440.26	-	-	5,305.46
Other financial assets*	-	-	10,356.39	10,356.39			
Current							
Investments	37,134.10	-	-	37,134.10	-	37,134.10	-
Trade receivables*	-	-	1,587.02	1,587.02			
Cash and cash equivalents*	-	-	1,531.19	1,531.19			
Bank balances other than cash and cash equivalents*	-	-	44,794.26	44,794.26			
Loans	-	-	39.76	39.76	-	-	39.76
Other financial assets*			4,100.86	4,100.86			
TOTAL	**37,134.28**	-	**67,849.74**	**104,984.02**			
Financial liabilities							
Non-current							
Borrowings#	-	-	23,957.08	23,957.08	-	-	23,957.08
Other financial liabilities							
Supplementary rentals	-	-	22,685.34	22,685.34	-	-	22,504.72
Current							
Trade payables*	-	-	7,746.10	7,746.10			
Other financial liabilities							
Interest accrued but not due on borrowings#	-	-	112.57	112.57	-	-	112.57
Current maturities of finance lease obligations#	-	-	2,004.66	2,004.66	-	-	2,004.66
Supplementary rentals	-	-	9,248.51	9,248.51	-	-	9,300.67
Maintenance advance*	-	-	2,956.93	2,956.93			
TOTAL	-	-	**68,711.19**	**68,711.19**			

(Rupees in millions, except for share data and if otherwise stated)

The Group's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, maintenance advance, book overdraft and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

The fair values for loans were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of supplementary rentals and other non-current financial liabilities-others are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

There has been no transfers between Level 1, Level 2 and Level 3 for the period ended 30 June 2017 and year ended 31 March 2017.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of NAV for unquoted mutual funds.
- the fair value of the remaining financial instruments is determined using discounted cash flow method.

Valuation processes

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Senior Management. Discussions on valuation and results are held between the Senior Management and valuation team atleast once every quarter in line with the Group's quarterly reporting periods.

6. Contingent liabilities (to the extent not provided for)

The Group is a party to various taxation disputes and legal claims, which are not acknowledged as debts as detailed below. Significant management judgement is required to ascertain that it is not probable that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claims.

(i) Income tax

The income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. The Group has received favourable order from the final fact finding authority, Income Tax Appellate Tribunal ("ITAT") for three years i.e. Assessment Year ('AY') 2007-08, AY 2008-09 and AY 2009-10 against such disallowance and/or adjustments made by tax authorities. However, the tax authorities have filed an appeal before the Hon'ble High Court against the order of the ITAT. The Group believes, based on advice from counsels/experts, that the views taken by the ITAT are sustainable in higher courts and accordingly no provision is required to be recorded in the books of account. The tax exposure (excluding interest and penalty) estimated by the Group pertaining to these cases amounts to Rs. 4,177.82 as at 30 June 2017 (31 March 2017 : Rs. 4,177.82). This exposure is net of Rs. 1,017.21 (31 March 2017 : Rs. 1,017.21) which represents minimum alternate tax recoverable written off in the earlier years.

(ii) The Group is in legal proceedings for various disputed legal matters related to Customs, Octroi, Service Tax and Value Added Tax (VAT). The amounts involved in these proceedings, not acknowledged as debt, are:
(1) Service Tax- Rs. 145.68 (31 March 2017: Rs. 145.68),
(2) Value Added Tax - Rs. 7.85 (31 March 2017: Rs. 7.85) and
(3) Octroi - Rs. 74.39 (31 March 2017: Rs. 74.45).

The Group believes, based on advice from counsels/experts, that the views taken by authorities are not sustainable and accordingly no provision is required to be recorded in the books of account.

(iii) Other legal cases

As per the notification dated 1 January 2016, The Payment of Bonus (Amendment) Act, 2015 is applicable retrospectively w.e.f 1 April 2014. While the Group has considered the impact of this amendment for the current and previous reporting period, in view of the partial stay granted by Karnataka and Kerala High Court, the impact of this amendment for the period 1 April 2014 till 31 March 2015 amounting to Rs. 19.47 has not been acknowledged as debt.

(iv) Other legal proceedings for which the Group is contingently liable

The Group is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial statements and hence no provision has been set-up against the same.

Notes:

Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities. Accordingly, the above mentioned contingent liabilities are disclosed at undiscounted amount.

7. Commitments

Particulars	As at 30 June 2017	As at 31 March
a. Estimated amount of contracts remaining to be executed on capital account and other commitments, and not provided for in the books of account [net of advances Rs. 250.95 (31 March 2017: Rs. 119.65)]	1,428,646.52	1,430,211.59
	1,428,646.52	**1,430,211.59**

8. Segment reporting

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, with effect from 1 April 2017, the Chief Operating Decision Maker ('CODM') has realigned the evaluation of the Company's performance at an overall company level as one segment i.e. 'air transportation services'. Till the previous year, CODM evaluated the Company performance based on geographical segments. However, after considering the nature of operations, the risks and rewards and the nature of the regulatory environment across the Company's network and the interchangeability of use of assets across the network routes of the Company, the CODM has started evaluating the Company's performance based on air transportation services. Further, the operations of Agile has not yet commenced.

B S R & Co. LLP Chartered Accountants

(Rupees in millions, except for share data and if otherwise stated)

8. Segment reporting (continued)

Segment wise information for the period ended 30 June 2017 is as follows:

Information about services - Income

Particulars	**For the period ended 30 June 2017**
a. Air transportation services	57,529.12
b. Others income	2,026.35
Total	**59,555.47**

Information about geographical areas - Income

Particulars	**For the period ended 30 June 2017**
a. Air transportation services	
I. Domestic	51,737.20
II. International	5,791.92
b. Other income	2,026.35
Total	**59,555.47**

The major revenue earning asset is the aircraft fleet, which is registered in India. Since, the aircraft fleet is deployed flexibily across the Company's route network, providing information on non-current assets by geographical areas, as required by Ind AS 108, is not considered meaningful.
No single external customer contributes 10% or more of the Company's revenue.

9. Earnings per share (EPS)

a. Profit attributable to equity share holders

Particulars	**For the period ended 30 June 2017**
Profit attributable to equity share holders:	
Profit attributable to equity share holders for basic earnings	8,111.37
Profit attributable to equity share holders adjusted for the effect of dilution	**8,111.37**

b. Weighted average number of equity shares

Particulars	**For the period ended 30 June 2017**
Weighted average number of equity shares	
- For basic earnings per share	361,514,412
Dilutive effect of stock options	693,322
	362,207,734
Basic earnings per share (Rs.)	22.44
Diluted earnings per share (Rs.)	22.39
Nominal value per share (Rs.)	10

Nil stock options granted to employees under the existing employee share option schemes have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous period presented.

10. During the period ended 30 June 2017, the Company has signed a term sheet with Avions de Transport Regional G.I.E. ("ATR") for the purchase of 50 ATR 72-600 aircraft with the flexibility to reduce the number of aircraft deliveries based on certain conditions. Subsequently, the Company has also entered into an agreement with ATR for the purchase of certain ATR 72-600 aircraft.

11. Subsequent to the period ended 30 June 2017, the Company has approved issuance of fresh equity shares and offer for sale under the proposed Institutional Placement Programme, in accordance with the requirements of Chapter VIII-A of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002, India

Telephone: + 91 124 2549 191
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Report on Review of Condensed Interim Standalone Financial Statements

To the Board of Directors of
InterGlobe Aviation Limited

Introduction

We have reviewed the accompanying Condensed Interim Standalone Financial Statements of InterGlobe Aviation Limited ("the Company"), which comprise the Condensed Interim Standalone Balance Sheet as at 30 June 2017, the Condensed Interim Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Condensed Interim Standalone Cash Flow Statement and the Condensed Interim Standalone Statement of Changes in Equity for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this Condensed Interim Standalone Financial Statements in accordance with requirements of Indian Accounting Standard 34, "Interim Financial Reporting" ("Ind AS 34"), specified under the Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder. Our responsibility is to express a conclusion on the Condensed Interim Standalone Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Standalone Financial Statements does not give a true and fair view of the financial position as at 30 June 2017, financial performance, total comprehensive income, changes in equity and cash flows for the three months period then ended in accordance with requirements of Ind AS 34, "Interim Financial Reporting", specified under the Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/ W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date : 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Standalone Balance Sheet as at 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

	As at 30 June 2017	As at 31 March 2017
I. ASSETS		
Non-current assets		
a. Property, plant and equipment (Refer to Note 3)	37,017.77	37,474.72
b. Capital work-in-progress	242.06	233.03
c Other intangible assets (Refer to Note 4)	429.20	463.69
d. Intangible assets under development	36.78	18.83
e. Financial assets		
(i) Investments	0.28	0.28
(ii) Loans	5,702.17	5,440.26
(iii) Other financial assets	10,393.62	10,356.39
f. Income tax assets (net)	140.19	97.60
g. Other non-current assets	3,694.79	3,548.74
Total non-current assets	**57,656.86**	**57,633.54**
Current assets		
a. Inventories	1,623.90	1,631.50
b. Financial assets		
(i) Investments	42,831.87	37,134.10
(ii) Trade receivables	1,705.12	1,587.02
(iii) Cash and cash equivalents	1,797.21	1,531.09
(iv) Bank balances other than cash and cash equivalents, above	47,399.87	44,794.26
(v) Loans	297.73	39.76
(vi) Other financial assets	5,797.83	4,101.10
c. Other current assets	4,119.26	3,645.23
Total current assets	**105,572.79**	**94,464.06**
TOTAL ASSETS	**163,229.65**	**152,097.60**
II. EQUITY AND LIABILITIES		
EQUITY		
a. Equity share capital	3,615.99	3,614.68
b. Other equity	42,437.60	34,177.49
Total equity	**46,053.59**	**37,792.17**
LIABILITIES		
Non-current liabilities		
a. Financial liabilities		
(i) Borrowings	23,212.08	23,957.08
(ii) Other financial liabilities	23,147.07	22,685.34
b. Provisions	1,307.90	1,223.94
c. Deferred tax liabilities (net)	2,243.12	1,618.06
d. Other non-current liabilities	88.70	75.00
e. Deferred incentives	17,706.44	16,899.90
Total non-current liabilities	**67,705.31**	**66,459.32**
Current liabilities		
a. Financial liabilities		
(i) Trade payables	7,861.36	7,745.94
(ii) Other financial liabilities	16,549.99	14,322.67
b. Provisions	793.89	667.06
c Current tax liabilities (net)	1,647.52	446.77
d. Other current liabilities	17,590.72	19,725.84
e. Deferred incentives	5,027.27	4,937.83
Total current liabilities	**49,470.75**	**47,846.11**
TOTAL EQUITY AND LIABILITIES	**163,229.65**	**152,097.60**

Explanatory notes annexed
The explanatory notes form an integral part of these condensed interim standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Standalone Statement of Profit and Loss for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

	For the period ended 30 June 2017	For the period ended 30 June 2016
Income		
Revenue from operations	57,529.12	45,788.52
Other income	2,026.35	1,626.06
Total income	**59,555.47**	**47,414.58**
Expenses		
Aircraft fuel expenses	17,591.66	13,674.11
Aircraft and engine rentals (net)	8,536.92	7,126.96
Purchase of stock-in-trade	317.67	347.41
Changes in inventories of stock-in-trade	20.04	(3.20)
Employee benefits expense	5,842.77	4,789.48
Finance costs	769.75	1,163.10
Depreciation and amortisation expense	983.41	1,148.23
Other expenses	14,249.90	11,701.53
Total expenses	**48,312.12**	**39,947.62**
Profit before tax	**11,243.35**	**7,466.96**
Income tax expense		
Current tax	2,808.80	1,843.28
Deferred tax (credit) / charge	323.09	(294.05)
Total tax expense	**3,131.89**	**1,549.23**
Profit for the period	**8,111.46**	**5,917.73**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurements of defined benefit plans	5.68	2.66
- Income tax relating to above mentioned item	(1.97)	(0.92)
Other comprehensive income for the period, net of tax	**3.71**	**1.74**
Total comprehensive income for the period	**8,115.17**	**5,919.47**
Earnings per equity share of face value of Rs. 10 each (Refer to Note 9)		
Basic (Rs.)	22.44	16.42
Diluted (Rs.)	22.39	16.36

Explanatory notes annexed
The explanatory notes form an integral part of these condensed interim standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Standalone Cash Flow Statement for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

	For the period ended 30 June 2017	For the period ended 30 June 2016
A. Cash flows from operating activities		
Profit before tax	11,243.35	7,466.96
Adjustments for:		
Depreciation and amortisation expense	983.41	1,148.23
Provision for redelivery and overhaul cost	186.09	19.94
Liabilities no longer required written back	-	(116.01)
Loss on sale of property, plant and equipment (net)	0.59	0.06
Non cash incentives, claims and credits (net)	(2.49)	15.30
Interest accretion on provisions and other financial liabilities measured at amortised cost	506.41	381.23
Deferred rent amortisation (included in Aircraft and engine rentals)	152.70	117.59
Property, plant and equipment written off	19.15	-
Advance write off	-	0.29
Unrealised foreign exchange (gain) / loss (net)	(68.38)	608.52
Interest on borrowings measured at amortised cost	49.72	39.01
Finance lease charges on finance lease obligations measured at amortised cost	213.62	672.93
Employee stock option scheme expense	93.70	215.81
Interest income from bank deposits	(974.10)	(939.74)
Interest income from financial assets at amortised cost	(135.87)	(107.21)
Marked to market gain on current investments	(567.96)	(252.76)
Net gain on sale of current investments	(238.00)	(67.93)
Operating profit before working capital changes	**11,461.94**	**9,202.22**
Adjustments for:		
Increase in trade receivables	(125.24)	(112.46)
Decrease/(increase) in inventories	7.60	(495.66)
Increase in loans, other financial assets, and other assets	(2,873.63)	(404.76)
Decrease in trade payables, other financial liabilities and other liabilities	(88.32)	(394.99)
Increase/(decrease) in deferred incentives	894.23	(365.32)
Cash generated from operating activities	**9,276.58**	**7,429.03**
Income tax paid	(1,350.64)	(903.82)
Net cash generated from operating activities	**7,925.94**	**6,525.21**
B. Cash flows from investing activities		
Purchase of property, plant and equipment and other intangible assets (including capital advances)	(717.49)	(211.65)
Proceeds from sale of property, plant and equipment	1.92	0.33
Deposits made with banks due to mature within 12 months from the reporting date (net)	(2,605.61)	(2,932.18)
Deposits made with banks due to mature after 12 months from the reporting date (net)	(115.53)	2,302.16
Purchase of mutual funds / shares	(27,257.00)	(24,818.50)
Proceeds from sale of mutual funds / shares	22,365.19	18,801.62
Interest received	1,206.92	786.04
Net cash used in investing activities	**(7,121.60)**	**(6,072.18)**
C. Cash flows from financing activities		
Repayment of secured loans (Refer to Note 3 below)	(743.95)	(5,727.26)
Interest paid	(2.15)	(2.05)
Finance lease charges paid	(160.51)	(129.50)
Proceeds from issue of shares on exercise of stock options	1.31	8.47
Proceeds from securities premium on exercise of stock options	51.24	-
Net cash used in financing activities	**(854.06)**	**(5,850.34)**
Net decrease in cash and cash equivalents during the period (A+B+C)	**(49.72)**	**(5,397.31)**
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	**46.12**	**60.61**
D. Cash and cash equivalents at the beginning of the period		
Cash on hand	43.17	30.83
Balance with banks:		
- On current accounts	1,487.92	2,664.02
- On deposit accounts (with original maturity of three months or less)	-	5,358.83
	1,531.09	**8,053.68**
E. Cash and cash equivalents as at the end of the period		
Cash on hand	41.98	42.07
Balance with banks:		
- On current accounts	1,730.23	2,599.91
- On deposit accounts (with original maturity of three months or less)	25.00	75.00
	1,797.21	2,716.98
Less: Book overdraft	269.72	-
	1,527.49	**2,716.98**

B S R & Co. LLP ★ Chartered Accountants ★

InterGlobe Aviation Limited
Condensed Interim Standalone Cash Flow Statement for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

Notes:

1. The Condensed Interim Standalone Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder.
2. Current account balance with banks includes Rs. 339.51 (30 June 2016: Rs. 239.62) held in foreign currency which are freely remissible to the Company.
3. **Changes in liabilities arising from financing activities**

	For the period ended 30 June 2017	For the period ended 30 June 2016
Opening balance of secured loans	**25,961.74**	**32,446.29**
- Finance lease obligations (including current maturities of finance lease obligations)	21,357.74	28,410.83
- Foreign currency term loan - from others	4,604.00	4,035.46
Cash flows		
Repayment of secured loans	(743.95)	(5,727.26)
Non-cash changes		
Foreign currency exchange fluctuations	(60.43)	582.00
Changes in finance lease obligation measured at amortised cost	83.79	555.72
Closing balance of secured loans	**25,241.15**	**27,856.75**
- Finance lease obligations (including current maturities of finance lease obligations)	20,652.65	23,738.03
- Foreign currency term loan - from others	4,588.50	4,118.72

Explanatory notes annexed
The explanatory notes form an integral part of these condensed interim standalone financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

InterGlobe Aviation Limited
Condensed Interim Standalone Statement of Changes in Equity for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

a. Equity share capital

	For the period ended 30 June 2017		For the period ended 30 June 2016	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the period	361,468,363	3,614.68	360,356,544	3,603.57
Changes in equity share capital during the period:				
Issued during the period pursuant to exercise of employee stock options scheme	130,952	1.31	847,262	8.47
Balance at the end of the period	**361,599,315**	**3,615.99**	**361,203,806**	**3,612.04**

b. Other equity

	Equity component of compound financial instruments*	Reserves and surplus				Other comprehensive income**	Total
		Employee stock options outstanding account	Securities premium reserve	General reserve	Retained earnings		
Balance as at 1 April 2017	58.79	549.12	12,604.58	389.07	20,610.33	(34.40)	34,177.49
Profit for the period					8,111.46		8,111.46
Other comprehensive income for the period						3.71	3.71
Total comprehensive income for the period					**28,721.79**	**(30.69)**	**42,292.66**
Employee stock option scheme expense	-	93.70	-	-	-	-	93.70
Premium received on issue of shares on exercise of stock options	-	-	51.24	-	-	-	51.24
Amount utilized / transfer for issue of shares on exercise of stock options	-	(72.14)	72.14	-	-	-	-
Balance as at 30 June 2017	**58.79**	**570.68**	**12,727.96**	**389.07**	**28,721.79**	**(30.69)**	**42,437.60**

* Represents equity component of compound financial instruments (net of tax) - 36,716 0.00% convertible preference shares of Rs.1,000 each fully paid up.

** Other comprehensive income represents remeasurement of defined benefit plans (net of tax).

S.R. & Co. LLP
★ Chartered Accountants ★

InterGlobe Aviation Limited
Condensed Interim Standalone Statement of Changes in Equity for the period ended 30 June 2017
(Rupees in millions, except for share data and if otherwise stated)

b. Other equity (continued)

	Equity component of compound financial instruments*	Reserves and surplus				Other comprehensive income**	Total
		Employee stock options outstanding account	Securities premium reserve	General reserve	Retained earnings		
Balance as at 1 April 2016	58.79	677.07	11,971.74	389.07	10,544.28	(12.68)	23,628.27
Profit for the period					5,917.73	-	5,917.73
Other comprehensive income for the period						1.74	1.74
Total comprehensive income for the period					**16,462.01**	**(10.94)**	**29,547.74**
Employee stock option scheme expense	-	215.81	-	-	-	-	215.81
Amount utilized / transfer for issue of shares on exercise of stock options	-	(482.26)	482.26	-	-	-	-
Balance as at 30 June 2016	**58.79**	**410.62**	**12,454.00**	**389.07**	**16,462.01**	**(10.94)**	**29,763.55**

* Represents equity component of compound financial instruments (net of tax) - 36,716 0.00% convertible preference shares of Rs.1,000 each fully paid up.

** Other comprehensive income represents remeasurement of defined benefit plans (net of tax).

Explanatory notes annexed

The explanatory notes form an integral part of these condensed interim standalone financial statements

As per our report of even date attached

F-29

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

1. Company Information / Overview

InterGlobe Aviation Limited (the "Company") is a public limited company domiciled in India. The Company was incorporated on 13 January 2004 as a private limited company in India. Subsequently, the Company changed its legal status from a private company to a public company on 11 August 2006. The Company's registered office is at Central Wing, Ground Floor, Thapar House, 124 Janpath, New Delhi - 110 001. The shares were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 10 November 2015. The Company is in the low cost carrier (LCC) segment of the airline industry in India. The principal activities of the Company comprise of air transportation which includes passenger and cargo services and providing related allied services including in-flight catering services.

2.a Basis of preparation

(i) Statement of compliance

The Company had adopted Indian Accounting Standards (Ind AS) with effect from 1 April 2016, with transition date of 1 April 2015, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, these condensed interim standalone financial statements comply with requirements of Ind AS 34, 'Interim Financial Reporting', as prescribed under section 133 of the Companies Act, 2013 (the "Act"), read with relevant rules issued thereunder.

The condensed interim standalone financial statements were authorised for issue by the Board of Directors of the Company on 11 September 2017.

(ii) Basis of measurement

The condensed interim standalone financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value or amortised cost.

(iii) Critical accounting estimates and judgements

In preparing these condensed interim standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the condensed interim standalone financial statements are as follows:

Note 2.(b) (xiv) - measurement of defined benefit obligations: key actuarial assumptions.
Note 2.(b) (x) and (xi) - judgement required to ascertain lease classification and fair value of aircraft.
Note 2.(b) (viii) - measurement of useful life and residual values of property, plant and equipment.
Note 2.(b) (xx) - estimation of costs of redelivery and overhaul.
Note 2.(b) (xv) - judgement is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.
Judgement required to determine grant date fair value technique.
Note 2.(b) (iii) (v) and 5 - fair value measurement of financial instruments.
Note 2.(b) (xxii) - judgement required to determine probability of recognition of deferred tax assets and MAT credit entitlement.
There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next twelve months.

2.b Significant accounting policies

The accounting policies applied in these condensed interim standalone financial statements are same as those applied in the last annual standalone financial statements. The accounting policies are reproduced below:

(i) Current - non-current classification

All assets and liabilities are classified into current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:
- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting period; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities
A liability is classified as current when it satisfies any of the following criteria:
- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting period; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

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Operating cycle
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non-current.

(ii) Foreign currency transactions and translations

Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (Rs.). The condensed interim standalone financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest millions upto two decimal places, unless otherwise stated.

Transactions and Balances

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the date of the transactions or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Condensed Interim Standalone Statement of Profit and Loss, except for gains / (losses) arising on translation of long-term foreign currency monetary loans taken before 31 March 2016 and used for acquisition of depreciable property, plant and equipment, are adjusted in the cost of property, plant and equipment. The above treatment will continue till the repayment of the foreign currency monetary loans.

Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the Condensed Interim Standalone Statement of Profit and Loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the Condensed Interim Standalone Statement of Profit and Loss, within finance costs.

(iii) Fair value measurement

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 to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the condensed interim 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) 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 condensed interim standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

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.

The Company measures financial instruments, such as, investments (other than investment in subsidiaries), at fair value at each reporting date. Also, fair value of financial instruments measured at amortised cost is disclosed in Note 5.

(iv) Investment in subsidiaries
Investment is subsidiaries is carried at cost, less any impairment in the value of investment, in these separate condensed interim standalone financial statements.

(v) Financial instruments

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

Financial assets

Recognition and initial measurement
All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets are initially measured 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.

Classification and subsequent measurement
Classification
For the purpose of subsequent measurement, the Company classifies financial assets in following categories:
• Financial assets at amortised cost
• Financial assets at fair value through other comprehensive income (FVTOCI)
• Financial assets at fair value through profit or loss (FVTPL)

A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met:
• The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met:
• The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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A financial asset being equity instrument is measured at FVTPL.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment losses are recognised in the Condensed Interim Standalone Statement of Profit and Loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the Condensed Interim Standalone Statement of Profit and Loss.

Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in the Condensed Interim Standalone Statement of Profit and Loss.

Impairment of financial assets (other than at fair value)
The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognised as an impairment gain or loss in the Condensed Interim Standalone Statement of Profit and Loss.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

Recognition and initial measurement
All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the liability.

Classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Condensed Interim Standalone Statement of Profit and Loss.

Financial liabilities other than classified as FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Condensed Interim Standalone Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Condensed Interim Standalone Statement of Profit and Loss.

Derecognition
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Condensed Interim Standalone Statement of Profit and Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the Condensed Interim Standalone Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

Compound financial instruments - convertible preference shares
Compound financial instruments issued by the Company comprises of convertible preference shares that can be converted to equity shares of the Company.

Convertible preference shares are bifurcated into liability and equity components based on the terms of the contract.
The liability component of convertible preference shares is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of convertible preference shares is not remeasured subsequently.

Interest related to the liability component is recognised in Condensed Interim Standalone Statement of Profit and Loss. On conversion, the liability component is reclassified to equity and no gain or loss is recognised.

(vi) Share capital

Equity share capital
Issuance of ordinary shares are recognised as equity share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

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(vii) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques 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 purposes of the Condensed Interim Standalone Cash Flow Statement, cash and cash equivalents include cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, net of outstanding book overdrafts, which are considered part of the Company's cash management.

(viii) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. The Company has recognised major inspection costs relating to engine and airframe overhauls and other heavy maintenance as separate components for owned aircraft and aircraft taken on finance lease ("Leased Aircraft").

The cost of improvements to aircraft, if recognition criteria are met, have been capitalised and disclosed separately as leasehold improvement - aircraft.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Condensed Interim Standalone Statement of Profit and Loss when property, plant and equipment is derecognised. The carrying amount of any component accounted as a separate component is derecognised, when replaced or when the property, plant and equipment to which the component relates gets derecognised.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Condensed Interim Standalone Statement of Profit and Loss at the time of incurrence.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to Condensed Interim Standalone Statement of Profit and Loss. Depreciation on property, plant and equipment, except aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment, leasehold improvements - aircraft and leasehold improvements, is provided on written down value method at the rates and in the manner provided in Schedule II of the Companies Act, 2013. Depreciation on aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment is provided on the straight line method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013.

Major inspection costs relating to engine and airframe overhauls and other heavy maintenance are identified as separate components for owned and Leased Aircraft and are depreciated over the expected lives between major overhauls and remaining useful live of the aircraft, whichever is lower.

Depreciation has been charged based on the following useful lives:

Asset Head	Useful life in years
Owned and Leased Aircraft and owned spare engines	
-Aircraft and engine components including spare engines	20
-Major inspection and overhaul costs	4 - 12
Rotables and non-aircraft equipment	20
Furniture and fixtures	10
Computer	
-End user devices	3
-Server and networks	6
Office equipment	
-Office equipment	5
-Electrical equipment	10
Ground support equipment	15
Vehicles (including ground support vehicles)	
-Motor vehicles (ground support equipment)	8
-Motor vehicles	8

Expenditure incurred towards leasehold improvements - aircraft is depreciated on a straight line basis over the remaining period of the lease of the aircraft or 5 years, whichever is lower.

Leasehold improvements are depreciated on a straight line basis over the period of the initial lease term or their estimated useful life, whichever is lower.

The useful lives have been determined based on internal evaluation done by management and are in line with the estimated useful lives, to the extent prescribed by the Schedule II of the Companies Act, 2013, in order to reflect the technological obsolescence and actual usage of the asset. The residual values are not more than 5% of the original cost of the asset.

Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

Capital work-in-progress

Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

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(ix) Other intangible assets

Recognition and measurement

Other intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably. The other intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Gain or losses arising from derecognition of an other intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the other intangible asset and are recognised in the Condensed Interim Standalone Statement of Profit and Loss when the asset is derecognised.

Subsequent costs

Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on other intangible assets is recognised in the Condensed Interim Standalone Statement of Profit and Loss, as incurred.

Amortisation

Amortisation is calculated to write off the cost of other intangible assets over their estimated useful lives of 3 years using the straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased/ disposed during the period.

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Intangible assets under development

Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development.

(x) Leases

Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities, as appropriate. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Leases in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to revise the terms of the lease (without renewing it) in a way that it would have been classified differently, had the changed terms been in effect at inception. The revised agreement involves renegotiation of original terms and conditions and are accounted prospectively over the remaining term of the lease.

Lease payments

Minimum lease payments made under finance lease are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease payments in respect of assets taken on operating lease are charged to the Condensed Interim Standalone Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

Sale and lease back transactions

Gains and losses arising on sale and leaseback transactions resulting in an operating lease and where the sale price is at fair value, are recognised immediately in the Condensed Interim Standalone Statement of Profit and Loss. Where the sale price is below fair value, any losses are immediately recognised in the Condensed Interim Standalone Statement of Profit and Loss, except where the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the initial period for which the asset is expected to be used. Where the sale price is above fair value, the excess over fair value is amortised over the initial period of the lease which coincides with the period for which the asset is expected to be used.

Any excess of sales proceeds over the carrying amount in case a sale and leaseback transaction results in a finance lease, is deferred and amortised over the expected period of use of leased asset in proportion to the depreciation of the leased asset.

(xi) Incentive - non-refundable

Cash incentives

The Company receives non-refundable incentives in connection with the acquisition of aircraft and engines. In case of owned aircraft or aircraft under finance lease, incentives are recorded as a reduction to the cost of related aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the initial lease period of the respective aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Condensed Interim Standalone Statement of Profit and Loss.

The Company also receives non-refundable milestone incentives from the engine manufacturer on achievement of certain milestones relating to acquisition and delivery of aircraft. These milestone incentives are recorded as reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining initial lease period of the respective aircraft. Where the aircraft is held under finance lease, the incentives are deferred and recognised under the head 'Other operating revenue' in the Condensed Interim Standalone Statement of Profit and Loss, on a straight line basis over the remaining initial lease period of the respective aircraft. In case of prepayment of finance lease obligations for aircraft taken on finance lease and consequently taking the ownership of the aircraft, before the expiry of the lease term, the unamortised balance of deferred incentive is recorded as a reduction to the carrying value of the aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Condensed Interim Standalone Statement of Profit and Loss.

Non-cash incentives

Non-cash incentives are recorded as and when due to the Company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned aircraft and aircraft held under finance lease. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives, which coincides with the initial lease period.

The deferred asset explained above is reduced on the basis of utilization of incentives against liability towards purchase of goods and services.

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(xii) Inventories

Inventories primarily includes stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment), fuel and in-flight inventories. Inventories are valued at lower of cost and net realisable value ('NRV'). Cost of inventories comprise all costs of purchase after deducting non refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the weighted average cost basis. NRV for in-flight inventory is the estimated selling price of goods sold less the estimated cost necessary to make the sale. NRV for stores and spares, loose tools and fuel used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price. Where necessary, due allowance is made for all damaged, obsolete and slow moving items. The comparison of cost and net realizable value is made on an item by item basis at each reporting date.

(xiii) Impairment - non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Condensed Interim Standalone Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(xiv) Employee benefits

Short-term employee benefits

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

Post-employment benefit plans

Defined contribution plans

The Company pays provident fund contributions to the appropriate government authorities. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.

Defined benefit plans

Defined benefit plans of the Company comprise gratuity.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The gratuity plan of the Company is unfunded.

The liability recognised in the Condensed Interim Standalone Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost and other costs are included in employee benefit expense in the Condensed Interim Standalone Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in "other equity" in the Condensed Interim Standalone Statement of Changes in Equity and in the Condensed Interim Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognised immediately in Condensed Interim Standalone Statement of Profit and Loss as past service cost.

Other long-term employee benefits

i. Compensated absences

The benefits under compensated expenses are accounted as other long-term employee benefits. The Company's net obligation in respect of compensated absences is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Condensed Interim Standalone Statement of Profit and Loss in the period in which they arise.

ii. Others

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Condensed Interim Standalone Statement of Profit and Loss in the period in which they arise.

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Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees under the Employee Stock Option Scheme ('ESOS') is generally recognised as an employee stock option scheme expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The increase in equity recognised in connection with a share based payment transaction is presented in the "Employee stock option outstanding account", as separate component in equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(xv) Provisions and contingent liabilities and assets

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past events, 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.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and 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 liabilities and assets

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

(xvi) **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, net of discounts. Revenue is recorded provided the recovery of consideration is probable and determinable.

Passenger and cargo revenue

Passenger revenue is recognised on flown basis i.e. when the service is rendered, net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any. Cargo revenue is recognised when service is rendered i.e. goods are transported, net of airport levies and applicable taxes.

The sale of tickets not yet flown is credited to unearned revenue i.e. 'Forward Sales' disclosed under other current liabilities. Fees charged for modification and cancelation of flight tickets and towards special service request are recognised as revenue on rendering of the service.

The unutilised balance in Forward Sales for more than a year is recognised as revenue based on historical statistics, data and management estimates and considering the Company's cancellation policy.

In flight sales

Revenue from sale of merchandise is recognised on transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognised on sale of goods to the passenger, net of applicable taxes.

Tour and packages

Income and related expense from sale of tours and packages are recognised upon services being rendered and where applicable, are stated net of discounts and applicable taxes. The income and expense are stated on gross basis.

The sale of tours and packages not yet serviced is credited to unearned revenue, i.e. 'Forward Sales' disclosed under other current liabilities

Interest income

Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method on a time proportionate basis.

Claims and other credits - non-refundable

Claims relate to reimbursement towards operational expenses such as operating lease rentals, aircraft repair and maintenance, etc, are adjusted against such expenses over the estimated period for which these reimbursements pertains. When credits are used against purchase of goods and services such as operating lease rentals, aircraft repair and maintenance, etc, these are adjusted against such expenses on utilization basis. The claims and credits are netted of against related expense arising on the same transaction as it reflects the substance of transaction. Moreover, any claim or credit not related to reimbursement towards operational expenses or used for purchase of goods and services are recognised as income in the Condensed Interim Standalone Statement of Profit and Loss when a contractual entitlement exists, the amount can be reliably measured and receipt is virtually certain.

(xvii) Commission

The commission paid / payable on sales is recognised on sale of ticket and in accordance with the terms of contracts with agents (customers). As the Company acts as a principal, the commission is recognised as an expense in the Condensed Interim Standalone Statement of Profit and Loss.

(xviii) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(xix) Borrowing costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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(xx) Aircraft repair, maintenance and redelivery cost

The Company recognises aircraft repair and maintenance cost in the Condensed Interim Standalone Statement of Profit and Loss (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses for owned aircraft and aircraft taken on finance lease) on incurred basis, except for aircraft maintenance covered by third party maintenance agreements, where in a portion of the cost are charged to the Condensed Interim Standalone Statement of Profit and Loss at a contractual rate per hour in accordance with the terms of the agreements.

Aircraft maintenance costs also includes provision for overhaul expenses for certain aircraft held under operating leases. These are recorded at discounted value, where effect of the time value of money is material.

The Company has in its fleet aircraft on operating lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. The redelivery costs are estimated by management based on historical trends and data, and are recorded in the condensed interim standalone financial statements in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

(xxi) Aircraft fuel expense

Aircraft fuel expenses are recognised in the Condensed Interim Standalone Statement of Profit and Loss as uplifted and consumed, net off any discounts.

(xxii) Income tax

Income tax expense comprises of current tax and deferred tax. It is recognised in the Condensed Interim Standalone Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any relating to income taxes. It is measured using tax rates enacted at the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Significant management judgement is required to determine the probability of deferred tax asset.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternative Tax ('MAT') credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in Condensed Interim Standalone Balance Sheet. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets levied by the same tax authorities.

(xxiii) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares.

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted EPS is determined by adjusting profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares, which comprise share options granted to employees.

(xxiv) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments. Refer Note 8 for the change in management's approach towards evaluation and assessing performance of the Company.

(xxv) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

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(Rupees in millions, except for share data and if otherwise stated)

3. Property, plant and equipment

As at 30 June 2017

Particulars	Owned aircraft and spare engines	Leased aircraft	Furniture and fixtures	Computer	Office equipment	Ground support equipment	Vehicles (including ground support vehicles)	Leasehold improvements	Leasehold improvements - aircraft	Rotables and non-aircraft equipment	Total
Gross value											
Balance at the beginning of the period	7,698.99	33,176.04	194.53	435.94	101.45	1,213.69	813.70	631.59	960.43	741.85	45,968.21
Additions during the period	237.12	-	1.73	20.95	3.64	95.98	16.54	9.98	5.58	143.90	535.42
Disposals during the period	43.60	-	-	0.12	-	1.80	2.46	-	-	22.36	70.34
Adjustments during the period */ **	-	(44.94)	-	-	-	-	-	-	-	-	(44.94)
Balance at the end of the period	7,892.51	33,131.10	196.26	456.77	105.09	1,307.87	827.78	641.57	966.01	863.39	46,388.35
Accumulated depreciation											
Balance at the beginning of the period	2,049.83	4,637.70	65.41	266.66	46.25	346.69	295.80	289.23	427.64	68.28	8,493.49
Depreciation for the period	123.07	557.72	8.74	24.16	5.37	43.37	40.18	49.09	62.78	11.29	925.77
Depreciation on disposals	43.60	-	-	0.06	-	0.64	1.17	-	-	3.21	48.68
Balance at the end of the period	2,129.30	5,195.42	74.15	290.76	51.62	389.42	334.81	338.32	490.42	76.36	9,370.58
Net carrying value as at 30 June 2017	5,763.21	27,935.68	122.11	166.01	53.47	918.45	492.97	303.25	475.59	787.03	37,017.77

As at 31 March 2017

Particulars	Owned aircraft and spare engines	Leased aircraft	Furniture and fixtures	Computer	Office equipment	Ground support equipment	Vehicles (including ground support vehicles)	Leasehold improvements	Leasehold improvements - aircraft	Rotables and non-aircraft equipment	Total
Gross value											
Balance at the beginning of the year	9,147.87	39,960.69	156.73	317.77	70.51	1,098.85	539.91	442.60	787.90	528.28	53,051.11
Additions during the year	574.67	236.19	37.83	120.02	31.16	114.84	281.90	188.99	172.53	259.44	2,017.57
Disposals during the year #	7,741.62	38.85	0.03	1.85	0.22	-	8.11	-	-	45.87	7,836.55
Adjustments during the year */ **	5,718.07	(6,981.99)	-	-	-	-	-	-	-	-	(1,263.92)
Balance at the end of the year	7,698.99	33,176.04	194.53	435.94	101.45	1,213.69	813.70	631.59	960.43	741.85	45,968.21
Accumulated depreciation											
Balance at the beginning of the year	2,233.41	2,748.46	21.75	127.79	20.17	163.52	135.27	102.43	200.07	23.90	5,776.77
Depreciation for the year	931.41	2,452.46	43.67	139.08	26.15	183.17	163.40	186.80	227.57	44.38	4,398.09
Depreciation on disposals	1,639.28	38.93	0.01	0.21	0.07	-	2.87	-	-	-	1,681.37
Adjustments during the year **	524.29	(524.29)	-	-	-	-	-	-	-	-	-
Balance at the end of the year	2,049.83	4,637.70	65.41	266.66	46.25	346.69	295.80	289.23	427.64	68.28	8,493.49
Net carrying value as at 31 March 2017	5,649.16	28,538.34	129.12	169.28	55.20	867.00	517.90	342.36	532.79	673.57	37,474.72

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(Rupees in millions, except for share data and if otherwise stated)

3. **Property, plant and equipment (continued)**

*As per Ind AS 101, a first-time adopter of Ind AS may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Condensed Interim Standalone Financial Statements for the year ending immediately before the beginning of the first Ind AS financial reporting year as per the Previous Indian GAAP (i.e. year ended 31 March 2016 or before). The Company has opted for the optional exemption and accordingly, the Company had adjusted foreign currency gain amounting to Rs. 44.94 (31 March 2017: Rs. 369.17) during the period ended 30 June 2017, arising on re-statement of long-term foreign currency monetary loans used for acquisition of a depreciable capital asset.

**The Company has utilized its Initial Public Offer proceeds towards retirement of certain outstanding finance lease liabilities in foreign currency and consequent acquisition of aircraft. The adjustment in the Gross value of owned aircraft of Rs. Nil (31 March 2017: Rs. 5,718.07) represents the cost of the acquired finance leased aircraft as reduced by the outstanding deferred incentives amounting to Rs. Nil (31 March 2017: Rs. 894.75) in respect of these aircraft, as on the date of the acquisition. The adjustment in the Accumulated Depreciation of owned aircraft of Rs. Nil (31 March 2017: Rs. 524.29) represents the accumulated depreciation of the acquired finance leased aircraft as on the date of acquisition.
Consequently, the adjustment in the Gross value of finance leased aircraft of Rs. Nil (31 March 2017: Rs. 6,612.82) represents the cost of the transferred finance leased aircraft to owned aircraft, as on the date of the acquisition. Moreover, the adjustment in the Accumulated Depreciation of finance leased aircraft of Rs. Nil (31 March 2017: Rs. 524.29) represents the accumulated depreciation of the transferred finance leased aircraft to owned aircraft as on the date of acquisition.

During the year ended 31 March 2017, the Company has sold and leased back on operating lease, certain owned aircraft. Net gain amounting to Rs. 26.02 on account of such sale and lease back transaction has been recognised in the Condensed Interim Standalone Statement of Profit and Loss under other income as the transaction has been established at fair value.

4. **Other intangible assets**

As at 30 June 2017

Particulars	Computer software	Total
Gross value		
Balance at the beginning of the period	755.11	755.11
Additions during the period	23.15	23.15
Disposals during the period	-	-
Balance at the end of the period	778.26	778.26
Accumulated amortisation		
Balance at the beginning of the period	291.42	291.42
Amortisation for the period	57.64	57.64
Amortisation on disposals	-	-
Balance at the end of the period	349.06	349.06
Net carrying value as at 30 June 2017	429.20	429.20

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As at 31 March 2017

Particulars	Computer software	Total
Gross value		
Balance at the beginning of the year	316.72	316.72
Additions during the year	438.39	438.39
Disposals during the year	-	-
Balance at the end of the year	755.11	755.11
Accumulated amortisation		
Balance at the beginning of the year	116.98	116.98
Amortisation for the year	174.44	174.44
Amortisation on disposals	-	-
Balance at the end of the year	291.42	291.42
Net carrying value as at 31 March 2017	463.69	463.69

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(Rupees in millions, except for share data and if otherwise stated)

5. Fair value measurement and financial instruments

Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(i) As on 30 June 2017

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
Investments**	0.18	-	-	0.18	-	-	0.18
Loans	-	-	5,702.17	5,702.17	-	-	5,962.63
Other financial assets*	-	-	10,393.62	10,393.62			
Current							
Investments	42,831.87	-	-	42,831.87	-	42,831.87	-
Trade receivables*	-	-	1,705.12	1,705.12			
Cash and cash equivalents*	-	-	1,797.21	1,797.21			
Bank balances other than cash and cash equivalents*	-	-	47,399.87	47,399.87			
Loans	-	-	297.73	297.73	-	-	297.73
Other financial assets*	-	-	5,797.83	5,797.83			
TOTAL	**42,832.05**	**-**	**73,093.55**	**115,925.60**			
Financial liabilities							
Non-current							
Borrowings#	-	-	23,212.08	23,212.08	-	-	23,212.08
Other financial liabilities							
Supplementary rentals	-	-	23,146.03	23,146.03	-	-	23,399.09
Others	-	-	1.04	1.04	-	-	1.04
Current							
Trade payables*	-	-	7,861.36	7,861.36			
Other current financial liabilities							
Interest accrued but not due on borrowings#	-	-	124.97	124.97	-	-	124.97
Current maturities of finance lease obligations#	-	-	2,029.07	2,029.07	-	-	2,029.07
Supplementary rentals	-	-	11,203.15	11,203.15	-	-	11,223.11
Book overdraft*	-	-	269.72	269.72			
Maintenance advance*	-	-	2,923.08	2,923.08			
TOTAL	**-**	**-**	**70,770.50**	**70,770.50**			

(ii) As on 31 March 2017

Particulars	Carrying value				Fair value measurement using		
	FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Non-current							
Investments**	0.18	-	-	0.18	-	-	0.18
Loans	-	-	5,440.26	5,440.26	-	-	5,305.46
Other financial assets*	-	-	10,356.39	10,356.39			
Current							
Investments	37,134.10	-	-	37,134.10	-	37,134.10	-
Trade receivables*	-	-	1,587.02	1,587.02			
Cash and cash equivalents*	-	-	1,531.09	1,531.09			
Bank balances other than cash and cash equivalents*	-	-	44,794.26	44,794.26			
Loans	-	-	39.76	39.76	-	-	39.76
Other financial assets*			4,101.10	4,101.10			
TOTAL	**37,134.28**	**-**	**67,849.88**	**104,984.16**			
Financial liabilities							
Non-current							
Borrowings#	-	-	23,957.08	23,957.08	-	-	23,957.08
Other financial liabilities							
Supplementary rentals	-	-	22,685.34	22,685.34	-	-	22,932.78
Current							
Trade payables*	-	-	7,745.94	7,745.94			
Other current financial liabilities							
Interest accrued but not due on borrowings#	-	-	112.57	112.57	-	-	112.57
Current maturities of finance lease obligations#	-	-	2,004.66	2,004.66	-	-	2,004.66
Supplementary rentals	-	-	9,248.51	9,248.51	-	-	9,300.67
Maintenance advance*	-	-	2,956.93	2,956.93			
TOTAL	**-**	**-**	**68,711.03**	**68,711.03**			

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(Rupees in millions, except for share data and if otherwise stated)

5. **Fair value measurement and financial instruments (continued)**

The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, maintenance advance, book overdraft and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

** Non-current investments excludes investment in subsidiary which is carried at cost.

The fair values for loans were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of supplementary rentals and other non-current financial liabilities-others are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

There has been no transfers between Level 1, Level 2 and Level 3 for the period ended 30 June 2017 and year ended 31 March 2017.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of NAV for unquoted mutual funds.
- the fair value of the remaining financial instruments is determined using discounted cash flow method.

Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Senior Management. Discussions on valuation and results are held between the Senior Management and valuation team atleast once every quarter in line with the Company's quarterly reporting periods.

6. **Contingent liabilities (to the extent not provided for)**

The Company is a party to various taxation disputes and legal claims, which are not acknowledged as debts as detailed below. Significant management judgement is required to ascertain that it is not probable that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claims.

(i) Income tax

The income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. The Company has received favourable order from the final fact finding authority, Income Tax Appellate Tribunal ("ITAT") for three years i.e. Assessment Year ('AY') 2007-08, AY 2008-09 and AY 2009-10 against such disallowance and/or adjustments made by tax authorities. However, the tax authorities have filed an appeal before the Hon'ble High Court against the order of the ITAT. The Company believes, based on advice from counsels/experts, that the views taken by the ITAT are sustainable in higher courts and accordingly no provision is required to be recorded in the books of account. The tax exposure (excluding interest and penalty) estimated by the Company pertaining to these cases amounts to Rs. 4,177.82 as at 30 June 2017 (31 March 2017 : Rs. 4,177.82). This exposure is net of Rs. 1,017.21 (31 March 2017 : Rs. 1,017.21) which represents minimum alternate tax recoverable written off in the earlier years.

(ii) The Company is in legal proceedings for various disputed legal matters related to Customs, Octroi, Service Tax and Value Added Tax (VAT). The amounts involved in these proceedings, not acknowledged as debt, are:
(1) Service Tax- Rs. 145.68 (31 March 2017: Rs. 145.68),
(2) Value Added Tax - Rs. 7.85 (31 March 2017: Rs. 7.85) and
(3) Octroi - Rs. 74.39 (31 March 2017: Rs. 74.45).

The Company believes, based on advice from counsels/experts, that the views taken by authorities are not sustainable and accordingly no provision is required to be recorded in the books of account.

(iii) Other legal cases

As per the notification dated 1 January 2016, The Payment of Bonus (Amendment) Act, 2015 is applicable retrospectively w.e.f 1 April 2014. While the Company has considered the impact of this amendment for the current and previous reporting period, in view of the partial stay granted by Karnataka and Kerala High Court, the impact of this amendment for the period 1 April 2014 till 31 March 2015 amounting to Rs. 19.47 has not been acknowledged as debt.

(iv) Other legal proceedings for which the Company is contingently liable

The Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial statements and hence no provision has been set-up against the same.

Notes:

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities. Accordingly, the above mentioned contingent liabilities are disclosed at undiscounted amount.

7. **Commitments**

Particulars	As at 30 June 2017	As at 31 March
Estimated amount of contracts remaining to be executed on capital account and other commitments, and not provided for in the books of account [net of advances Rs. 250.95 (31 March 2017: Rs. 119.65)]	1,428,646.52	1,430,211.59
	1,428,646.52	**1,430,211.59**

8. **Segment reporting**

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, with effect from 1 April 2017, the Chief Operating Decision Maker ('CODM') has realigned the evaluation of the Company's performance at an overall company level as one segment i.e. 'air transportation services'. Till the previous year, CODM evaluated the Company performance based on geographical segments. However, after considering the nature of operations, the risks and rewards and the nature of the regulatory environment across the Company's network and the interchangeability of use of assets across the network routes of the Company, the CODM has started evaluating the Company's performance based on air transportation services.

B S R & Co. LLP
Chartered Accountants

(Rupees in millions, except for share data and if otherwise stated)

8. Segment reporting (continued)

Segment wise information for the period ended 30 June 2017 is as follows:

Information about services - Income

Particulars	**For the period ended 30 June 2017**	**For the period ended 30 June 2016**
a. Air transportation services	57,529.12	45,788.52
b. Other income	2,026.35	1,626.06
Total	**59,555.47**	**47,414.58**

Information about geographical areas - Income

Particulars	**For the period ended 30 June 2017**	**For the period ended 30 June 2016**
a. Air transportation services		
I. Domestic	51,737.20	42,046.60
II. International	5,791.92	3,741.92
b. Other income	2,026.35	1,626.06
Total	**59,555.47**	**47,414.58**

The major revenue earning asset is the aircraft fleet, which is registered in India. Since, the aircraft fleet is deployed flexibily across the Company's route network, providing information on non-current assets by geographical areas, as required by Ind AS 108, is not considered meaningful.
No single external customer contributes 10% or more of the Company's revenue.

9. Earnings per share (EPS)

a. Profit attributable to equity share holders

Particulars	**For the period ended 30 June 2017**	**For the period ended 30 June 2016**
Profit attributable to equity share holders:		
Profit attributable to equity share holders for basic earnings	8,111.46	5,917.73
Profit attributable to equity share holders adjusted for the effect of dilution	**8,111.46**	**5,917.73**

b. Weighted average number of equity shares

Particulars	**For the period ended 30 June 2017**	**For the period ended 30 June 2016**
Weighted average number of equity shares		
- For basic earnings per share	361,514,412	360,375,166
Dilutive effect of stock options	693,322	1,317,504
	362,207,734	**361,692,670**
Basic earnings per share (Rs.)	22.44	16.42
Diluted earnings per share (Rs.)	22.39	16.36
Nominal value per share (Rs.)	10	10

Nil (30 June 2016: 167,778) of the stock options granted to employees under the existing employee share option schemes have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous period presented.

10. During the period ended 30 June 2017, the Company has signed a term sheet with Avions de Transport Regional G.I.E. ("ATR") for the purchase of 50 ATR 72-600 aircraft with the flexibility to reduce the number of aircraft deliveries based on certain conditions. Subsequently, the Company has also entered into an agreement with ATR for the purchase of certain ATR 72-600 aircraft.

11. The public shareholding as at 30 June 2017 is 14.15% of the Company. The Company will comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulations) Rules, 1957 within the stipulated period of three years from the date of listing of equity shares of the Company, as allowed under Rule 19(2)(b)(ii) of Securities Contracts (Regulations) Rules, 1957.

Subsequent to the period ended 30 June 2017, the Company has approved issuance of fresh equity shares and offer for sale under the proposed Institutional Placement Programme, in accordance with the requirements of Chapter VIII-A of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 11 September 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Place: Gurgaon
Date: 11 September 2017

B S R & Co. LLP

Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: + 91 124 719 1000
Fax: + 91 124 235 8613

Independent Auditor's Report
To The Members of InterGlobe Aviation Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of InterGlobe Aviation Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant Rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 including the Ind AS, of the consolidated financial position of the Group as at 31 March 2017, and its consolidated financial performance including other comprehensive income, its consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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 of the aforesaid consolidated Ind AS financial statements;

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Group so far as it appears from our examination of those books;

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant Rules issued thereunder;

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group company incorporated in India is disqualified as on 31 March 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 Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 31 to the consolidated Ind AS financial statements;

   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India; and

   iv. The Group has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed, and the report of the statutory auditors of its subsidiary company incorporated in India and relying on the Holding company's management representation we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Holding Company's Management - Refer Note 39 to the consolidated Ind AS financial statements.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership number: 092894

Place: Gurgaon
Date: 09 May 2017

Annexure A to the Independent Auditor's Report of even date on the consolidated Ind AS financial statements of InterGlobe Aviation Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of InterGlobe Aviation Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company, which is a company incorporated in India, are 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 respective 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 consolidated Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, 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 31 March 2017, based on the internal control over financial reporting criteria established by the Holding 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 **B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 09 May 2017

InterGlobe Aviation Limited
Consolidated Balance Sheet as at 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

	Note	As at 31 March 2017
I. ASSETS		
Non-current assets		
a. Property, plant and equipment	3	37,474.72
b. Capital work-in-progress		233.03
c. Other intangible assets	4	463.69
d. Intangible assets under development		18.83
e. Financial assets		
(i) Investments	5	0.18
(ii) Loans	6	5,440.26
(iii) Other financial assets	7	10,356.39
f. Income tax assets (net)	19.c	97.60
g. Other non-current assets	8	3,548.74
Total non-current assets		**57,633.44**
Current assets		
a. Inventories	9	1,631.50
b. Financial assets		
(i) Investments	5	37,134.10
(ii) Trade receivables	10	1,587.02
(iii) Cash and cash equivalents	11	1,531.19
(iv) Bank balances other than cash and cash equivalents, above	12	44,794.26
(v) Loans	6	39.76
(vi) Other financial assets	7	4,100.86
c. Other current assets	8	3,645.23
Total current assets		**94,463.92**
TOTAL ASSETS		**152,097.36**
II. EQUITY AND LIABILITIES		
EQUITY		
a. Equity share capital	13	3,614.68
b. Other equity	14	34,177.08
Equity attributable to owners of the Company		**37,791.76**
c. Non-controlling interest		-
Total equity		**37,791.76**
LIABILITIES		
Non-current liabilities		
a. Financial liabilities		
(i) Borrowings	15.a	23,957.08
(ii) Other financial liabilities	15.b	22,685.34
b. Provisions	16	1,223.94
c. Deferred tax liabilities (net)	19.d	1,618.06
d. Other non-current liabilities	18	75.00
e. Deferred incentives		16,899.90
Total non-current liabilities		**66,459.32**
Current liabilities		
a. Financial liabilities		
(i) Trade payables	17	7,746.10
(ii) Other financial liabilities	15.b	14,322.67
b. Provisions	16	667.06
c. Current tax liabilities (net)	19.c	446.77
d. Other current liabilities	18	19,725.85
e. Deferred incentives		4,937.83
Total current liabilities		**47,846.28**
TOTAL EQUITY AND LIABILITIES		**152,097.36**

The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

InterGlobe Aviation Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

	Note	For the year ended 31 March 2017
Income		
Revenue from operations	20	185,805.00
Other income	21	7,890.70
Total income		**193,695.70**
Expenses		
Aircraft fuel expenses		63,415.13
Aircraft and engine rentals (net) (Refer to Note 28)		31,253.73
Purchase of stock-in-trade	22	1,238.32
Changes in inventories of stock-in-trade	23	(2.94)
Employee benefits expense	24	20,481.90
Finance costs	25	3,307.80
Depreciation and amortisation expense	26	4,572.53
Other expenses	27	47,986.24
Total expenses		**172,252.71**
Profit before tax		**21,442.99**
Income tax expense	19	
Current tax		4,911.51
Deferred tax (credit) / charge		(59.99)
Total tax expense		**4,851.52**
Profit for the year		**16,591.47**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
- Remeasurements of defined benefit plans		(33.22)
- Income tax relating to above mentioned item		11.50
Other comprehensive income for the year, net of tax		**(21.72)**
Total comprehensive income for the year		**16,569.75**
Profit for the year attributable to		
- Owners of the Company		16,591.47
- Non-controlling interest		-
Other comprehensive income for the year attributable to		
- Owners of the Company		(21.72)
- Non-controlling interest		-
Total comprehensive income for the year attributable to		
- Owners of the Company		16,569.75
- Non-controlling interest		-
Earnings per equity share of face value of Rs. 10 each	36	
Basic (Rs.)		45.94
Diluted (Rs.)		45.85

The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

InterGlobe Aviation Limited
Consolidated Cash Flow Statement for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2017
A. Cash flows from operating activities	
Profit before tax	21,442.99
Adjustments for:	
Depreciation and amortisation expense	4,572.53
Provision for redelivery and overhaul cost	286.55
Liabilities no longer required written back	(414.93)
Profit on sale of property, plant and equipment (net)	(24.58)
Non cash incentives, claims and credits (net)	(2,152.27)
Interest accretion on provisions and other financial liabilities measured at amortised cost	1,670.58
Deferred rent amortisation (included in Aircraft and engine rentals)	535.97
Property, plant and equipment written off	47.46
Advance write off	9.09
Unrealised foreign exchange (gain) / loss (net)	(861.80)
Interest on borrowings measured at amortised cost	179.98
Finance lease charges on finance lease obligations measured at amortised cost	1,298.99
Employee stock option scheme expense	504.89
Interest income from bank deposits	(3,913.27)
Interest income from financial assets at amortised cost	(488.02)
Marked to market gain on current investments	(546.42)
Net gain on sale of current investments	(1,221.27)
Operating profit before working capital changes	**20,926.47**
Adjustments for:	
Increase in trade receivables	(21.45)
Increase in inventories	(868.68)
Increase in loans, other financial assets, and other assets	(2,432.46)
Increase in trade payables, other financial liabilities and other liabilities	17,338.75
Increase in deferred incentives	7,119.03
Cash generated from operating activities	**42,061.66**
Income tax paid	(4,240.96)
Net cash generated from operating activities	**37,820.70**
B. Cash flows from investing activities	
Purchase of property, plant and equipment and other intangible assets (including capital advances)	(2,372.38)
Proceeds from sale of property, plant and equipment	6,132.30
Deposits made with banks due to mature within 12 months from the reporting date (net) Refer to Note 12 [deposits under lien Rs. 39,471.53]	(15,661.24)
Deposits made with banks due to mature after 12 months from the reporting date (net) Refer to Note 7 [deposits under lien Rs. 9,633.84]	3,567.53
Purchase of mutual funds / shares	(126,733.58)
Proceeds from sale of mutual funds / shares	101,228.56
Interest received	3,460.24
Net cash used in investing activities	**(30,378.57)**
C. Cash flows from financing activities	
Proceeds from secured loans	676.61
Repayment of secured loans	(7,526.39)
Interest paid	(168.77)
Finance lease charges paid	(478.79)
Proceeds from issue of shares on exercise of stock options	11.11
Dividend paid	(5,422.03)
Corporate dividend tax paid	(1,103.80)
Net cash used in financing activities	**(14,012.06)**
Net decrease in cash and cash equivalents during the year (A+B+C)	**(6,569.93)**
Effect of exchange rate changes on cash and cash equivalent held in foreign currency	**47.44**
D. Cash and cash equivalents at the beginning of the year	
Cash on hand	30.83
Balance with banks:	
- On current accounts	2,664.02
- On deposit accounts (with original maturity of three months or less)	5,358.83
	8,053.68

B S R & Co. LLP GURGAON Chartered Accountants

(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2017
E. Cash and cash equivalents as at the end of the year	
Cash on hand	43.17
Balance with banks:	
- On current accounts	1,488.02
	1,531.19

Notes:

1. The Consolidated Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder.
2. Current account balance with banks includes Rs. 71.43 held in foreign currency which are freely remissible to the Group.

The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

InterGlobe Aviation Limited
Consolidated Statement of Changes in Equity for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

a. Equity share capital

	Note	For the year ended 31 March 2017 Number of shares	Amount
Balance at the beginning of the year		360,356,544	3,603.57
Changes in equity share capital during the year:			
Issued during the year pursuant to exercise of employee stock options scheme	38	1,111,819	11.11
Balance at the end of the year		**361,468,363**	**3,614.68**

b. Other equity

	Note	Equity component of compound financial instruments*	Reserves and surplus: Employee stock options outstanding account	Reserves and surplus: Securities premium reserve	Reserves and surplus: General reserve	Reserves and surplus: Retained earnings	Other comprehensive income**	Total equity attributable to owners of the Company
Balance as at 1 April 2016		58.79	677.07	11,971.74	389.07	10,544.28	(12.68)	23,628.27
Profit for the year						16,591.47	-	16,591.47
Other comprehensive income for the year	14 c.						(21.72)	(21.72)
Total comprehensive income for the year						**27,135.75**	**(34.40)**	**40,198.02**
Final dividend	14 b.(v)					(5,422.03)		(5,422.03)
Corporate dividend tax						(1,103.80)		(1,103.80)
Employee stock option scheme expense	38	-	504.89	-	-	-	-	504.89
Amount utilized / transfer for issue of shares on exercise of stock options	38	-	(632.84)	632.84	-	-	-	-
Balance as at 31 March 2017		**58.79**	**549.12**	**12,604.58**	**389.07**	**20,609.92**	**(34.40)**	**34,177.08**

* Represents equity component of compound financial instruments (net of tax) - 36,716 0.00% convertible preference shares of Rs.1,000 each fully paid up.
** Other comprehensive income represents remeasurement of defined benefit plans (net of tax).

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The accompanying notes form an integral part of these consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

1. Company Information / Overview

InterGlobe Aviation Limited (the "Company") is a public limited company domiciled in India. The Company was incorporated on 13 January 2004 as a private limited company in India. Subsequently, the Company changed its legal status from a private company to a public company on 11 August 2006. The Company's registered office is at Central Wing, Ground Floor, Thapar House, 124 Janpath, New Delhi - 110 001. The shares were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 10 November 2015. The Company is in the low cost carrier (LCC) segment of the airline industry in India.

The subsidiary of the Company, i.e. Agile Airport Services Private Limited ("Agile") has been incorporated on 14 February 2017 and the operations of Agile has not yet commenced.

InterGlobe Aviation Limited together with its subsidiary is hereinafter referred to as the "Group".

The activities of the Group comprises of air transportation and pre-flight and post flight ground handling operations which includes passenger and cargo services and providing related allied services such as in-flight catering services, work of ground handling and other allied services at the airports.

2.a Basis of preparation

(i) Statement of compliance

The Group has adopted Indian Accounting Standards (Ind AS) with effect from 1 April 2016, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the Consolidated Financial Statements comply with Ind AS as prescribed under section 133 of the Companies Act, 2013 (the "Act"), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, relevant provisions of the Act and other accounting principles generally accepted in India.

On 14 February 2017, Agile Airport Services Private Limited ('Agile') was incorporated as a wholly owned subsidiary of the Company for the purpose of carrying out the work of ground handling and other allied services at the airports, having paid up capital of Rs. 100,000 (10,000 equity shares of Rs. 10 each). With the incorporation of the subsidiary, the Company is required to prepare consolidated financial statements for the first time for the year ended 31 March 2017. Accordingly, no comparative figures for consolidated financial statements are required to be presented.

The Consolidated Financial Statements for the year ended 31 March 2017 are the first Consolidated Financial Statements of the Group prepared under Ind AS.

The Consolidated Financial Statements were authorised for issue by Board of Directors of the Company on 9 May 2017.

(ii) Basis of measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except certain financial assets and liabilities that are measured at fair value or amortised cost.

(iii) Critical accounting estimates and judgements

In preparing these Consolidated Financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the Consolidated Financial Statements are as follows:

Note 2.(b) (xiii) and 33- measurement of defined benefit obligations: key actuarial assumptions.
Note 2.(b) (ix) and (x) - judgement required to ascertain lease classification and fair value of aircraft.
Note 2.(b) (vii) - measurement of useful life and residual values of property, plant and equipment.
Note 2.(b) (xix) and 16 - estimation of costs of redelivery and overhaul.
Note 2.(b) (xiv) and 31 - judgement is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.
Note 38 - judgement required to determine grant date fair value technique.
Note 2.(b) (iii) (iv) and 29 - fair value measurement of financial instruments.
Note 2.(b) (xxi) - judgement required to determine probability of recognition of deferred tax assets and MAT credit entitlement.
There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(iv) Basis of consolidation

The Company consolidates entity which it owns or controls. The Consolidated Financial Statements comprise the financial statements of the Company and its subsidiary as disclosed in Note 42. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions are eliminated upon consolidation. These Consolidated Financial Statements are prepared by applying uniform accounting policies in use at the Group. Non-controlling interest which represents part of net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the Company, are excluded.

2.b Significant accounting policies

The accounting policies set out below have been applied in these consolidated financial statements.

(i) Current - non-current classification

All assets and liabilities are classified into current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:
- it is expected to be realised in, or is intended for sale or consumption in, the normal operating cycle of the respective company of the Group;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting period; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

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Liabilities

A liability is classified as current when it satisfies any of the following criteria:
- it is expected to be settled in the normal operating cycle of the respective company of the Group;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting period; or
- the respective company of the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the respective company of the group has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non-current.

(ii) Foreign currency transactions and translations

Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Group operates i.e., functional currency, to be Indian Rupees (Rs.). The Consolidated Financial Statements are presented in Indian Rupees, which is the Group's functional and presentation currency. All amounts have been rounded to nearest millions upto two decimal places, unless otherwise stated.

Transactions and Balances

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Group at the exchange rates at the date of the transactions or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Consolidated Statement of Profit and Loss, except for gains / (losses) arising on translation of long-term foreign currency monetary loans taken before 31 March 2016 and used for acquisition of depreciable property, plant and equipment, are adjusted in the cost of property, plant and equipment. The above treatment will continue till the repayment of the foreign currency monetary loans.

Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the Consolidated Statement of Profit and Loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs.

(iii) Fair value measurement

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 to/ by the Group.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated 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) 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 Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

For the purpose of fair value disclosures, the Group 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.

The Group measures financial instruments, such as, investments, at fair value at each reporting date. Also, fair value of financial instruments measured at amortised cost is disclosed in Note 29.

(iv) Financial instruments

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

Financial assets

Recognition and initial measurement

All financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. All financial assets are initially measured 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.

Classification and subsequent measurement

Classification

For the purpose of subsequent measurement, the Group classifies financial assets in following categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

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A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met:
- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset being equity instrument is measured at FVTPL.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

Subsequent measurement

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the Consolidated Statement of Profit and Loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the Consolidated Statement of Profit and Loss.

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in Consolidated Statement of Profit and Loss.

Impairment of financial assets (other than at fair value)
The Group recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognised as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial liabilities

Recognition and initial measurement
All financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the liability.

Classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities other than classified as FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Consolidated Statement of Profit and Loss.

Derecognition
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Consolidated Statement of Profit and Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

Compound financial instruments - convertible preference shares
Compound financial instruments issued by the Company comprises of convertible preference shares that can be converted to equity shares of the Company.

Convertible preference shares are bifurcated into liability and equity components based on the terms of the contract.
The liability component of convertible preference shares is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of convertible preference shares is not remeasured subsequently.

Interest related to the liability component is recognised in Consolidated Statement of Profit and Loss. On conversion, the liability component is reclassified to equity and no gain or loss is recognised.

(v) Share capital

Equity share capital
Issuance of ordinary shares are recognised as equity share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

(vi) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques 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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(vii) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. The Group has recognised major inspection costs relating to engine and airframe overhauls and other heavy maintenance as separate components for owned aircraft and aircraft taken on finance lease ("Leased Aircraft").

The cost of improvements to aircraft, if recognition criteria are met, have been capitalised and disclosed separately as leasehold improvement - aircraft.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Consolidated Statement of Profit and Loss when property, plant and equipment is derecognised. The carrying amount of any component accounted as a separate component is derecognised, when replaced or when the property, plant and equipment to which the component relates gets derecognised.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Consolidated Statement of Profit and Loss at the time of incurrence.

Depreciation
Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to Consolidated Statement of Profit and Loss. Depreciation on property, plant and equipment, except aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment, leasehold improvements - aircraft and leasehold improvements, is provided on written down value method at the rates and in the manner provided in Schedule II of the Companies Act, 2013. Depreciation on aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment is provided on the straight line method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013.

Major inspection costs relating to engine and airframe overhauls and other heavy maintenance are identified as separate components for owned and Leased Aircraft and are depreciated over the expected lives between major overhauls and remaining useful live of the aircraft, whichever is lower.

Depreciation has been charged based on the following useful lives:

Asset Head	Useful life in years
Owned and Leased Aircraft and owned spare engines	
-Aircraft and engine components including spare engines	20
-Major inspection and overhaul costs	4 - 12
Rotables and non-aircraft equipment	20
Furniture and fixtures	10
Computer	
-End user devices	3
-Server and networks	6
Office equipment	
-Office equipment	5
-Electrical equipment	10
Ground support equipment	15
Vehicles (including ground support vehicles)	
-Motor vehicles (ground support equipment)	8
-Motor vehicles	8

Expenditure incurred towards leasehold improvements - aircraft is depreciated on a straight line basis over the remaining period of the lease of the aircraft or 5 years, whichever is lower.

Leasehold improvements are depreciated on a straight line basis over the period of the initial lease term or their estimated useful life, whichever is lower.

The useful lives have been determined based on internal evaluation done by management and are in line with the estimated useful lives, to the extent prescribed by the Schedule II of the Companies Act, 2013, in order to reflect the technological obsolescence and actual usage of the asset. The residual values are not more than 5% of the original cost of the asset.

Depreciation is calculated on a pro-rata basis for assets purchased/sold during the year.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

Capital work-in-progress
Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

(viii) Other intangible assets

Recognition and measurement
Other intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of assets can be measured reliably. The other intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Gain or losses arising from derecognition of an other intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the other intangible asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Subsequent costs
Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on other intangible assets is recognised in the Consolidated Statement of Profit and Loss, as incurred.

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Amortisation

Amortisation is calculated to write off the cost of other intangible assets over their estimated useful lives of 3 years using the straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased/ disposed during the year.

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Intangible assets under development

Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development.

(ix) Leases

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities, as appropriate. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Leases in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to revise the terms of the lease (without renewing it) in a way that it would have been classified differently, had the changed terms been in effect at inception. The revised agreement involves renegotiation of original terms and conditions and are accounted prospectively over the remaining term of the lease.

Lease payments

Minimum lease payments made under finance lease are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease payments in respect of assets taken on operating lease are charged to the Consolidated Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

Sale and lease back transactions

Gains and losses arising on sale and leaseback transactions resulting in an operating lease and where the sale price is at fair value, are recognised immediately in the Consolidated Statement of Profit and Loss. Where the sale price is below fair value, any losses are immediately recognised in the Consolidated Statement of Profit and Loss, except where the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the initial period for which the asset is expected to be used. Where the sale price is above fair value, the excess over fair value is amortised over the initial period of the lease which coincides with the period for which the asset is expected to be used.

Any excess of sales proceeds over the carrying amount in case a sale and leaseback transaction results in a finance lease, is deferred and amortised over the expected period of use of leased asset in proportion to the depreciation of the leased asset.

(x) Incentive - non-refundable

Cash incentives

The Group receives non-refundable incentives in connection with the acquisition of aircraft and engines. In case of owned aircraft or aircraft under finance lease, incentives are recorded as a reduction to the cost of related aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the initial lease period of the respective aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Consolidated Statement of Profit and Loss.

The Group also receives non-refundable milestone incentives from the engine manufacturer on achievement of certain milestones relating to acquisition and delivery of aircraft. These milestone incentives are recorded as reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining initial lease period of the respective aircraft. Where the aircraft is held under finance lease, the incentives are deferred and recognised under the head 'Other operating revenue' in the Consolidated Statement of Profit and Loss, on a straight line basis over the remaining initial lease period of the respective aircraft. In case of prepayment of finance lease obligations for aircraft taken on finance lease and consequently taking the ownership of the aircraft, before the expiry of the lease term, the unamortised balance of deferred incentive is recorded as a reduction to the carrying value of the aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Consolidated Statement of Profit and Loss.

Non-cash incentives

Non-cash incentives are recorded as and when due to the Group by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned aircraft and aircraft held under finance lease. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives, which coincides with the initial lease period.

The deferred asset explained above is reduced on the basis of utilization of incentives against liability towards purchase of goods and services.

(xi) Inventories

Inventories primarily includes stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment), fuel and in-flight inventories. Inventories are valued at lower of cost and net realisable value ('NRV'). Cost of inventories comprise all costs of purchase after deducting non refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the weighted average cost basis. NRV for in-flight inventory is the estimated selling price of goods sold less the estimated cost necessary to make the sale. NRV for stores and spares, loose tools and fuel used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price. Where necessary, due allowance is made for all damaged, obsolete and slow moving items. The comparison of cost and net realizable value is made on an item by item basis at each reporting date.

(xii) Impairment - non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

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An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(xiii) Employee benefits

Short-term employee benefits

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

Post-employment benefit plans

Defined contribution plans

The Group pays provident fund contributions to the appropriate government authorities. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.

Defined benefit plans

Defined benefit plans of the Group comprise gratuity.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The gratuity plan of the Group is unfunded.

The liability recognised in the Consolidated Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost and other costs are included in employee benefit expense in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in 'other equity' in the Consolidated Statement of Changes in Equity and in the Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognised immediately in Consolidated Statement of Profit and Loss as past service cost.

Other long-term employee benefits

i. Compensated absences

The benefits under compensated expenses are accounted as other long-term employee benefits. The Group's net obligation in respect of compensated absences is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Consolidated Statement of Profit and Loss in the period in which they arise.

ii. Others

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Consolidated Statement of Profit and Loss in the period in which they arise.

Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees under the Employee Stock Option Scheme ('ESOS') is generally recognised as an employee stock option scheme expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The increase in equity recognised in connection with a share based payment transaction is presented in the 'Employee stock option outstanding account', as separate component in equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(xiv) Provisions and contingent liabilities and assets

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past events, 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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and 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 liabilities and assets

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

(xv) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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, net of discounts. Revenue is recorded provided the recovery of consideration is probable and determinable.

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Passenger and cargo revenue

Passenger revenue is recognised on flown basis i.e. when the service is rendered, net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any. Cargo revenue is recognised when service is rendered i.e. goods are transported, net of airport levies and applicable taxes.

The sale of tickets not yet flown is credited to unearned revenue i.e. 'Forward Sales' disclosed under other current liabilities. Fees charged for modification and cancelation of flight tickets and towards special service request are recognised as revenue on rendering of the service.

The unutilised balance in Forward Sales for more than a year is recognised as revenue based on historical statistics, data and management estimates and considering the Group's cancellation policy.

In flight sales

Revenue from sale of merchandise is recognised on transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognised on sale of goods to the passenger, net of applicable taxes.

Tour and packages

Income and related expense from sale of tours and packages are recognised upon services being rendered and where applicable, are stated net of discounts and applicable taxes. The income and expense are stated on gross basis.

The sale of tours and packages not yet serviced is credited to unearned revenue, i.e. 'Forward Sales' disclosed under other current liabilities.

Interest income

Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method on a time proportionate basis.

Claims and other credits - non-refundable

Claims relate to reimbursement towards operational expenses such as operating lease rentals, aircraft repair and maintenance, etc, are adjusted against such expenses over the estimated period for which these reimbursements pertains. When credits are used against purchase of goods and services such as operating lease rentals, aircraft repair and maintenance, etc, these are adjusted against such expenses on utilization basis. The claims and credits are netted of against related expense arising on the same transaction as it reflects the substance of transaction. Moreover, any claim or credit not related to reimbursement towards operational expenses or used for purchase of goods and services are recognised as income in the Consolidated Statement of Profit and Loss when a contractual entitlement exists, the amount can be reliably measured and receipt is virtually certain.

(xvi) Commission

The commission paid / payable on sales is recognised on sale of ticket and in accordance with the terms of contracts with agents (customers). As the Group acts as a principal, the commission is recognised as an expense in the Consolidated Statement of Profit and Loss.

(xvii) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(xviii) Borrowing costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xix) Aircraft repair, maintenance and redelivery cost

The Group recognises aircraft repair and maintenance cost in the Consolidated Statement of Profit and Loss (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses for owned aircraft and aircraft taken on finance lease) on incurred basis, except for aircraft maintenance covered by third party maintenance agreements, where in a portion of the cost are charged to the Consolidated Statement of Profit and Loss at a contractual rate per hour in accordance with the terms of the agreements.

Aircraft maintenance costs also includes provision for overhaul expenses for certain aircraft held under operating leases. These are recorded at discounted value, where effect of the time value of money is material.

The Group has in its fleet aircraft on operating lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. The redelivery costs are estimated by management based on historical trends and data, and are recorded in the Consolidated Financial Statements in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

(xx) Aircraft fuel expense

Aircraft fuel expenses are recognised in the Consolidated Statement of Profit and Loss as uplifted and consumed, net off any discounts.

(xxi) Income tax

Income tax expense comprises of current and deferred tax. It is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any relating to income taxes. It is measured using tax rates enacted at the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Significant management judgement is required to determine the probability of deferred tax asset.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternative Tax ('MAT') credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Group and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Group becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in Consolidated Balance Sheet. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets levied by the same tax authorities.

(xxii) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares.
Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.
Diluted EPS is determined by adjusting profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares, which comprise convertible preference shares and share options granted to employees.

(xxiii) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors of the Company who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

(xxiv) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(xxv) Recent accounting pronouncements

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' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Consolidated Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.
The Group is evaluating the requirements of the amendment and the effect on the consolidated Consolidated Financial Statements is being evaluated.

Amendment to Ind AS 102:
The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Group is evaluating the requirements of the amendment and the impact on the Consolidated Financial Statements is being evaluated.

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(Rupees in millions, except for share data and if otherwise stated)

3 **Property, plant and equipment**
As at 31 March 2017

Particulars	Owned aircraft and spare engines	Leased aircraft	Furniture and fixtures	Computer	Office equipment	Ground support equipment	Vehicles (including ground support vehicles)	Leasehold improvements	Leasehold improvements - aircraft	Rotables and non-aircraft equipment	Total
Gross value											
Balance at the beginning of the year	9,147.87	39,960.69	156.73	317.77	70.51	1,098.85	539.91	442.60	787.90	528.28	53,051.11
Additions during the year	574.67	236.19	37.83	120.02	31.16	114.84	281.90	188.99	172.53	259.44	2,017.57
Disposals during the year #	7,741.62	38.85	0.03	1.85	0.22	-	8.11	-	-	45.87	7,836.55
Adjustments during the year */ **	5,718.07	(6,981.99)	-	-	-	-	-	-	-	-	(1,263.92)
Balance at the end of the year	**7,698.99**	**33,176.04**	**194.53**	**435.94**	**101.45**	**1,213.69**	**813.70**	**631.59**	**960.43**	**741.85**	**45,968.21**
Accumulated depreciation											
Balance at the beginning of the year	2,233.41	2,748.46	21.75	127.79	20.17	163.52	135.27	102.43	200.07	23.90	5,776.77
Depreciation for the year	931.41	2,452.46	43.67	139.08	26.15	183.17	163.40	186.80	227.57	44.38	4,398.09
Depreciation on disposals	1,639.28	38.93	0.01	0.21	0.07	-	2.87	-	-	-	1,681.37
Adjustments during the year **	524.29	(524.29)	-	-	-	-	-	-	-	-	-
Balance at the end of the year	**2,049.83**	**4,637.70**	**65.41**	**266.66**	**46.25**	**346.69**	**295.80**	**289.23**	**427.64**	**68.28**	**8,493.49**
Net carrying value as at 31 March 2017	**5,649.16**	**28,538.34**	**129.12**	**169.28**	**55.20**	**867.00**	**517.90**	**342.36**	**532.79**	**673.57**	**37,474.72**

*As per Ind AS 101, a first-time adopter of Ind AS may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the year ending immediately before the beginning of the first Ind AS financial reporting year (i.e. year ended 31 March 2016 or before). The Group has opted for the optional exemption and accordingly, the Group had adjusted foreign currency gain amounting to Rs. 369.17 during the year ended 31 March 2017, arising on re-statement of long-term foreign currency monetary loans used for acquisition of a depreciable capital asset.

** During the year ended 31 March 2017, the Group has utilized its Initial Public Offer proceeds towards retirement of certain outstanding finance lease liabilities in foreign currency and consequent acquisition of aircraft. The adjustment in the Gross value of owned aircraft of Rs. 5,718.07 represents the cost of the acquired finance leased aircraft as reduced by the outstanding deferred incentives amounting to Rs. 894.75 in respect of these aircraft, as on the date of the acquisition. The adjustment in the Accumulated Depreciation of owned aircraft of Rs. 524.29 represents the accumulated depreciation of the acquired finance leased aircraft as on the date of the acquisition.
Consequently, the adjustment in the Gross value of finance leased aircraft of Rs. 6,612.82 represents the cost of the transferred finance leased aircraft to owned aircraft, as on the date of the acquisition. Moreover, the adjustment in the Accumulated Depreciation of finance leased aircraft of Rs. 524.29 represents the accumulated depreciation of the transferred finance leased aircraft to owned aircraft as on the date of the acquisition.

During the current year ended 31 March 2017, the Group has sold and leased back on operating lease, certain owned aircraft. Net gain amounting to Rs. 26.02 on account of such sale and lease back transaction has been recognised in the Consolidated Statement of Profit and Loss under other income as the transaction has been established at fair value (Refer to Note 21).

For terms of assets acquired under finance lease, Refer to Note 15(a).

4 **Other intangible assets**
As at 31 March 2017

Particulars	Computer software	Total
Gross value		
Balance at the beginning of the year	316.72	316.72
Additions during the year	438.39	438.39
Disposals during the year	-	-
Balance at the end of the year	**755.11**	**755.11**
Accumulated amortisation		
Balance at the beginning of the year	116.98	116.98
Amortisation for the year	174.44	174.44
Amortisation on disposals	-	-
Balance at the end of the year	**291.42**	**291.42**
Net carrying value as at 31 March 2017	**463.69**	**463.69**

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(Rupees in millions, except for share data and if otherwise stated)

5 **Investments**

Particulars	As at 31 March 2017
Non-current investments	
Equity investments	0.18
Total	**0.18**
Current investments	
Mutual funds	37,134.10
Total	**37,134.10**
Grand Total	**37,134.28**

Particulars	As at 31 March 2017	
	Non-current	Current
Investments at fair value through profit or loss (FVTPL)		
Equity investments, unquoted		
1,280 equity shares of Thai Baht (THB) 100 each, fully paid up, of Aeronautical Radio of Thailand, a state enterprise under the Ministry of Transport *	0.18	-
Mutual funds, unquoted		
2,271,407 units of face value of Rs. 1,000 each of Reliance Money Manager Fund-Direct Growth Plan-Growth Option	-	5,170.90
137,369,180 units of face value of Rs. 10 each of Reliance Medium Term Fund- Direct Plan Growth Plan-Growth Plan Option	-	4,765.30
14,274,252 units of face value of Rs. 100 each of Birla Sun Life Savings Fund Growth - Direct Plan	-	4,569.33
20,961,042 units of face value of Rs. 100 each of Birla Sun Life Floating Rate Fund- Long term- Growth Direct Plan	-	4,205.78
141,600,564 units of face value of Rs. 10 each of DHFL-Pramerica Low Duration Fund-Direct Plan-Growth	-	3,216.53
127,491,801 units of face value of Rs. 10 each of DHFL-Pramerica Ultra Short Term Fund-Direct Plan-Growth	-	2,536.12
53,788,491 units of face value of Rs. 10 each of Sundaram Money Fund -Direct Plan- Growth	-	1,844.69
75,348,776 units of face value of Rs. 10 each of Sundaram Ultra Short Term Fund -Direct Plan- Growth	-	1,711.37
3,903,681 units of face value of Rs. 100 each of Birla Sun Life Cash Manager -Growth-Direct Plan	-	1,585.01
727,958 units of face value of Rs. 10 each of Kotak-Low Duration Fund-Direct Growth	-	1,478.18
50,363,331 of face value of Rs. 10 each of HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option Growth Option	-	1,428.28
730,035 units of face value of Rs. 1,000 each of Baroda Pioneer Treasury Advantage Fund-Plan B Growth	-	1,403.42
323,751 units of face value of Rs. 1,000 each of Reliance Liquid Fund - Cash Plan - Direct Growth Plan	-	849.93
40,014,061 units of face value of Rs. 10 each of LIC MF Saving Plus Fund-Direct-Growth Plan	-	1,030.40
489,933 units of face value of Rs. 1,000 each of Axis Treasury Advantage Fund – Direct Growth - TADG	-	904.47
141,593 units of face value of Rs. 1,000 each of UTI-Treasury Advantage-Institutional Plan-Direct Plan-Growth	-	319.35
46,359 units of face value of Rs. 1,000 each of Tata Ultra Short Term Fund Direct Plan - Growth	-	115.04
Total	**0.18**	**37,134.10**
Aggregate value of unquoted investments	**0.18**	**37,134.10**

There are no quoted investments during the year.
* The transfer of the investment is restricted to airline members flying in Thailand.
Information about the Group's exposure to credit and market risks, and fair value measurement, is included in Note 29.

6 **Loans**

Particulars	As at 31 March 2017	
	Non-current	Current
Unsecured, considered good, unless stated otherwise		
Security deposit	5,440.26	39.76
Total	**5,440.26**	**39.76**

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7 Other financial assets

Particulars	As at 31 March 2017	
	Non-current	Current
Unsecured, considered good, unless stated otherwise		
Bank deposits (due for maturity after twelve months from the reporting date) *	9,972.40	-
Interest accrued but not due on bank deposits	383.99	3,152.79
Maintenance recoverable	-	620.21
Insurance claim recoverable	-	46.66
Others (including credit recoverable)	-	281.20
Total	**10,356.39**	**4,100.86**

*Bank deposits include Rs. 9,633.84 as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

8 Other assets

Particulars	As at 31 March 2017	
	Non-current	Current
Unsecured, considered good, unless stated otherwise		
Prepaid expenses	-	1,327.65
Balance with service tax and custom authorities	-	925.58
Deferred incentive (non-cash)	-	28.91
Capital advances	119.65	-
Advance to employees	49.32	145.48
Deferred rent	3,379.77	592.35
Value added tax recoverable	-	40.18
Other recoverable	-	150.86
	3,548.74	3,211.01
Advance to suppliers		
- Considered good	-	434.22
- Considered doubtful	-	3.94
	-	438.16
Less: Impairment allowances for doubtful advances	-	3.94
	-	434.22
Total	**3,548.74**	**3,645.23**

9 Inventories

Particulars	As at 31 March 2017
Valued at lower of cost and net realisable value	
Stores and spares	
- Engineering stores and spares	767.80
- Goods in transit	39.26
	807.06
Loose tools	22.55
	829.61
Less: Provision for obsolescence, slow/non-moving engineering stores, spares and loose tools	-
	829.61
Stock-in-trade	
- In-flight inventory	77.60
Fuel	
- Fuel	6.21
- Goods in transit	718.08
Total	**1,631.50**

10 Trade receivables

Particulars	As at 31 March 2017
Unsecured, considered good, unless otherwise stated	
Trade receivables	
- Considered good	1,587.02
- Considered doubtful	71.45
	1,658.47
Less: Impairment allowances for doubtful receivables	71.45
Total	**1,587.02**

The carrying amount of trade receivables approximates their fair value, is included in Note 29.
The Group's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 29.

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(Rupees in millions, except for share data and if otherwise stated)

11 Cash and cash equivalents

Particulars	**As at 31 March 2017**
Cash on hand	43.17
Balance with banks:	
- On current account#	1,488.02
Total	**1,531.19**

Current account balance with banks includes Rs. 71.43 held in foreign currency which are freely remissible to the Group.

12 Bank balances other than cash and cash equivalents

Particulars	**As at 31 March 2017**
Bank balances other than cash and cash equivalents*	
- On deposit account	44,794.26
Total	**44,794.26**

*Bank deposits include Rs. 39,471.53 as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

13 Share capital

	Particulars	**As at 31 March 2017**
a.	**Authorised***	
	Equity shares	
	750,000,000 equity shares of Rs. 10 each	7,500.00
	Total	**7,500.00**
b.	**Issued, subscribed and paid up**	
	361,468,363 equity shares of Rs. 10 each fully paid up	3,614.68
	Total	**3,614.68**

* Refer to Note 13 i.

c. Reconciliation of number of equity shares outstanding at the beginning and end of the year :

Particulars	**For the year ended 31 March 2017**
Equity shares issued, subscribed and paid up	
Equity shares at the beginning of the year	360,356,544
Equity shares increased during the year :	
- Issued during the year pursuant to exercise of employee stock options scheme (Refer to Note 38)	1,111,819
Equity shares at the end of the year	**361,468,363**

d. Terms / rights attached to each classes of shares

Equity shares

The Company has only one class of equity share. The par value of the share issued initially till 24 June 2015 was Rs. 1,000 per share. With the approval of the members at the Extraordinary General Meeting ('EGM') of the Company held on 25 June 2015 the par value of the share was changed to Rs. 10 per share. Refer to Note 13 i.(iv). Each holder of the equity share is entitled to one vote per share and is entitled to dividend, declared if any. The paid up equity shares of the Company rank pari-pasu in all respects, including dividend. The final dividend proposed by the Board of Directors of the Company is subject to the approval of the shareholders in the ensuing Annual General Meeting. The interim dividend is declared by the Board of Directors. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

e. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	**As at 31 March 2017**	
	Number of Shares	**Amount**
Equity shares allotted as fully paid bonus shares by capitalization of capital redemption reserve in the year ended 31 March 2016	155,400,000	1,554.00
Equity shares allotted as fully paid bonus shares by capitalization of general reserve in the year ended 31 March 2016	153,944,400	1,539.44
Total	**309,344,400**	**3,093.44**

During the year ended 31 March 2016, the Company had issued 309,344,400 fully paid bonus shares during the period of five years immediately preceding the reporting date. The above shares were issued for Rs. 10 each. Refer to Note 13 i.(i).

f. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	**As at 31 March 2017**
	Number of Shares
Equity shares allotted pursuant to scheme of merger (Refer to Note 41)	147,000
Total	**147,000**

The Company in addition to the shares as stated in Note 13 e. above has issued 147,000 fully paid shares for consideration other than cash during the previous year ended 31 March 2016, during the period of five years immediately preceding the reporting date. The above shares were issued for Rs. 1,000 each, which were subsequently sub divided into equity share of Rs. 10 each. Refer to Note 13 i.(iv)

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(Rupees in millions, except for share data and if otherwise stated)

13 Share capital (continued)

g. Shareholders holding more than 5% shares in the Company:

Particulars	Class of share	As at 31 March 2017	
		Number of Shares	%
InterGlobe Enterprises Limited	Equity shares	153,649,581	42.51%
Rakesh Gangwal	Equity shares	60,860,713	16.84%
The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	Equity shares	56,375,730	15.60%
Shobha Gangwal	Equity shares	34,852,858	9.64%

h. Shares reserved for issuance under Stock Option Plans of the Company

For details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company. (Refer to Note 13 i.(ii), (iii) and Note 38).

i. Other notes

(i) The Shareholders' at the EGM of the Company held on 25 June 2015, approved capitalization of sum of Rs. 3,093.44, out of the balance in the Company's Capital Redemption Reserve / General Reserve and issued and allotted 309,344,400 equity shares of Rs. 10 each as bonus shares in the proportion of 9 fully paid equity shares of Rs. 10 each for every equity share of Rs. 10 held as on the record date which is 25 June 2015.

(ii) The Shareholders' at the EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited-Tenured Employee Stock Option Scheme 2015 (ESOS 2015-I)" comprising 1,111,819 stock options, convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the ESOS 2015-I. All options under ESOS 2015-I have been granted on 25 June 2015. During the year ended 31 March 2017, 1,111,819 options vested on 25 June 2016 and were subsequently exercised by the employees. Further, 1,111,819 equity shares of Rs. 10 each were allotted to the employees on exercise of option. Refer to Note 38.

(iii) Further, the Shareholders' at the EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited- Employee Stock Option Scheme 2015 (ESOS 2015-II)" comprising 3,107,674 stock options, convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the ESOS 2015-II scheme. Out of the above, 2,267,143 stock options were granted on 30 October 2015 and 353,299 stock options were granted on 16 September 2016. Refer to Note 38.

(iv) The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on 25 June 2015, approved the reclassification and sub-division of the authorized share capital of the Company aggregating to Rs. 2,200.00, comprising of 500,000 equity shares of Rs. 1,000 each aggregating to Rs. 500.00; 1,600,000 0.00% non-cumulative redeemable preference shares of Rs. 1,000 each aggregating Rs. 1,600.00 and 100,000 0.00% convertible preference shares of Rs. 1,000 each aggregating Rs. 100.00 to 220,000,000 equity shares of Rs. 10 each aggregating to Rs. 2,200.00.

14 Other equity

Particulars	As at 31 March 2017
Equity component of compound financial instruments	58.79
Reserves and surplus	34,152.69
Other comprehensive income - Remeasurement of defined benefit plans (net of tax)	(34.40)
Total	**34,177.08**

a. Equity component of compound financial instruments

Particulars	For the year ended 31 March 2017
Nil 0.00% convertible preference shares of Rs. 1,000 each*	
Balance at the beginning of the year	58.79
Balance at the end of the year	**58.79**

* The fully paid up convertible preference shares of Rs.1,000 each were issued by the Company at a premium ranging from Rs. 5,650 to Rs. 6,642 per share with 0.00% coupon rate and are convertible into equity shares of the Company in the ratio of 1:1 not earlier than (a) the initial public offer of the Company; or (b) a strategic sale of the Company. In the event of liquidation of the Company before conversion of preference shares, the preference shareholders had priority over the equity shares in the repayment of the capital. The holder of preference shares were entitled to one vote per share at any meeting of the Company on any resolutions of the Company directly affecting their rights.
During the previous year ended 31 March 2016, the Company converted 36,716 fully paid up 0.00% convertible preference shares into equity shares of the Company in the prescribed ratio of 1:1, vide resolution passed by the Board at its meeting held on 23 June 2015.

b. Reserves and surplus

Particulars	As at 31 March 2017
Employee stock option outstanding account (Refer to Note 38)	549.12
Securities premium reserve	12,604.58
General reserve	389.07
Retained earnings	20,609.92
Total	**34,152.69**

(i) Employee stock option outstanding account

Particulars	For the year ended 31 March 2017
Balance at the beginning of the year	677.07
Employee stock option scheme expense (Refer to Note 38)	504.89
Amount utilized / transfer for issue of shares pursuant to exercise of employee stock options scheme (Refer to Note 38)	(632.84)
Balance at the end of the year	**549.12**

Employee stock option outstanding account is used to record the impact of employee stock option schemes. Refer to Note 38 for further details of these plans.

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(Rupees in millions, except for share data and if otherwise stated)

14 Other equity (continued)

(ii) Securities premium reserve

Particulars	**For the year ended 31 March 2017**
Balance at the beginning of the year	11,971.74
Premium received during the year on account of issue of shares (Refer to Note 13 i. and Note 38)	632.84
Balance at the end of the year	**12,604.58**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iii) General reserve

Particulars	**For the year ended 31 March 2017**
Balance at the beginning of the year	389.07
Utilised during the year for issuing bonus shares (Refer to Note 13 i.(iii))	-
Balance at the end of the year	**389.07**

The Company transferred certain percentage of retained earnings to general reserve as per the provisions for dividend distribution under the Companies Act, 1956. During the previous year ended 31 March 2016, the general reserve has been utilized for issuance of bonus shares as per the provisions of the Companies Act, 2013.

(iv) Retained earnings

Particulars	**For the year ended 31 March 2017**
Balance at the beginning of the year	10,544.28
Add: Profit for the year	16,591.47
Amount available for appropriation	**27,135.75**
Less: Appropriations	
Final dividend (Refer note below)	(5,422.03)
Corporate dividend tax	(1,103.80)
Balance at the end of the year	**20,609.92**

Dividend

The following dividend was declared and paid by the Company

Particulars	**For the year ended 31 March 2017**
Final dividend of Rs. 15 per share*	5,422.03

* On 29 April 2016, the Board of Directors of the Company has recommended a final dividend of Rs. 15 per share (face value of Rs. 10 per share) for the financial year ended 31 March 2016 and the same was approved by the shareholders at the Annual General Meeting of the Company held on 21 September 2016.

After the reporting date the following dividend was proposed by the Board of Directors of the Company subject to the approval of shareholders of the Company at its Annual General Meeting; Accordingly, the dividends have not been recognised as liabilities. Dividends would attract corporate dividend tax when declared.

Particulars	**For the year ended 31 March 2017**
Final dividend of Rs. 34 per share **	12,289.92
Corporate dividend tax	2,501.94

** On 9 May 2017, the Board of Directors of the Company has recommended a final dividend of Rs. 34 per share (face value of Rs. 10 per share) for the financial year ended 31 March 2017, subject to approval of the shareholders in the upcoming Annual General Meeting of the Company.

c. Other comprehensive income - Remeasurement of defined benefit plans (net of tax)

Particulars	**For the year ended 31 March 2017**
Other comprehensive income	
Balance at the beginning of the year	(12.68)
Actuarial losses on defined benefit plan for the year (net of tax) (Refer to Note 33)	(21.72)
Balance at the end of the year	**(34.40)**

15. Financial liabilities

15.a Borrowings

Particulars	**As at 31 March 2017**
Secured	
Term loans:	
Foreign currency term loan	
- From others	4,604.00
Other loans:	
Long-term maturities of finance lease obligations	19,353.08
Total	**23,957.08**

Current maturities of foreign currency term loans and finance lease obligations amounting to Rs. Nil and Rs. 2,004.66, respectively have been disclosed under 'Other financial liabilities' (Refer to Note 15.b).

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 29.

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(Rupees in millions, except for share data and if otherwise stated)

15.a Borrowings (continued)

Secured - Term loans
As at 31 March 2017

Particulars	Disclosed under	As at 31 March 2017	Interest rate*	Period of maturity from the reporting date
Foreign currency term loan - USD#	Financial liabilities - borrowings	4,604.00	USD LIBOR plus markup	82 months

* Markup is 275 basis points over 6 month USD LIBOR. The period of maturity from the date of origination is 137 months.

The above mentioned loan is repayable in twenty unequal instalments ranging between USD 4 million to USD 6 million between the period September 2022 - December 2023.

Foreign currency term loan is secured by way of assignment of rights, title, benefits and interests of the Company in respect to Buyer-furnished equipment ('BFE') installed or to be installed in the aircraft under BFE Security and Assignment Agreement. Moreover, the lender has a contractual right to buy certain aircraft to be delivered to the Company partially by utilizing the pre-delivery payments under the agreement signed by Airbus S.A.S, lender and the Company.

There are no defaults as on reporting date in repayment of principal and interest.

Secured - Other loans
Finance lease obligations

Certain aircraft have been obtained on finance lease, the obligation of which will be contractually settled in USD. The legal title to these items vests with the lessors. The lease term for aircraft is 12 years and year of maturity ranges between March 2025 to September 2026 with quarterly payments beginning from the quarter subsequent to the commencement of the lease. The total future minimum lease payments as at the reporting date, element of interest included in such payments and present value of these minimum lease payments are as follows:

Particulars	As at 31 March 2017	
	Non-current	Current
(a) Total future minimum lease payments	23,317.11	2,992.98
(b) Future interest included in (a) above	3,964.03	988.32
(c) Present value of future minimum lease payments [(a-b)]	19,353.08	2,004.66

The rate of interest for aircraft acquired on finance lease is inclusive of transaction costs and margin over 3 months USD LIBOR. Interest is paid with margin over 3 months USD LIBOR, margin is less than 250 basis points.

Finance lease obligation amounting to Rs. 21,357.74 are secured against the respective aircraft.

There are no defaults as on reporting date in repayment of principal lease and interest payments.

The future minimum lease payments and their present value as at 31 March 2017 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year	2,004.66	988.32	2,992.98
Later than one year and not later than five years	9,055.35	2,925.21	11,980.56
Later than five years	10,297.73	1,038.82	11,336.55
Total	**21,357.74**	**4,952.35**	**26,310.09**

15.b Other financial liabilities

Particulars	As at 31 March 2017	
	Non-current	Current
Interest accrued but not due on borrowings	-	112.57
Current maturities of finance lease obligations (Refer to Note 15.a)	-	2,004.66
Maintenance advance	-	2,956.93
Supplementary rentals	22,685.34	9,248.51
Total	**22,685.34**	**14,322.67**

The Group's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 29.

16 Provisions

Particulars	As at 31 March 2017	
	Non-current	Current
Provision for employee benefits		
- Provision for defined benefit plans (Refer to Note 33)	420.21	74.75
- Provision for other long term employee benefits	407.30	348.85
Others		
- Provision for redelivery and overhaul cost	396.43	243.46
Total	**1,223.94**	**667.06**

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(Rupees in millions, except for share data and if otherwise stated)

16 Provisions (continued)

Provision for redelivery and overhaul cost

The schedule of provision as required to be disclosed in compliance with Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

Particulars	For the year ended 31 March 2017
Balance as at beginning of the year	339.16
Provisions created during the year	286.55
Interest accretion on provisions during the year	26.38
Impact of exchange loss on restatement of opening provision	(49.12)
Impact of exchange loss on restatement of closing provision	36.92
Balance as at end of the year	**639.89**
Balance as at end of the year - Non-current	396.43
Balance as at end of the year - Current	243.46

Aircraft maintenance costs also includes provision for overhaul expenses for certain aircraft held under operating leases. These are recorded at discounted value, where effect of the time value of money is material.
The Group has in its fleet aircraft on operating lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. The redelivery costs are estimated by management based on historical trends and data, and are recorded in the Consolidated Financial Statements in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

The measurement of the provision for redelivery and overhaul cost includes assumptions primarily relating to expected costs and discount rates commensurate with the expected obligation maturity schedules. An estimate is therefore made to ensure that the provision corresponds to the present value of the expected costs to be borne by the Group. Judgement is exercised by management given the long-term nature of assumptions that go into the determination of the provision.
Expected timing of resulting outflow of economic benefit is financial year 2018 - 2023 and the Group calculates the provision using Discounted Cash Flow (DCF) method.

Sensitivity analysis for key assumptions used:

If expected cost differ by 10% from management's estimate, while holding all other assumptions constant, the provision for redelivery and overhaul cost may increase/ decrease by Rs. 63.31.
If expected discount rate differ by 1%, while holding all other assumptions constant, the provision for redelivery and overhaul cost may increase/ decrease by Rs. 3.75.

17 Trade payables

Particulars	As at 31 March 2017
- Related parties (Refer to Note 35)	205.82
- Other trade payables	7,540.28
Total	**7,746.10**

The Group's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 29.

18 Other liabilities

Particulars	As at 31 March 2017	
	Non-current	Current
Advances from customers	-	1,770.40
Forward sales	-	15,584.20
Employee related liabilities	75.00	1,151.61
Statutory dues	-	1,219.64
Total	**75.00**	**19,725.85**

19 Income tax

a. Amounts recognised in the Consolidated Statement of Profit and Loss comprises :

Particulars	For the year ended 31 March 2017
Current tax:	
- Current year	4,943.11
- Previous years	(31.60)
	4,911.51
Deferred tax expense	
Attributable to-	
Origination and reversal of temporary differences	524.83
MAT credit entitlement written back	(584.82)
	(59.99)
Total income tax expense	**4,851.52**

Income tax recognised in other comprehensive income

Particulars	For the year ended 31 March 2017
Remeasurements of defined benefit plans	(33.22)
Income tax relating to above mentioned item	11.50

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19 Income tax (continued)

b. Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2017
Profit before tax	21,442.99
Tax using the enacted tax rate in India - 34.608%	7,420.99
Tax effect of:	
Income not liable to tax	(1,707.57)
Additional deduction on employee stock option scheme expense	(144.73)
Adjustments in current tax of previous years	(31.60)
MAT credit entitlement written back	(584.82)
Others	(100.75)
Income tax expense	**4,851.52**

c. Income tax assets and income tax liabilities:

Particulars	As at 31 March 2017
Income tax assets (net of current income tax liabilities Rs. 5,071.48)	97.60
Less: Current income tax liabilities (net of current income tax assets of Rs. 14,238.55)	446.77
Net income tax liability at the year end	**(349.17)**

d. The tax effect of deferred tax assets and liabilities comprises of :

Particulars	As at 31 March 2017
Property plant and equipment and Other intangible assets	(5,018.33)
Other non-current assets	(1,374.67)
Investments at FVTPL	(189.11)
Financial liabilities at amortised cost	(1,262.91)
Financial assets at amortised cost	1,599.96
MAT credit entitlement	3,792.73
Employee related provisions and liabilities	623.35
Other liabilities and provisions	162.92
Others	48.00
Deferred tax liabilities (net)	**(1,618.06)**

The Group has recognised MAT credit entitlement in the reporting year. The utilisation of MAT credit entitlement (unused tax credits) is depended on future taxable profits. The MAT credit entitlement is recognised only to the extent that it is probable that future taxable profits will be available against which such MAT credit entitlement can be utilised. However, if there is a change in future taxable profits, which will also make the Group to foresee recognition of such unrecognised MAT credit entitlement amounting to Rs. 1,017.21, the same may be recognised.

e. Movement in deferred tax assets / (liabilities) balances

Particulars	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	Others*	Net balance 31 March 2017
Property plant and equipment and other intangible assets	(4,629.84)	(388.49)	-	-	(5,018.33)
Other non-current assets	(1,111.92)	(262.75)	-	-	(1,374.67)
Investments at FVTPL	(41.57)	(147.54)	-	-	(189.11)
Financial liabilities at amortised cost	(911.67)	(351.24)	-	-	(1,262.91)
Financial assets at amortised cost	1,357.45	242.51	-	-	1,599.96
MAT credit entitlement	3,429.67	584.82	-	(221.76)	3,792.73
Employee related provisions and liabilities	520.54	91.31	11.50	-	623.35
Other liabilities and provisions	(137.41)	300.33	-	-	162.92
Others	56.96	(8.96)	-	-	48.00
Deferred tax liabilities (net)	**(1,467.79)**	**59.99**	**11.50**	**(221.76)**	**(1,618.06)**

* Represent minimum alternative tax utilised during the year.

f. Expiry of unrecognised MAT credit entitlement:

Particulars	As at 31 March 2017	
	Amount	Year of expiry upto
MAT credit entitlement - written off	1,017.21	2021

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(Rupees in millions, except for share data and if otherwise stated)

20 Revenue from operations

Particulars	For the year ended 31 March 2017
Sale of services	
- Passenger services	174,009.88
- Cargo services	8,761.86
- Tours and packages	33.04
Sale of products	
- In-flight sales (traded goods)	1,595.90
Other operating revenue	
- Incentives	504.43
- Others*	899.89
Total	**185,805.00**

* Others includes advertisement and commission income, claims received from service providers.

21 Other income

Particulars	For the year ended 31 March 2017
Interest income from bank deposits	3,913.27
Interest income from financial assets at amortised cost	488.02
Net gain on sale of current investments	1,221.27
Marked to market gain on current investments	546.42
Other non-operating income (net):	
- Profit on sale of property, plant and equipment (net of loss on sale of property, plant and equipment Rs. 210.80)	24.58
- Foreign exchange gain (net)	825.99
- Liabilities no longer required written back	414.93
- Miscellaneous income	456.22
Total	**7,890.70**

22 Purchase of stock-in-trade

Particulars	For the year ended 31 March 2017
In-flight purchases	1,238.32
Total	**1,238.32**

23 Changes in inventories of stock-in-trade

Particulars	For the year ended 31 March 2017
In-flight purchases	
- Opening stock	74.66
- Closing stock	(77.60)
Net increase in stock-in-trade	**(2.94)**

24 Employee benefits expense

Particulars	For the year ended 31 March 2017
Salaries, wages and bonus	19,471.41
Contribution to provident and other funds (Refer to Note 33)	373.13
Employee stock option scheme expense (Refer to Note 38)	504.89
Staff welfare expenses	132.47
Total	**20,481.90**

25 Finance costs

Particulars	For the year ended 31 March 2017
Interest expenses:	
- Interest on borrowings measured at amortised cost	179.98
- Finance lease charges on finance lease obligations measured at amortised cost	1,298.99
- Interest accretion on provisions and other financial liabilities measured at amortised cost	1,670.58
- Interest others	158.25
Total	**3,307.80**

26 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2017
Depreciation on property, plant and equipment (Refer to Note 3)	4,398.09
Amortisation on other intangible assets (Refer to Note 4)	174.44
Total	**4,572.53**

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27 **Other expenses**

Particulars	For the year ended 31 March 2017
Landing fees and en route charges	18,680.18
Aircraft repair and maintenance (net)	6,905.98
Redelivery and overhaul cost (Refer to Note 16)	286.55
Consumption of stores and spares and loose tools	1,211.68
Repairs and maintenance	413.96
Insurance	
- aircraft	306.02
- others	139.48
Tours and packages	15.45
Reservation cost	1,231.38
Commission	6,878.51
Sales promotion and advertisement	943.84
In-flight and passenger cost	1,002.79
Crew accommodation and transportation	2,505.90
Operating cost of software	1,155.22
Training	1,132.87
Legal and professional	980.90
Auditor's remuneration:	
- Audit fees	10.60
- Limited reviews	5.25
- Tax audit	0.80
- Other matters	3.05
- Reimbursement of expenses	2.26
Recruitment cost	76.14
Rent (Refer to Note 28)	897.07
Rates and taxes	72.14
Bank charges	753.71
Property, plant and equipment written off	47.46
Travelling and conveyance	620.40
Printing and stationery	174.67
Communication and information technology	77.15
Other operating cost	906.75
Advance written off	9.09
Corporate social responsibility expenses (Refer to Note 37)	215.81
Sitting fees	2.00
Miscellaneous expenses	321.18
Total	**47,986.24**

28 **Operating leases**

Operating leases for aircraft and engines

The Group has taken aircraft on dry operating lease from lessors. Under the aircraft operating lease arrangement, the Group accrue monthly rental in the form of base and supplementary rentals. Base rental payments are either based on floating interest rates or on fixed rentals. Supplementary rentals are based on aircraft utilisation and are calculated with reference to the number of hours or cycles operated during each month. Both base and supplementary rentals have been charged to Consolidated Statement of Profit and Loss. The Lease has varying terms, escalation clauses and renewal rights. On renewal the terms of leases are renegotiated.

Total future minimum lease payments due under non-cancellable operating leases (except supplementary rental which are based on aircraft utilization and calculated on number of hours or cycles operated) are as follows:

Particulars	As at 31 March 2017
Less than one year	25,603.42
Between one and five years	54,159.89
More than five years	3,445.52
Total	**83,208.83**

Aircraft and engine rentals, recognised in Consolidated Statement of Profit and Loss amounting to Rs. 31,253.73 are also net of cash and non-cash incentives and certain other credits, exclusive of claims, amounting to Rs. 5,332.06.

Operating leases for assets other than aircraft and engines

The Group has taken its office premises, various commercial premises and residential premises for its employees under cancellable operating lease arrangements.

The lease payments charged during the year to the Consolidated Statement of Profit and Loss amounting to Rs. 897.07. The lease has varying terms, escalation clauses and renewal rights. On renewal the terms of leases are renegotiated.

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(Rupees in millions, except for share data and if otherwise stated)

29 Fair value measurement and financial instruments

a. Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilties, including their levels in the fair value hierarchy.

As on 31 March 2017

Particulars	Note	Carrying value				Fair value measurement using		
		FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets								
Non-current								
Investments	5	0.18	-	-	0.18	-	-	0.18
Loans	6	-	-	5,440.26	5,440.26	-	-	5,305.46
Other financial assets*	7	-	-	10,356.39	10,356.39			
Current								
Investments	5	37,134.10	-	-	37,134.10	-	37,134.10	-
Trade receivables*	10	-	-	1,587.02	1,587.02			
Cash and cash equivalents*	11	-	-	1,531.19	1,531.19			
Bank balances other than cash and cash equivalents*	12	-	-	44,794.26	44,794.26			
Loans	6	-	-	39.76	39.76	-	-	39.76
Other financial assets*	7			4,100.86	4,100.86			
TOTAL		**37,134.28**	-	**67,849.74**	**104,984.02**			
Financial liabilities								
Non-current								
Borrowings#	15.a	-	-	23,957.08	23,957.08	-	-	23,957.08
Other financial liabilities								
Supplementary rentals	15.b	-	-	22,685.34	22,685.34	-	-	22,932.78
Current								
Trade payables*	17	-	-	7,746.10	7,746.10			
Other current financial liabilities								
Interest accrued but not due on borrowings#	15.b	-	-	112.57	112.57	-	-	112.57
Current maturities of finance lease obligations#	15.b	-	-	2,004.66	2,004.66	-	-	2,004.66
Supplementary rentals	15.b	-	-	9,248.51	9,248.51	-	-	9,300.67
Maintenance advance*	15.b	-	-	2,956.93	2,956.93			
TOTAL		-	-	**68,711.19**	**68,711.19**			

The Group's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, maintenance advance and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

The fair values for loans were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of supplementary rentals are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

There has been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2017.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of NAV for unqouted mutual funds.
- the fair value of the remaining financial instruments is determined using discounted cash flow method.

Valuation processes

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Senior Management. Discussions on valuation and results are held between the Senior Management and valuation team atleast once every year in line with the Group's annual reporting period.

b. Financial risk management

The Group has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ;
- Market Risk - Foreign currency ; and
- Market Risk - Interest rate

Risk management framework

The Board of Directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management policies and ensuring its effectiveness.

The Group's risk management policies are established to identify and analyse the risks faced by the Group to set appropriate risks limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Risk management committee oversees how management monitors compliance with Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group.

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(Rupees in millions, except for share data and if otherwise stated)

29 b. Financial risk management (continued)

(i) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Consolidated Balance Sheet

Particulars	As at 31 March 2017
Trade receivables	1,587.02
Loans	5,480.02
Cash and cash equivalents	1,531.19
Other bank balances other than cash and cash equivalents	44,794.26
Other financial assets	14,457.25

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
Credit risk on cash and cash equivalents and bank deposits is limited as the Group generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units. The loans primarily represents security deposits given to aircraft manufacturer. Such deposit will be returned to the Group on deliveries of the aircraft by the aircraft manufacturer. The credit risk associated with such deposits is relatively low.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and certain parts of Middle East and South Asia. Trade receivables also includes receivables from credit card companies which are realisable within a period 2 to 21 working days. The Group does monitor the economic environment in which it operates. The Group manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Group grants credit terms in the normal course of business.

The Group sells majority of its passenger services against deposits made by agents (customer) and through online channels.

On adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Group's historical experience for customers. Based on the business environment in which the Group operates, management considers that the trade receivables (other than receivables from government departments) are in default (credit impaired) if the payments are more than 90 days past due however the Group based upon past trends determine an impairment allowance for loss on receivables outstanding for more than 180 days past due.

Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers. Trade receivables as at year end primarily includes Rs. 730.62 relating to revenue generated from passenger services and Rs. 920.36 relating to revenue generated from cargo services.

The Group's exposure to credit risk for trade receivables is as follows:

Particulars	Gross carrying amount As at 31 March 2017
1-90 days past due *	1,268.62
91 to 180 days past due	191.26
More than 180 days past due #	198.59
	1,658.47

* The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour.
# The Group based upon past trends determine an impairment allowance for loss on receivables outstanding for more than 180 days past due.
# Receivables more than 180 days past due primarily comprises receivables from government departments, which are fully realisable on historical payment behaviour and hence no loss allowance has been recognised and from agents for which the impairment allowance has already been recognised on specific credit risk factor.
The allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2017 is insignificant and hence the same has not been recognised. The reversal for lifetime expected credit loss on customer balances for the year ended 31 Mach 2017 is Rs. Nil.

Movement in the allowance for impairment in respect of trade receivables

Particulars	For the year ended 31 March 2017
Balance at the beginning of the year	71.45
Impairment loss recognised / (reversed)	-
Amount written off	-
Balance at the end of the year	71.45

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Group's approach to manage liquidity is to have sufficient liquidity to meet it's liabilties when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Group's reputation.
The Group believes that its liquidity position, including total cash (including bank deposits under lien and excluding interest accrued but not due) and short-term investments of Rs. 93,431.85 as at 31 March 2017 anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of Rs. 46,271.25 will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Group believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Group will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.
The Group's liquidity management process as monitored by management, includes the following:
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Group's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

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29 b. Financial risk management (continued)

Exposure to liquity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted, and includes interest accrued but not due on borrowings.

As at 31 March 2017	Carrying amount	Contractual cash flows				
		Less than six months	Between six months and one year	Between one and five years	More than 5 years	Total
Foreign currency term loans from others	4,604.00	-	-	-	4,604.00	4,604.00
Finance lease obligations (including current maturities)	21,357.74	1,160.69	1,176.80	10,075.02	10,671.40	23,083.91
Interest accrued but not due on borrowings	112.57	100.88	-	-	-	100.88
Supplementary rentals	31,933.85	3,011.94	6,637.71	26,201.14	178.96	36,029.75
Maintenance advance	2,956.93	1,744.33	1,212.60	-	-	2,956.93
Trade payables	7,746.10	7,746.10	-	-	-	7,746.10
Total	**68,711.19**	**13,763.94**	**9,027.11**	**36,276.16**	**15,454.36**	**74,521.57**

(iii) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

Exposure to interest rate risk

The Group's interest rate risk arises majorly from the foreign currency term loan and finance lease obligations carrying floating rate of interest. These obligations exposes the Group to cash flow interest rate risk. The exposure of the Group's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Variable-rate instruments	As at 31 March 2017
Foreign currency term loan- from others	4,604.00
Finance lease obligations (including current maturities)	21,357.74
Total	**25,961.74**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the proft or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Consolidated Statement of Profit and Loss	
	Increase by 0.50 %	Decrease by 0.50 %
Increase/ (decrease) in interest on foreign currency term loans-from others and on finance lease obligations		
For the year ended 31 March 2017	128.43	(128.43)

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29 b. Financial risk management (continued)

B. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Group's operating, investing and financing activities.

Exposure to foreign currency risk

The summary of quantitative data about the Group's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2017 are as below:

As at 31 March 2017

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR
Financial assets										
Trade receivables	0.20	2.15	-	161.34	9.92	44.58	2.44	1.00	-	-
Cash and cash equivalents	-	-	-	39.97	5.12	5.86	8.79	11.89	-	-
Loans	5,038.97	-	-	0.13	5.94	-	0.52	0.24	-	-
Other financial assets	1,179.76	-	-	37.67	-	-	2.06	0.63	-	-
Total financial assets	**6,218.93**	**2.15**	-	**239.11**	**20.98**	**50.44**	**13.81**	**13.76**	-	-
Financial liabilities										
Borrowings	25,961.74	-	-	-	-	-	-	-	-	-
Other financial liabilities	35,003.35	-	-	-	-	-	-	-	-	-
Trade payables	2,145.14	80.46	16.28	267.62	18.02	44.71	15.74	14.70	9.10	2.48
Total financial liabilities	**63,110.23**	**80.46**	**16.28**	**267.62**	**18.02**	**44.71**	**15.74**	**14.70**	**9.10**	**2.48**

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2017 would have affected the measurement of financial instruments denominated in functional currency and affected Consolidated Statement of Profit and Loss by the amounts shown below. This analysis is peformed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Consolidated Statement of Profit and Loss for the year ended 31 March 2017	
	Gain/ (Loss) on appreciation	Gain/ (Loss) on depreciation
1% appreciation/ depreciation in Indian Rupees against following foreign currencies :		
AED	0.29	(0.29)
CHF	0.09	(0.09)
EUR	0.78	(0.78)
GBP	0.16	(0.16)
NPR	(0.03)	0.03
OMR	(0.06)	0.06
SGD	0.02	(0.02)
THB	0.01	(0.01)
QAR	0.02	(0.02)
USD*	355.34	(355.34)
Total	**356.62**	**(356.62)**

USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, NPR: Nepalese Rupee, OMR: Omani Rials , THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, QAR: Qatari Riyal.

*The sensitivity analysis to foreign currency risk excludes an exposure to foreign exchange fluctuations on long term foreign currency monetary loans that have been capitalised in the cost of the related property plant and equipment. For the year ended 31 March 2017, 1% appreciation in Indian Rupees against USD, affects the adjustment to leased asset (aircraft taken on finance lease) by Rs. 213.58. It is expected to impact the Consolidated Statement of Profit and Loss over the remaining life of the property, plant and equipment as an adjustment to depreciation charge.

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30 Capital Management

The primary objective of the management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. Management also monitors the return on equity.

The Board of directors regularly review the Group's capital structure in light of the economic conditions, business strategies and future commitments.

For the purpose of the Group's capital management, capital includes issued capital, securities premium and all other equity reserves. Debt includes, foreign currency term loan and finance lease obligations.

During the financial year ended 31 March 2017, no significant changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

Debt equity ratio:

Particulars	As at 31 March 2017
Foreign currency term loan- from others	4,604.00
Finance lease obligations	21,357.74
Total debt (A)	**25,961.74**
Equity share capital	3,614.68
Other equity	34,177.08
Total equity (B)	**37,791.76**
Debt equity ratio (A = A/B)	**0.69**

Return on equity:

Particulars	For the year ended 31 March 2017
Profit after tax	**16,591.47**
Equity share capital	3,614.68
Other equity	34,177.08
Equity attributable to owners of the Company	**37,791.76**
Return on equity ratio (%)	**44%**

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31 Contingent liabilities (to the extent not provided for)

The Group is a party to various taxation disputes and legal claims, which are not acknowledged as debts as detailed below. Significant management judgement is required to ascertain that it is not probable that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claims.

(i) Income tax

The income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. The Group has received favourable order from the final fact finding authority, Income Tax Appellate Tribunal ("ITAT") for three years i.e. Assessment Year ('AY') 2007-08, AY 2008-09 and AY 2009-10 against such disallowance and/or adjustments made by tax authorities. However, the tax authorities have filed an appeal before the High Court against the order of the ITAT. The Group believes, based on advice from counsels/experts, that the views taken by the ITAT are sustainable in higher courts and accordingly no provision is required to be recorded in the books of account. The tax exposure (excluding interest and penalty) estimated by the Group pertaining to these cases amounts to Rs. 4,177.82 as at 31 March 2017. This exposure is net of Rs. 1,017.21 which represents minimum alternate tax recoverable written off in the earlier years.

(ii) The Group is in legal proceedings for various disputed legal matters related to Customs, Octroi, Service Tax and Value Added Tax (VAT). The amounts involved in these proceedings, not acknowledged as debt, are:
(1) Service Tax- Rs. 145.68,
(2) Value Added Tax - Rs. 7.85 and
(3) Octroi - Rs. 74.45.
The Group believes, based on advice from counsels/experts, that the views taken by authorities are not sustainable and accordingly no provision is required to be recorded in the books of account.

(iii) Other legal cases

1) As per the notification dated 1 January 2016, The Payment of Bonus (Amendment) Act, 2015 is applicable retrospectively w.e.f 1 April 2014. While the Group has considered the impact of this amendment for the current and previous financial year, in view of the partial stay granted by Karnataka and Kerala High Court, the impact of this amendment for the period 1 April 2014 till 31 March 2015 amounting to Rs. 19.47 has not been acknowledged as debt.

2) Ministry of Civil Aviation, Government of India, vide their Order No. AV 13011/3/2016 dated 9 November 2016 stated that Regional Connectivity Fund Levy will be imposed on scheduled flights being operated within India to fund the Regional Connectivity Fund (RCF). Pursuant to the above order, Airport Authority of India has raised invoice amounting to Rs. 646.71 on the Company for the period ended as on 31 March 2017. Federation of Indian Airlines has filed a writ petition before High Court of Delhi to challenge these RCF Levy. The matter is currently pending with the High Court of Delhi. Moreover, the Company, based on advice received from experts, believes that the levy to fund the RCF is not tenable and accordingly no provision is required to be recorded in the books of account.

(iv) Other legal proceedings for which the Group is contingently liable
The Group is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial statements and hence no provision has been set-up against the same.

Notes:
Pending resolution of the respective proceedings, it is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities. Accordingly, the above mentioned contingent liabilities are disclosed at undiscounted amount.

32 Commitments

Particulars	**As at 31 March 2017**
a. Estimated amount of contracts remaining to be executed on capital account and other commitments, and not provided for in the books of account [net of advances Rs. 119.65]	1,430,211.59
	1,430,211.59

For non-cancellable operating and finance leases commitments Refer to Note 28 and Note 15 (a).

33 Employee benefits

The Group contributes to the following post-employment benefit plans in India.

Defined contribution plan
The Group pays provident fund contributions to the appropriate government authorties at rate specified as per regulations.
An amount of Rs. 362.55 has been recognised as an expense in respect of the Group's contribution to Provident Fund deposited with the relevant authorities and has been shown under Employee benefits expense in the Consolidated Statement of Profit and Loss.

Defined benefit plan
The Group operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Group on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The following table sets out the status of the defined benefit plan as required under Ind-AS 19 - Employee Benefits:

a. Passenger services

(i) Changes in present value of defined benefit obligation:

Particulars	**For the year ended 31 March 2017**
Present value of obligation at the beginning of the year	**364.18**
Interest cost	30.15
Current service cost	99.77
Benefits paid	(46.14)
Remeasurements - experience adjustments	1.13
Remeasurements - actuarial loss/ (gain) from changes in assumptions	30.41
Present value of obligation the end of the year	**479.50**

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33 Employee benefits (continued)

(ii) Assumptions:

Particulars	As at 31 March 2017
Economic assumptions	
Discount rate	7.11%
Rate of increase in compensation levels	Non crew 10.75% Crew 5.75%
Demographic assumptions:	
Retirement age	Pilot : 65 years Cabin Crew : 40 years Non Crew : 60 years
Mortality table	IALM (2006-08)
Withdrawal	18%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

(iii) Sensitivity analysis

Defined benefit obligation

Change in assumptions	As at 31 March 2017	
	Increase by 1%	Decrease by 1%
Increase/ (decrease) in obligation with 1% movement in discount rate	(34.97)	35.58
Increase/ (decrease) in obligation with 1% movement in future rate of increase in compensation levels	49.54	(48.92)

The sensitivity analysis are based on a change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied, as has been applied when calculating the provision for defined benefit plan recognised in the Balance Sheet.

Risk exposure:

The defined benefit plan is exposed to a number of risks, the most significant of which are detailed below:

Change in discount rates: A decrease in discount yield will increase plan liabilities.

Mortality table: The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

(iv) Defined benefit liability and employer contribution

The expected maturity analysis of undiscounted defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
As at 31 March 2017	75.21	74.70	207.28	301.87	659.06

b. Cargo services

(i) Changes in present value of defined benefit obligation:

Particulars	For the year ended 31 March 2017
Present value of obligation at the beginning of the year	11.35
Interest cost	0.89
Current service cost	1.81
Benefits paid	(0.27)
Remeasurements - experience adjustments	0.83
Remeasurements - actuarial loss/ (gain) from changes in assumptions	0.85
Present value of obligation at the end of the year	15.46

(ii) Assumptions:

Particulars	As at 31 March 2017
Economic assumptions:	
Discount rate	7.11%
Rate of increase in compensation levels	10.75%
Demographic assumptions:	
- Retirement age	60 years
- Mortality table	IALM (2006-08)
- Withdrawal	18%

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33 **Employee benefits (continued)**

(iii) **Sensitivity analysis**

Defined benefit obligation

Particulars	As at 31 March 2017	
	Increase by 1%	Decrease by 1%
Increase/ (decrease) in obligation with 1% movement in discount rate	(1.07)	1.09
Increase/ (decrease) in obligation with 1% movement in future rate of increase in compensation levels	1.37	(1.34)

The sensitivity analysis are based on a change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied, as has been applied when calculating the provision for defined benefit plan recognised in the Consolidated Balance Sheet.

Risk exposure:
The defined benefit plan is exposed to a number of risks, the most significant of which are detailed below:
Change in discount rates: A decrease in discount yield will increase plan liabilities.
Mortality table: The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

(iv) **Defined benefit liability and employer contribution**

The expected maturity analysis of undiscounted defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
For the year ended 31 March 2017	2.14	2.17	5.82	9.62	19.75

c. **Bifurcation of provision for defined benefit plan at the end of year:**

Particulars	As at 31 March 2017
Provision for defined benfit plan	
Passenger services	
- Current	72.68
- Non-current	406.82
Cargo services	
- Current	2.07
- Non-current	13.39
Total	**494.96**

34 **Segment reporting**

A. Basis for Segment reporting

Factors used to identify the entity's reportable segments, including the basis of organisation
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to be the Board of Directors of the Company who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The principal activities of the Group comprises Air Transportation, in respect of which it operates in Domestic and International sectors. Accordingly, the Group has two reportable segments as follows:
• Domestic (air transportation within India)
• International (air transportation outside India)

Segment revenue and expenses:
Segment revenue and expenses represents revenue and expenses that are either directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of the revenue and expenses are categorized as unallocated which mainly comprises finance costs and other operating expenses and certain other income since the underlying assets/liabilities/services are used interchangeably. The Group believes that it is not practical to provide segment disclosures relating to these unallocated revenue and expenses, and accordingly these are separately disclosed as "unallocated".

Segment assets and liabilities:
Segment assets includes all operating assets used by a segment which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. Segment liabilities include all liabilities which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of assets and liabilities are categorized as unallocated, since the Group believes that it is not practical to allocate the same over reportable segments on a reasonable basis.

B. Information about reportable segments

Particulars	For the year ended 31 March 2017
Segment revenue	
Domestic	170,640.87
International	15,585.79
Total	**186,226.66**

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34 Segment reporting (continued)

Particulars	For the year ended 31 March 2017
Segment results	
Domestic	22,672.53
International	2,851.09
Total	**25,523.62**
Add:	
Unallocable revenue	7,469.04
	7,469.04
Less:	
Finance costs	3,307.80
Unallocable depreciation and amortisation expense	570.14
Unallocable expenses	7,671.73
Profit before tax	**21,442.99**
Less:	
Income tax expense	4,851.52
Net Profit after tax	**16,591.47**
Depreciation and amortisation expense	
Domestic	3,671.89
International	330.50
Un-allocable depreciation and amortisation expense	570.14
Total	**4,572.53**
Material non-cash (income) / expenses other than depreciation and amortisation expense	**(1,408.90)**
Other disclosures	
Capital expenditure	
Domestic	1,504.18
International	135.39
Un-allocable capital expenditure	748.60
Total	**2,388.17**

Particulars	As at 31 March 2017
Segment assets	
Domestic	38,604.99
International	3,411.15
Unallocable assets	110,081.22
Total	**152,097.36**
Segment liabilities	
Domestic	38,800.23
International	3,509.71
Unallocable liabilities	71,995.66
Total	**114,305.60**

35 Related party disclosures

a. List of related parties and nature of relationship where control exists:

(i) Subsidiaries of the Company

Agile Airport Services Private Limited (Incorporated on 14 February 2017)

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

(i) Entity/ person with direct or indirect significant influence over the Group

InterGlobe Enterprises Limited
Ms. Shobha Gangwal - Wife of Mr. Rakesh Gangwal

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35 Related party disclosures (continued)

(ii) Key managerial personnel of the Group and their close family members

Mr. Aditya Ghosh – President and Whole Time Director of the Company
Mr. Rahul Bhatia – Director of the Company
Mr. Kapil Bhatia – Father of Mr. Rahul Bhatia
Ms. Rohini Bhatia – Director of the Company
Mr. Rakesh Gangwal - Director of the Company
Ms. Shobha Gangwal - Wife of Mr. Rakesh Gangwal
Dr. Asha Mukherjee - Sister of Mr. Rakesh Gangwal
Mr. Devadas Mallya Mangalore - Independent Director of the Company
Dr. Anupam Khanna - Independent Director of the Company
Mr. Alok Mehta - Brother of Ms. Rohini Bhatia
Mr. Rohit Philip - Chief Financial Officer of the Company (with effect from 18 July 2016)
Mr. Pankaj Madan - Chief Financial Officer of the Company (till 17 July 2016)
Mr. Sanjay Gupta - Company Secretary and Chief Compliance Officer of the Company (with effect from 18 August 2016)
Mr. Suresh Kumar Bhutani - Company Secretary of the Company (till 15 July 2016)

(iii) Other related parties - Entities which are joint ventures or subsidiaries or where control/ significant influence exists of parties as given in (a) and (b) above

InterGlobe Air Transport Limited
InterGlobe Technologies Private Limited
InterGlobe Hotels Private Limited
CAE Simulation Training Private Limited
The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)
Caddie Hotels Private Limited
IGE (Mauritius) Private Limited
Pegasus Buildtech Private Limited
Pegasus Utility Maintenance & Services Private Limited

c. Transactions with related parties during the year:

S. No.	Particulars	For the year ended 31 March 2017
(i)	**Rent expense**	
	InterGlobe Enterprises Limted	43.05
	InterGlobe Air Transport Limited	2.08
	Pegasus Buildtech Private Limited	4.89
(ii)	**Commission expense**	
	InterGlobe Air Transport Limited	367.79
(iii)	**Reservation cost**	
	InterGlobe Technologies Private Limited	294.56
(iv)	**Legal and professional expense**	
	InterGlobe Enterprises Limited	161.78
(v)	**Crew accommodation and transportation expense**	
	InterGlobe Hotels Private Limited	79.34
	Caddie Hotels Private Limited	94.22
(vi)	**Training expense**	
	CAE Simulation Training Private Limited	635.72
(vii)	**Operating cost of software**	
	InterGlobe Enterprises Limited	319.61
	InterGlobe Technologies Private Limited	23.54
(viii)	**Repairs and maintenance**	
	InterGlobe Enterprises Limited	23.46
	InterGlobe Air Transport Limited	1.58
	Pegasus Utility Maintenance & Services Private Limited	1.16
(ix)	**Miscellaneous income**	
	InterGlobe Hotels Private Limited	0.20
(x)	**Miscellaneous expenses**	
	InterGlobe Hotels Private Limited	0.47
	Caddie Hotels Private Limited	5.78
	InterGlobe Enterprises Limited	12.90
	InterGlobe Air Transport Limited	0.35
	Pegasus Buildtech Private Limited	0.07
	Pegasus Utility Maintenance & Services Private Limited	0.77
(xi)	**Purchase of Property, plant and equipment**	
	InterGlobe Air Transport Limited	3.88

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35 **Related party disclosures (continued)**

S. No.	Particulars	For the year ended 31 March 2017
(xii)	**Vehicle security received**	
	Mr. Rohit Philip	2.37
	Mr. Sanjay Gupta	0.31
(xiii)	**Compensation to key managerial personnel**	
	Short-term employee benefits	189.82
	Post-employment benefits	3.49
	Share-based payment	221.57
	Other long-term benefits	60.17
(xiv)	**Sitting fees***	
	Mr. Rahul Bhatia	0.15
	Ms. Rohini Bhatia	0.35
	Mr. Rakesh Gangwal	0.20
	Mr. Devadas Mallya Mangalore	0.65
	Dr. Anupam Khanna	0.60
	* *Excludes service tax*	
(xv)	**Final dividend** (Refer to Note 14 b.)	
	InterGlobe Enterprises Limited	2,304.74
	Mr. Kapil Bhatia	0.75
	Mr. Rahul Bhatia	0.60
	Ms. Rohini Bhatia	0.15
	Mr. Rakesh Gangwal	912.91
	Ms. Shobha Gangwal	522.79
	Dr. Asha Mukherjee	20.24
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	845.64
	IGE (Mauritius) Private Limited	48.60
	Mr. Alok Mehta	0.00

d. **Outstanding balances**

S. No.	Particulars	As at 31 March 2017
(i)	**Payables**	
	InterGlobe Enterprises Limited	55.35
	InterGlobe Air Transport Limited	1.15
	InterGlobe Technologies Private Limited	103.15
	InterGlobe Hotels Private Limited	7.25
	Caddie Hotels Private Limited	16.84
	CAE Simulation Training Private Limited	21.32
	Pegasus Buildtech Private Limited	0.45
	Pegasus Utility Maintenance & Services Private Limited	0.31
	Key managerial personnel	92.47

e. **Terms and conditions**

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash. Transactions relating to dividend, subscriptions for new equity shares are on the same terms and conditions that are offered to other shareholders.

36 **Earnings per share (EPS)**

a. **Profit attributable to equity share holders**

Particulars	For the year ended 31 March 2017
Profit attributable to equity share holders:	
Profit attributable to equity share holders for basic earnings	16,591.47
Profit attributable to equity share holders adjusted for the effect of dilution	**16,591.47**

b. **Weighted average number of equity shares**

Particulars	For the year ended 31 March 2017
Weighted average number of equity shares	
- For basic earnings per share	361,156,673
Dilutive effect of stock options and convertible preference shares *	706,140
	361,862,813
Basic earnings per share (Rs.)	45.94
Diluted earnings per share (Rs.)	45.85
Nominal value per share (Rs.)	10

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(Rupees in millions, except for share data and if otherwise stated)

36 Earnings per share (EPS) (continued)

* Includes 706,140 of stock options granted to employees under the employee stock option schemes are considered to be potential equity shares. They have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

307,411 of the stock options granted to employees under the existing employee share option schemes have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

Convertible preference shares are considered to be potential equity shares and have been included in the determination of diluted earnings per share from their date of issue.

Note: Earnings per share calculations are done in accordance with Ind AS 33 'Earnings Per Share' as notified under section 133 of the Companies Act 2013.

37 Corporate social responsibility

Under Section 135 of the Companies Act, 2013, the Company is required to spend, in every financial year, atleast 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility (CSR), pursuant to its policy in this regard.

Particulars	**For the year ended 31 March 2017**
a) Gross amount required to be spent by the Company during the year	312.60
b) Amount spent and paid during the year	215.81
Particulars of amount spent and paid during the year:	
(i) Construction/acquisition of any asset	-
(ii) On purpose other than (i) above	215.81
	215.81

The subsidiary of the Company, i.e. Agile has been incorporated on 14 February 2017 and the operations of Agile has not yet commenced. Therefore, there is no requirement towards contribution to CSR during the year.

38 Share-based payment arrangements:

a. Description of share-based payment arrangements

(i) InterGlobe Aviation Limited Tenured Employees Stock Option Scheme - 2015 (ESOS 2015 - I)

On 23 June 2015, the Board of Directors approved the InterGlobe Aviation Limited Tenured Employees Stock Option Scheme - 2015 (the "ESOS 2015 - I"), which was subsequently approved in the Extraordinary General Meeting held on 25 June 2015. ESOS 2015 - I comprises 1,111,819 options, granted to eligible employees determined by Compensation Committee, which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the scheme. Upon vesting, the employees can acquire one common equity share of the Company for every option granted. The options were granted on 25 June 2015.

Vesting of the Options granted under the ESOS 2015 – I shall be one year from the Grant Date or completion of the listing of the shares of the Company on a recognized stock exchange in India in an initial public offering, whichever is later. In case the listing is not completed within two years from the date of Grant, the Options shall automatically lapse on the expiry of such two year period.

S No.	Grant Date	Number of Options	Exercise Price (Rs.)	Vesting Conditions	Vesting Period	Contractual period
a.	25-Jun-15	1,111,819	10	1 year from the Grant Date or completion of listing, whichever is later. If listing is not completed for a period of 2 years from grant date, the options shall lapse on expiry of 2 years.	1 year from the Grant Date or completion of listing, whichever is later.	2 years

During the year ended 31 March 2017, all the options granted under ESOS 2015 - I were exercised and consequently equity share capital has been increased by Rs. 11.11.

(ii) InterGlobe Aviation Limited Employees Stock Option Scheme - 2015 (ESOS 2015 - II)

On 23 June 2015, the Board of Directors approved the InterGlobe Aviation Limited Employees Stock Option Scheme - 2015 (the "ESOS 2015 - II"), which was subsequently approved in the Extraordinary General Meeting held on 25 June 2015. ESOS 2015 - II, comprises 3,107,674 options, which are granted to eligible employees of the Company determined by Compensation Committee, which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the scheme. Upon vesting, the employees can acquire one common equity share of the Company for every option. The options were granted on the dates as mentioned in table below.

S No.	Grant date	Number of Options	Exercise Price (Rs.)	Vesting conditions	Vesting Period	Contractual period
(i)	30-Oct-15	420,530	10	Graded vesting to President and Whole Time Director of the Company, can be exercised within 1 year from the respective vesting dates	4 years	2 years to 5 years
(ii)	30-Oct-15	1,514,587	765	Graded vesting to other employees of the Company, can be exercised within 4 years from the respective vesting dates	4 years	5 years to 8 years
(iii)	30-Oct-15	332,026	765	Subject to market condition being met, the options granted to President and Whole Time Director of the Company, can be exercised within 4 years of vesting.	After 4.5 years	8.5 years
(iv)	16-Sep-16	353,299	10	Graded vesting to other employees of the Company, can be exercised within 15 March of the calender year following the calender year in which the applicable vesting occurs, but in any event no Option will be Exercised later than 7 (seven) years after the Date of Grant or 3 (three) months after termination of employment of the Optionee.	4 years	1.5 years to 7 years

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38 Share-based payment arrangements (continued)

b. Measurement of fair values

The weighted average fair value of stock options as on grant date

Particulars	Method of Valuation	Weighted average fair value as on the grant date (Rs.)
ESOS 2015 - I	Black Scholes option pricing model	569
ESOS 2015 - II		
- Employees other than President and whole time director covered in (ii) above	Black Scholes option pricing model	360-488
- President and whole time director covered in (i) above	Black Scholes option pricing model and Monte Carlo Stimulation	756-758
- President and whole time director covered in (iii) above	Black Scholes option pricing model	620
- Employees other than president and whole time director covered in (iv) above	Black Scholes option pricing model	737-820

The inputs used in the measurement of grant date fair value are as follows:

Particulars	Share Price (Rs.)	Exercise Price (Rs.)	Expected Volatility	Expected Life (in years)	Expected Dividend	Risk free Interest Rate
ESOS 2015 - I	578	10	57.0%	1	0.0%	7.5%
ESOS 2015 - II						
- Employees other than President and whole time director covered in (ii) above	765	765	60.0% - 61.1%	3 - 6	0.0%	7.5%
- President and whole time director covered in (i) above	765	10	60.5% - 66.7%	1.5 - 4.5	0.0%	7.5%
- President and whole time director covered in (iii) above	765	765	62.4%	2	0.0%	7.5%
- Employees other than president and whole time director covered in (iv) above	868	10	52.7%	1.25 - 4.25	3.62%	7.5%

The risk-free interest rates are determined based on current yield to maturity of Government Bonds with 10 years residual maturity. Expected volatility calculation is based on historical daily closing stock prices of competitors / Company using standard deviation of daily change in stock price. The minimum life of stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised. The expected life has been considered based on average sum of maximum life and minimum life and may not necessarily indicative of exercise patterns that may occur. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date. For the measurement of grant date fair value certain market conditions were considered in the method of valuation.

c. Effect of empoyee stock option scheme on the Consolidated Statement of Profit and Loss:

Particulars	For the year ended 31 March 2017
Employee stock option scheme expense	504.89
Total	**504.89**

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows

Particulars	For the year ended 31 March 2017	
	Number of options	Weighted average exercise price (Rs.)
Options outstanding as at the beginning of the year	3,378,962	422.61
Add: Options granted during the year	353,299	10
Less: Options forfeited and expired during the year	307,970	765
Less: Options exercised during the year*	1,111,819	10
Options outstanding as at the year end	**2,312,472**	**512.35**
Exercisable at the end of the period	247,432	572.52

Particulars	As at 31 March 2017
Weighted average remaining life of options outstanding at the end of the year	5.28

*The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2017 was Rs. 944.10.

39 Disclosure on specified bank notes

During the year, the Group had Specified Bank Notes ("SBN") or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016, the details of SBNs and other denomination notes as per the notification is given below:

(In Indian Rupees)

Particulars	Specified Bank Notes*	Other denomination Notes**	Total
Closing cash on hand as on 8 November 2016	7,162,000	5,640,505	12,802,505
Add: Permitted receipts	373,032,500	603,690,917	976,723,417
Less: Permitted payments	-	4,654,537	4,654,537
Less: Amount deposited in Banks	380,194,500	594,454,425	974,648,925
Closing cash on hand as on 30 December 2016	-	**10,222,460**	**10,222,460**

* For the purposes of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

** excluding foreign currency notes.

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(Rupees in millions, except for share data and if otherwise stated)

39 Disclosure on specified bank notes (continued)

The subsidiary of the Company, i.e. Agile has been incorporated on 14 February 2017 (after the period from 8 November 2016 to 30 December 2016). Therefore, there is no requirement to disclose details of SBN during the year.

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

41 Scheme of arrangement:

Amalgamation of the Company with Caelum Investment, LLC

A scheme of amalgamation between Caelum Investment LLC ("Transferor Company") and InterGlobe Aviation Limited (the "Company" or "Transferee Company") and their respective shareholders/members and creditors ("Scheme") was sanctioned by the High Court of Delhi vide its order dated 22 December 2014 ("Order") under Sections 391 to 394 and all other applicable provisions of the Companies Act, 1956 in Company Petition No. 599/2014 connected with Company Application (M) No. 107/2014 and in respect of which the certified copy of the formal Order was obtained on 27 March 2015 and was subsequently filed with the Registrar of Companies on 24 April 2015. Further, in relation to the Scheme, the Company has received a certificate of merger dated 24 April 2015 from the Secretary of State, Division of Corporations, State of Delaware, United States of America giving effect to the merger of the Transferor Company with the Company. Accordingly, in terms of the Scheme, the Scheme came into effect from 24 April 2015 ("Effective Date"). The applicable date and the effective date of the scheme is 24 April 2015.

Transferor Company was an investment Company.

In relation to the Scheme, the Foreign Investment Promotion Board vide its letter (No. 69(2014)/90(2014) dated 10 September 2014 had granted its approval to the Company to issue and allot upto 147,000 equity shares having face value of Rs. 1,000 each constituting 47.88% of the issued, paid-up equity share capital to the members of the Transferor Company in the proportion of the voting units held by such members in the Transferor Company pursuant to the Scheme. Further, the Competition Commission of India vide its order dated 30 July 2014 stated that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, approved the same under Section 31(1) of the Competition Act, 2002.

As on the Effective Date, the only assets of the Transferor Company represents 147,000 equity shares having face value of Rs. 1,000 ("Equity Shares") in the Transferee Company.

In accordance with the terms of the Scheme, the Company at its board meeting held on 25 April 2015, cancelled the equity shares held by the Transferor Company in the Company and issued and allotted 147,000 fresh fully paid-up equity shares of Rs. 1,000 each to the members of Transferor Company in the manner mentioned below, constituting 47.88% of the post issue paid-up equity share capital of the Company on the date of issue of the aforesaid 147,000 equity shares. In terms of the Scheme, the 147,000 fresh equity shares were issued to the members of the Transferor Company in the proportion to the voting units held by the members of the Transferor Company in the Transferor Company and whose names appear in the books and records of the Transferor Company as on 23 April 2015 i.e. the 'Record Date', as defined in the Scheme:

S. No.	Name of Shareholder	Number of equity shares
1.	Mr. Rakesh Gangwal	58,800
2.	Ms. Shobha Gangwal	29,400
3.	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P Morgan Trust Company of Delaware)	58,800
	Total	**147,000**

As per the scheme, 147,000 equity shares of Rs. 1,000 each held by the Transferor Company in the Transferee Company were extinguished and proportionate number of fresh fully paid-up equity shares of Rs. 1,000 each of the Transferee Company were issued to the members of the Transferor Company.

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(Rupees in millions, except for share data and if otherwise stated)

42 **Additional information required by Schedule III**

Name of the entity in the group	Net assets (total assets minus total liabilities)		Share in profit / (loss) for the year		Share in other comprehensive income (net of tax)		Share in total comprehensive income for the year	
	As % of consolidated net assets	Amount	As % of consolidated profit / (loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
Parent								
InterGlobe Aviation Limited	100.00%	37,792.17	100.00%	16,591.88	100.00%	(21.72)	100.00%	16,570.16
Subsidiary								
Indian								
Agile Airport Services Private Limited	0.00%	(0.41)	0.00%	(0.41)	0.00%	-	0.00%	(0.41)
Non-controlling interests	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Total	**100%**	**37,791.76**	**100%**	**16,591.47**	**100%**	**(21.72)**	**100%**	**16,569.75**

43 Subsequent to year ended 31 March 2017, the Company has signed a term sheet with Avions de Transport Regional G.I.E. (ATR) for the purchase of 50 ATR 72-600 aircraft with the flexibility to reduce the number of aircraft deliveries based on certain conditions. This term sheet is subject to reaching a mutually satisfactory final purchase agreement with ATR and the engine manufacturer.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

B S R & Co. LLP
Chartered Accountants

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DLF Cyber City, Phase - II
Gurugram - 122 002, India

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Independent Auditor's Report
To The Members of InterGlobe Aviation Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility 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 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 the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant Rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 aforesaid 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 including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance 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 "Annexure A", 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 Other Comprehensive Income), the Cash Flow Statement and the 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 Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;

e) On the basis of written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 31 to the standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - Refer Note 40 to the standalone Ind AS financial statements.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership number: 092894

Place: Gurgaon
Date: 09 May 2017

Annexure A referred to in our Independent Auditor's Report to the members of InterGlobe Aviation Limited on the standalone Ind AS financial statements for the year ended 31 March 2017

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years except for aircraft and spare engines, which are verified on an annual basis. In our opinion, this periodicity of physical verification by management is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified during the year. As informed to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) Inventories, except for goods-in-transit and stocks lying with third parties have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loan, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered or goods sold by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added taxes, cess and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

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, service tax, duty of customs, value added taxes, cess and other statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, service tax, sales tax, value added tax and duty of customs which have not been deposited by the Company with the appropriate authorities on account of any dispute as at 31 March 2017, other than those mentioned as follows:

Statement of Disputed Tax Dues

Name of the Statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Revision to the taxable income on account of: a) Tax treatment of certain incentives received by the Company from manufacturers with the acquisition of aircraft and engine. b) Disallowance of certain expenses / adjustments.	-	Assessment year (AY) 2007-08 [1] AY 2008-09 [2] AY 2009-10 [3]	High Court of Delhi, Commissioner of Income Tax (Appeals) [CIT(A)]
Income-tax Act, 1961	Revision to the taxable income on account of: a) Tax treatment of certain incentives received by the Company from manufacturers with the acquisition of aircraft and engine. b) Disallowance of certain expenses / adjustments. (Rs.1.30 million deposited under dispute)	8.66	AY 2010-11 [4]	Income Tax Appellate Tribunal (ITAT) and CIT(A)
Income-tax Act, 1961	Revision to the taxable income on account of: a) Tax treatment of certain incentives received by the Company from manufacturers with the acquisition of aircraft and engine. b) Disallowance of certain expenses / adjustments.	2,465.83	AY 2012-13 [5]	ITAT
Income-tax Act, 1961	Revision to the taxable income on account of: a) Tax treatment of certain incentives received by the Company from manufacturers with the acquisition of aircraft and engine. b) Disallowance of certain expenses / adjustments.	7,337.36	AY 2013-14 [6] AY 2014-15 [6]	CIT(A)

Name of the Statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Tax deducted at source	1.02	AY 2007-08	Assessing officer (AO)
Income-tax Act, 1961	Tax deducted at source (Rs.7.84 million deposited under dispute)	142.48	AY 2010-11	ITAT, CIT(A)
Income-tax Act, 1961	Tax deducted at source (Rs.5.07 million deposited under dispute)	20.99	AY 2011-12	ITAT
Income-tax Act, 1961	Tax deducted at source (Rs.4.20 million deposited under dispute for AY 2013-14)	0.14	AY 2013-14	CIT(A), AO
Income-tax Act, 1961	Tax deducted at source (Rs.11.41 million deposited under dispute)	22.78	AY 2012-13	CIT(A)
Income-tax Act, 1961	Tax deducted at source	12.76	AY 2013-14, AY 2014-15 AY 2015-16	ITAT, AO
Finance Act, 1994 (Service tax)	Service tax and penalty on excess baggage charges, services received from overseas vendors and denial of CENVAT Credit	111.21	Financial year (FY) 2006-07 to FY 2010-11 ##	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Chandigarh
Finance Act, 1994 (Service tax)	Service tax and penalty on services received from overseas vendors	2.96	FY 2005-06 to FY 2009-10 and FY 2010-11 ##	CESTAT, Chandigarh
Finance Act, 1994 (Service tax)	Penalty for late payment of Service tax on various expenses incurred on ECB (Rs. 89.64 million deposited under protest)	358.56	FY 2012-13 to FY 2013-14	CESTAT, Chandigarh
The Customs Act, 1962	Customs duty and penalty on import of aircraft engines	531.20	FY 2011-12 and FY 2012-13 ##	CESTAT, Bangalore
The Customs Act, 1962	Custom duty and penalty demanded on notional freight charges added to the value of Aviation turbine fuel left in the tank of an aircraft (Rs. 2.69 million has been deposited under protest)	6.78	August 2012 to May 2015 ##	CESTAT, Chennai
The Customs Act, 1962	Custom duty and penalty demanded on notional freight charges added to the value of Aviation turbine fuel left in the tank of an aircraft	1.42	September 2011 to March 2015 ##	CESTAT Delhi
Kerala Value Added Tax Act, 2003	Value Added Tax on sale of goods in International flights	0.66	FY 2012-13 to FY 2013-14	Kerala Value Added Tax Appellate Tribunal, Ernakulam

Name of the Statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956 & Central Sales Tax (Bombay) Rules, 1957	Central Sales Tax on sale of goods in international flights in the state of Maharashtra	7.85	FY 2012-13	Joint Commissioner **
Maharashtra Value Added Tax, 2002	Input Tax Credit denied	0.17	FY 2012-13	Joint Commissioner **

[1] During the current year, ITAT has passed favorable order dated 18 July 2016 and the loss for the year has been assessed at Rs. 2,032.85 million vide appeal effect order dated 16 November 2016. Income tax department has filed an appeal to High Court of Delhi dated 23 December 2016 for the proposed addition to the taxable income amounting to Rs. 1,874.63 million for AY 2007-08, which will result in reduction of business loss and unabsorbed depreciation for AY 2007-08.

In relation to certain disallowance of expenses amounting to Rs. 22.39 million, appeal is pending before CIT(A) against order u/s 144/143(3)/263 of the Income Tax Act, 1961.

[2] During the current year, ITAT has passed favorable order dated 18 November 2016 and the loss for the year has been assessed at Rs. 3,171.43 million vide appeal effect order dated 6 March 2017. Subsequent to current year ended 31 March 2017, Income tax department has filed an appeal to High Court of Delhi dated 1 May 2017 for the proposed addition to taxable income amounting to Rs. 4,714.97 million for AY 2008-09.

[3] During the current year, ITAT has passed favorable order dated 18 November 2016 and the loss for the year has been assessed at Rs. 2,121.80 million vide appeal effect order dated 21 February 2017. Subsequent to current year ended 31 March 2017, Income tax department has filed an appeal to High Court of Delhi dated 1 May 2017 for the proposed addition to taxable income amounting to Rs. 4,164.13 million for AY 2009-10.

Further, disallowance of Rs. 64.38 million was proposed vide re-assessment order dated 24 March 2015. The Company has filed an appeal before CIT(A). Out of this, relief amounting to Rs. 33.83 million has been given vide appeal effect order u/s 250/143(3) of the Income Tax Act 1961 dated 22 February 2016.

[4] The additional taxable income amounting to Rs.3,569.11 million for AY 2010-11 was proposed vide order dated 15 March 2013 by assessing officer. During the previous year ended 31 March 2016, CIT(A) has passed an order dated 20 January 2016 proposing additions to the tune of Rs. 726.60 million. The Company has filed an appeal to ITAT for proposed additions to taxable income.

Further, addition of Rs. 50.97 million was proposed by assessing officer under section 147 of the Income tax Act, 1961 vide re-assessment order dated 27 January 2016 and accordingly, above mentioned demand has arisen. The Company has filed an appeal to CIT(A) against order under section 147 of the Income tax Act, 1961.

[5] The additional taxable income amounting to Rs. 6,070.11 million for AY 2012-13 was proposed vide assessment order dated 25 March 2015 by assessing officer. During the current year, CIT(A) has passed an order dated 22 March 2017 which further proposed additional taxable income amounting of Rs. 4,904.78 million and accordingly, above mentioned demand has arisen. The Company is in the process of filing an appeal before ITAT.

[6] The additional taxable income amounting to Rs.14,218.26 million and Rs.12,538.26 million for AY 2013-14 and AY 2014-15 respectively was proposed by assessing officer vide order dated 6 December 2016 and accordingly, above mentioned demand has arisen. The Company has filed an appeal to CIT(A) against the same. The company has obtained a stay of demand for AY 2013-14 and AY 2014-15 till 31 December 2017 or disposal of appeal whichever is earlier.

** The Company is in process of filling appeal to Joint Commissioner.

The demand does not include interest component as it is not specified in order.

(viii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to banks or financial institutions. Further, no loans or borrowings were taken from government and there were no debentures issued during the year or outstanding as at 31 March 2017.

(ix) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, during the current and previous year, the Company has utilized all the money raised by way of initial public offer, for the purpose for which they were raised. There was a delay in utilization of Rs. 4,925.31 million due to obtaining requisite approvals. The same has been utilized during the current year. Moreover, the term loans taken by the Company have been applied for the purposes for which they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been provided and paid by the Company in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the current year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership number: 092894

Place: Gurgaon
Date: 09 May 2017

Annexure B to the Independent Auditor's Report of even date on the standalone Ind AS financial statements of InterGlobe Aviation 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 InterGlobe Aviation Limited ("the Company") as of 31 March 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 31 March 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 **B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 09 May 2017

InterGlobe Aviation Limited
Balance Sheet as at 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

	Note	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I. ASSETS				
Non-current assets				
a. Property, plant and equipment	3	37,474.72	47,274.34	49,025.81
b. Capital work-in-progress		233.03	237.34	4.53
c. Other intangible assets	4	463.69	199.74	96.37
d. Intangible assets under development		18.83	82.31	-
e. Financial assets				
(i) Investments	5	0.28	0.25	0.46
(ii) Loans	6	5,440.26	4,217.22	3,106.82
(iii) Other financial assets	7	10,356.39	14,977.84	16,055.60
f. Deferred tax assets (net)	19.e	-	-	854.67
g. Income tax assets (net)	19.d	97.60	189.28	383.77
h. Other non-current assets	8	3,548.74	2,933.49	2,149.88
Total non-current assets		**57,633.54**	**70,111.81**	**71,677.91**
Current assets				
a. Inventories	9	1,631.50	762.82	943.75
b. Financial assets				
(i) Investments	5	37,134.10	9,861.31	5,193.03
(ii) Trade receivables	10	1,587.02	1,571.14	1,045.50
(iii) Cash and cash equivalents	11	1,531.09	8,053.68	2,467.49
(iv) Bank balances other than cash and cash equivalents, above	12	44,794.26	29,133.02	17,526.31
(v) Loans	6	39.76	90.46	41.25
(vi) Other financial assets	7	4,101.10	3,089.92	2,007.24
c. Other current assets	8	3,645.23	3,512.74	2,455.40
Total current assets		**94,464.06**	**56,075.09**	**31,679.97**
TOTAL ASSETS		**152,097.60**	**126,186.90**	**103,357.88**
II. EQUITY AND LIABILITIES				
EQUITY				
a. Equity share capital	13	3,614.68	3,603.57	307.00
b. Other equity	14	34,177.49	23,628.27	7,495.23
Total equity		**37,792.17**	**27,231.84**	**7,802.23**
LIABILITIES				
Non-current liabilities				
a. Financial liabilities				
(i) Borrowings	15.a	23,957.08	30,070.72	36,317.05
(ii) Other financial liabilities	15.b	22,685.34	17,864.66	12,548.05
b. Provisions	16	1,223.94	862.28	593.59
c. Deferred tax liabilities (net)	19.e	1,618.06	1,467.79	-
d. Other non-current liabilities	18	75.00	107.39	148.77
e. Deferred incentives		16,899.90	11,778.16	13,317.44
Total non-current liabilities		**66,459.32**	**62,151.00**	**62,924.90**
Current liabilities				
a. Financial liabilities				
(i) Trade payables	17	7,745.94	7,412.28	4,754.75
(ii) Other financial liabilities	15.b	14,322.67	8,300.09	7,983.41
b. Provisions	16	667.06	567.38	478.64
c. Current tax liabilities (net)	19.d	446.77	89.66	1.02
d. Other current liabilities	18	19,725.84	16,380.58	15,213.91
e. Deferred incentives		4,937.83	4,054.07	4,199.02
Total current liabilities		**47,846.11**	**36,804.06**	**32,630.75**
TOTAL EQUITY AND LIABILITIES		**152,097.60**	**126,186.90**	**103,357.88**

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Jiten Chopra
Partner
Membership No. 092894

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

Place: Gurgaon
Date: 9 May 2017

InterGlobe Aviation Limited
Statement of Profit and Loss for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from operations	20	185,805.00	161,399.09
Other income	21	7,890.70	5,151.21
Total income		**193,695.70**	**166,550.30**
Expenses			
Aircraft fuel expenses		63,415.13	47,793.24
Aircraft and engine rentals (net) (Refer to Note 27)		31,253.73	25,067.63
Purchase of stock-in-trade	22	1,238.32	1,147.82
Changes in inventories of stock-in-trade	23	(2.94)	(11.32)
Employee benefits expense	24	20,481.90	17,879.84
Finance costs	25	3,307.80	3,041.16
Depreciation and amortisation expense	26	4,572.53	5,054.68
Other expenses	27	47,985.83	38,342.18
Total expenses		**172,252.30**	**138,315.23**
Profit before tax		**21,443.40**	**28,235.07**
Income tax expense	19		
Current tax		4,911.51	7,303.93
Deferred tax (credit) / charge		(59.99)	1,069.53
Total tax expense		**4,851.52**	**8,373.46**
Profit for the year		**16,591.88**	**19,861.61**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(33.22)	(19.39)
- Income tax relating to above mentioned item		11.50	6.71
Other comprehensive income for the year, net of tax		**(21.72)**	**(12.68)**
Total comprehensive income for the year		**16,570.16**	**19,848.93**
Earnings per equity share of face value of Rs. 10 each	36		
Basic (Rs.)		45.94	58.06
Diluted (Rs.)		45.85	56.39

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

InterGlobe Aviation Limited
Cash Flow Statement for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Cash flows from operating activities		
Profit before tax	21,443.40	28,235.07
Adjustments for:		
Depreciation and amortisation expense	4,572.53	5,054.68
Provision for redelivery and overhaul cost	286.55	62.05
Liabilities no longer required written back	(414.93)	(69.34)
Provision for obsolescence of inventories	-	7.73
Profit on sale of property, plant and equipment (net)	(24.58)	(0.40)
Non cash incentives, claims and credits (net)	(2,152.27)	51.72
Interest accretion on provisions and other financial liabilities measured at amortised cost	1,670.58	1,510.31
Deferred rent amortisation (included in Aircraft and engine rentals)	535.97	447.02
Property, plant and equipment written off	47.46	4.26
Advance write off	9.09	2.10
Unrealised foreign exchange (gain) / loss (net)	(861.80)	1,112.93
Interest on borrowings measured at amortised cost	179.98	137.99
Finance lease charges on finance lease obligations measured at amortised cost	1,298.99	1,201.34
Employee stock option scheme expense	504.89	677.07
Interest income from bank deposits	(3,913.27)	(3,687.41)
Interest income from financial assets at amortised cost	(488.02)	(442.68)
Marked to market gain on current investments	(546.42)	(120.11)
Net gain on sale of current investments	(1,221.27)	(346.80)
Operating profit before working capital changes	**20,926.88**	**33,837.53**
Adjustments for:		
Increase in trade receivables	(21.45)	(530.72)
(Increase)/decrease in inventories	(868.68)	173.21
Increase in loans, other financial assets, and other assets	(2,432.70)	(3,917.90)
Increase in trade payables, other financial liabilities and other liabilities	17,338.58	9,164.24
Increase/(decrease) in deferred incentives	7,119.03	(1,807.96)
Cash generated from operating activities	**42,061.66**	**36,918.40**
Income tax paid	(4,240.96)	(5,761.16)
Net cash generated from operating activities	**37,820.70**	**31,157.24**
B. Cash flows from investing activities		
Purchase of Property, plant and equipment and other intangible assets (including capital advances)	(2,372.38)	(2,486.39)
Proceeds from sale of Property, plant and equipment	6,132.30	1.62
Deposits made with banks due to mature within 12 months from the reporting date (net) Refer to Note 12 [deposits under lien Rs. 39,471.53 (31 March 2016 : Rs. 24,961.08)]	(15,661.24)	(11,606.71)
Deposits made with banks due to mature after 12 months from the reporting date (net) Refer to Note 7 [deposits under lien Rs. 9,633.84 (31 March 2016 : Rs. 12,883.85)]	3,567.53	1,578.62
Investment in subsidiary	(0.10)	-
Purchase of mutual funds / shares	(126,733.58)	(59,387.98)
Proceeds from sale of mutual funds / shares	101,228.56	55,186.61
Interest received	3,460.24	3,285.80
Net cash used in investing activities	**(30,378.67)**	**(13,428.43)**
C. Cash flows from financing activities		
Proceeds from secured loans	676.61	843.70
Repayment of secured loans	(7,526.39)	(11,084.90)
Interest paid	(168.77)	(123.76)
Finance lease charges paid	(478.79)	(701.57)
Proceeds from public issue of shares	-	166.41
Proceeds from issue of shares on exercise of stock options	11.11	-
Proceeds from securities premium (net)	-	11,971.74
Dividend paid	(5,422.03)	(11,026.49)
Corporate dividend tax paid	(1,103.80)	(2,244.77)
Net cash used in financing activities	**(14,012.06)**	**(12,199.64)**
Net (decrease) / increase in cash and cash equivalents during the year (A+B+C)	**(6,570.03)**	**5,529.17**
Effect of exchange rate changes on cash and cash equivalent held in foreign currency	**47.44**	**57.02**

B S R & Co. LLP
GURGAON
Chartered Accountants

InterGlobe Aviation Limited
Cash Flow Statement for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
D. Cash and cash equivalents at the beginning of the year		
Cash on hand	30.83	21.42
Cheques on hand	-	0.09
Balance with banks:		
- On current accounts	2,664.02	2,098.48
- On deposit accounts (with original maturity of three months or less)	5,358.83	347.50
	8,053.68	**2,467.49**
E. Cash and cash equivalents as at the end of the year		
Cash on hand	43.17	30.83
Balance with banks:		
- On current accounts	1,487.92	2,664.02
- On deposit accounts (with original maturity of three months or less)	-	5,358.83
	1,531.09	**8,053.68**

Notes:

1. The Cash Flow Statement has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder.
2. Current account balance with banks includes Rs. 71.43 (31 March 2016: Rs. 211.45) held in foreign currency which are freely remissible to the Company.

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

InterGlobe Aviation Limited
Statement of Changes in Equity for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

a. Equity share capital

	Note	For the year ended 31 March 2017		For the year ended 31 March 2016	
		Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year		360,356,544	3,603.57	307,000	307.00
Changes in equity share capital during the year:					
Issued during the year pursuant to exercise of employee stock options scheme	38	1,111,819	11.11	-	-
Conversion of 0.00% convertible preference shares of Rs. 1,000 each to equity shares of Rs. 1,000 each	13 j.(i)	-	-	36,716	36.72
Increase due to sub-division of equity shares	13 j.(i)	-	-	34,027,884	-
Issued during the year - Bonus shares of Rs. 10 each	13 j.(iii)	-	-	309,344,400	3,093.44
Issued during the year - Initial public offer - fresh issue	13 j.(vi)	-	-	16,640,544	166.41
Balance at the end of the year		**361,468,363**	**3,614.68**	**360,356,544**	**3,603.57**

b. Other equity

	Note	Equity component of compound financial instruments*	Reserves and surplus					Other comprehensive income**	Total
			Capital redemption reserve	Employee stock options outstanding account	Securities premium reserve	General reserve	Retained earnings		
Balance as at 1 April 2016		58.79	-	677.07	11,971.74	389.07	10,544.28	(12.68)	23,628.27
Profit for the year							16,591.88	-	16,591.88
Other comprehensive income for the year	14 c.							(21.72)	(21.72)
Total comprehensive income for the year							**27,136.16**	**(34.40)**	**40,198.43**
Final dividend	14 b.(v)						(5,422.03)		(5,422.03)
Corporate dividend tax							(1,103.80)		(1,103.80)
Employee stock option scheme expense	38	-	-	504.89	-	-	-	-	504.89
Amount utilized / transfer for issue of shares on exercise of stock options	38	-	-	(632.84)	632.84	-	-	-	-
Balance as at 31 March 2017		**58.79**	-	**549.12**	**12,604.58**	**389.07**	**20,610.33**	**(34.40)**	**34,177.49**

* Represents equity component of compound financial instruments (net of tax) - 36,716 0.00% convertible preference shares of Rs.1,000 each fully paid up including transition date adjustment of Rs. 32.10.

** Other comprehensive income represents remeasurement of defined benefit plans (net of tax).

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B S R & Co. LLP
GURGAON
Chartered Accountants

InterGlobe Aviation Limited
Statement of Changes in Equity for the year ended 31 March 2017
(Rupees in millions, except for share data and if otherwise stated)

b. Other equity (continued)

	Note	Equity component of compound financial instruments*	Reserves and surplus: Capital redemption reserve	Reserves and surplus: Employee stock options outstanding account	Reserves and surplus: Securities premium reserve	Reserves and surplus: General reserve	Reserves and surplus: Retained earnings	Other comprehensive income**	Total
Balance as at 1 April 2015		58.79	1,554.00	-	-	1,928.51	3,953.93	-	7,495.23
Profit for the year							19,861.61	-	19,861.61
Other comprehensive income for the year	14 c.							(12.68)	(12.68)
Total comprehensive income for the year							**23,815.54**	**(12.68)**	**27,344.16**
Interim dividend	14 b.(v)						(11,026.49)		(11,026.49)
Corporate dividend tax							(2,244.77)		(2,244.77)
Amount utilised during the year for issuing bonus shares	13 f.	-	(1,554.00)	-	-	(1,539.44)	-	-	(3,093.44)
Employee stock option scheme expense	38	-	-	677.07	-	-	-	-	677.07
Premium received during the year on account of issue of shares - Initial public offer	13 j.(vi)	-	-	-	12,555.59	-	-	-	12,555.59
Amount utilized for share issue expenses-Initial public offer	13 j.(vi)	-	-	-	(583.85)	-	-	-	(583.85)
Balance as at 31 March 2016		**58.79**	**-**	**677.07**	**11,971.74**	**389.07**	**10,544.28**	**(12.68)**	**23,628.27**

* Represents equity component of compound financial instruments (net of tax) - 36,716 0.00% convertible preference shares of Rs.1,000 each fully paid up including transition date adjustment of Rs. 32.10.

** Other comprehensive income represents remeasurement of defined benefit plans (net of tax).

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

1. Company Information / Overview

InterGlobe Aviation Limited (the "Company") is a public limited company domiciled in India. The Company was incorporated on 13 January 2004 as a private limited company in India. Subsequently, the Company changed its legal status from a private company to a public company on 11 August 2006. The Company's registered office is at Central Wing, Ground Floor, Thapar House, 124 Janpath, New Delhi - 110 001. The shares were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 10 November 2015. The Company is in the low cost carrier (LCC) segment of the airline industry in India. The principal activities of the Company comprise of air transportation which includes passenger and cargo services and providing related allied services including in-flight catering services.

2.a Basis of preparation

(i) Statement of compliance

The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1 April 2016, with transition date of 1 April 2015, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the financial statements comply with Ind AS as prescribed under section 133 of the Companies Act, 2013 (the "Act"), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), as notified under section 133 of the Act ("Previous Indian GAAP") and other relevant provision of the Act.

The financial statements for the year ended 31 March 2017 are the first financial statements of the Company prepared under Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is included in Note 28.

The financial statements were authorised for issue by the Board of Directors of the Company on 9 May 2017.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except certain financial assets and liabilities that are measured at fair value or amortised cost.

(iii) Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the financial statements are as follows:

Note 2.(b) (xiv) and 33- measurement of defined benefit obligations: key actuarial assumptions.
Note 2.(b) (x) and (xi) - judgement required to ascertain lease classification and fair value of aircraft
Note 2.(b) (viii) - measurement of useful life and residual values of property, plant and equipment.
Note 2.(b) (xx) and 16 - estimation of costs of redelivery and overhaul.
Note 2.(b) (xv) and 31 - judgement is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.
Note 38 - judgement required to determine grant date fair value technique.
Note 2.(b) (iii) (v) and 29 - fair value measurement of financial instruments.
Note 2.(b) (xxii) - judgement required to determine probability of recognition of deferred tax assets and MAT credit entitlement.
There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

2.b Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at 1 April 2015 for the purposes of the transition to Ind AS.

(i) Current - non-current classification

All assets and liabilities are classified into current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:
- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting period; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities
A liability is classified as current when it satisfies any of the following criteria:
- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting period; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

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

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Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non- current.

(ii) Foreign currency transactions and translations

Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (Rs.). The financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest millions upto two decimal places, unless otherwise stated.

Transactions and Balances

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the date of the transactions or at an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the Statement of Profit and Loss, except for gains / (losses) arising on translation of long-term foreign currency monetary loans taken before 31 March 2016 and used for acquisition of depreciable property, plant and equipment, are adjusted in the cost of property, plant and equipment. The above treatment will continue till the repayment of the foreign currency monetary loans.

Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the Statement of Profit and Loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

(iii) Fair value measurement

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 to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

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.

The Company measures financial instruments, such as, investments (other than investment in subsidiaries), at fair value at each reporting date. Also, fair value of financial instruments measured at amortised cost is disclosed in Note 29.

(iv) Investment in subsidiaries

Investment is subsidiaries is carried at cost, less any impairment in the value of investment, in these separate financial statements.

(v) Financial instruments

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

Financial assets

Recognition and initial measurement

All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets are initially measured 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.

Classification and subsequent measurement

Classification

For the purpose of subsequent measurement, the Company classifies financial assets in following categories:
- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

A financial asset being 'debt instrument' is measured at the amortised cost if both of the following conditions are met:
- The financial asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met:
- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

A financial asset being equity instrument is measured at FVTPL.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL.

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Subsequent measurement

Financial assets at amortised cost
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income and impairment are recognised in the Statement of Profit and Loss.

Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in the Statement of Profit and Loss.

Derecognition
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Any gain or loss on derecognition is recognised in the Statement of Profit and Loss.

Impairment of financial assets (other than at fair value)
The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognised as an impairment gain or loss in the Statement of Profit and Loss.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

Recognition and initial measurement
All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the liability.

Classification and subsequent measurement
Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Statement of Profit and Loss.

Financial liabilities other than classified as FVTPL, are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

Derecognition
The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

Compound financial instruments - convertible preference shares
Compound financial instruments issued by the Company comprises of convertible preference shares that can be converted to equity shares of the Company.

Convertible preference shares are bifurcated into liability and equity components based on the terms of the contract.
The liability component of convertible preference shares is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of convertible preference shares is not remeasured subsequently.

Interest related to the liability component is recognised in Statement of Profit and Loss. On conversion, the liability component is reclassified to equity and no gain or loss is recognised.

(vi) Share capital

Equity share capital
Issuance of ordinary shares are recognised as equity share capital in equity. Incremental costs directly attributable to the issuance of new equity shares are recognized as a deduction from equity, net of any tax effects.

(vii) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques 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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(Rupees in millions, except for share data and if otherwise stated)

(viii) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any

The cost of an item of property, plant and equipment comprises: (a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment. The Company has recognised major inspection costs relating to engine and airframe overhauls and other heavy maintenance as separate components for owned aircraft and aircraft taken on finance lease ("Leased Aircraft").

The cost of improvements to aircraft, if recognition criteria are met, have been capitalised and disclosed separately as leasehold improvement - aircraft.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognised. The carrying amount of any component accounted as a separate component is derecognised, when replaced or when the property, plant and equipment to which the component relates gets derecognised.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the Previous Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment. Refer to Note 28.

Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to Statement of Profit and Loss. Depreciation on property, plant and equipment, except aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment, leasehold improvements - aircraft and leasehold improvements, is provided on written down value method at the rates and in the manner provided in Schedule II of the Companies Act, 2013. Depreciation on aircraft (including aircraft taken on finance lease) and spare engine, rotables and non-aircraft equipment is provided on the straight line method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013.

Major inspection costs relating to engine and airframe overhauls and other heavy maintenance are identified as separate components for owned and Leased Aircraft and are depreciated over the expected lives between major overhauls and remaining useful live of the aircraft, whichever is lower.

Depreciation has been charged based on the following useful lives:

Asset Head	Useful life in years
Owned and Leased Aircraft and owned spare engines	
-Aircraft and engine components including spare engines	20
-Major inspection and overhaul costs*	4 - 12
Rotables and non-aircraft equipment	20
Furniture and fixtures	10
Computer	
-End user devices	3
-Server and networks	6
Office equipment	
-Office equipment	5
-Electrical equipment	10
Ground support equipment	15
Vehicles (including ground support vehicles)	
-Motor vehicles (ground support equipment)	8
-Motor vehicles	8

* separate component recognised with effect from 1 April 2015.

Expenditure incurred towards leasehold improvements - aircraft is depreciated on a straight line basis over the remaining period of the lease of the aircraft or 5 years, whichever is lower.

Leasehold improvements are depreciated on a straight line basis over the period of the initial lease term or their estimated useful life, whichever is lower.

The useful lives have been determined based on internal evaluation done by management and are in line with the estimated useful lives, to the extent prescribed by the Schedule II of the Companies Act, 2013, in order to reflect the technological obsolescence and actual usage of the asset. The residual values are not more than 5% of the original cost of the asset.

Depreciation is calculated on a pro-rata basis for assets purchased/sold during the year.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed by management at each reporting date and adjusted prospectively, as appropriate.

Pursuant to identification of major inspection and overhaul costs as separate components as required by Schedule II of the Companies Act, 2013 with effect from 1 April 2015, the depreciation charge for the year ended 31 March 2016 is higher by Rs. 1,568.31.

Capital work-in-progress

Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

(ix) Other intangible assets

Recognition and measurement

Other intangible assets that are acquired are recognised only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably. The other intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

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Gain or losses arising from derecognition of an other intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the other intangible asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Subsequent costs

Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on other intangible assets is recognised in the Statement of Profit and Loss, as incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all other intangible assets recognised as at 1 April 2015 measured as per the Previous Indian GAAP and use that carrying value as the deemed cost of such other intangible assets (Refer to Note 28).

Amortisation

Amortisation is calculated to write off the cost of other intangible assets over their estimated useful lives of 3 years using the straight-line method. Amortisation is calculated on a pro-rata basis for assets purchased/ disposed during the year.

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Intangible assets under development

Cost of intangible assets under development as at the reporting date are disclosed as intangible assets under development.

(x) Leases

Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance lease. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities, as appropriate. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Leases in which significant portion of risks and rewards of ownership are not transferred are classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form is considered.

Lease classification is made at the inception of the lease. Lease classification is changed only if, at any time during the lease, the parties to the lease agreement agree to revise the terms of the lease (without renewing it) in a way that it would have been classified differently, had the changed terms been in effect at inception. The revised agreement involves renegotiation of original terms and conditions and are accounted prospectively over the remaining term of the lease.

Lease payments

Minimum lease payments made under finance lease are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease payments in respect of assets taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increases.

Sale and lease back transactions

Gains and losses arising on sale and leaseback transactions resulting in an operating lease and where the sale price is at fair value, are recognised immediately in the Statement of Profit and Loss. Where the sale price is below fair value, any losses are immediately recognised in the Statement of Profit and Loss, except where the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the initial period for which the asset is expected to be used. Where the sale price is above fair value, the excess over fair value is amortised over the initial period of the lease which coincides with the period for which the asset is expected to be used.

Any excess of sales proceeds over the carrying amount in case a sale and leaseback transaction results in a finance lease, is deferred and amortised over the expected period of use of leased asset in proportion to the depreciation of the leased asset.

(xi) Incentive - non-refundable

Cash incentives

The Company receives non-refundable incentives in connection with the acquisition of aircraft and engines. In case of owned aircraft or aircraft under finance lease, incentives are recorded as a reduction to the cost of related aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the initial lease period of the respective aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Statement of Profit and Loss.

The Company also receives non-refundable milestone incentives from the engine manufacturer on achievement of certain milestones relating to acquisition and delivery of aircraft. These milestone incentives are recorded as reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining initial lease period of the respective aircraft. Where the aircraft is held under finance lease, the incentives are deferred and recognised under the head 'Other operating revenue' in the Statement of Profit and Loss, on a straight line basis over the remaining initial lease period of the respective aircraft. In case of prepayment of finance lease obligations for aircraft taken on finance lease and consequently taking the ownership of the aircraft, before the expiry of the lease term, the unamortised balance of deferred incentive is recorded as a reduction to the carrying value of the aircraft. In case of return of an aircraft taken on operating lease before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Statement of Profit and Loss.

Non-cash incentives

Non-cash incentives are recorded as and when due to the Company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned aircraft and aircraft held under finance lease. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives, which coincides with the initial lease period.

The deferred asset explained above is reduced on the basis of utilization of incentives against liability towards purchase of goods and services.

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(xii) Inventories

Inventories primarily includes stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment), fuel and in-flight inventories. Inventories are valued at lower of cost and net realisable value ('NRV'). Cost of inventories comprise all costs of purchase after deducting non refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition. Cost are assigned to individual items of inventory on the weighted average cost basis. NRV for in-flight inventory is the estimated selling price of goods sold less the estimated cost necessary to make the sale. NRV for stores and spares, loose tools and fuel used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price. Where necessary, due allowance is made for all damaged, obsolete and slow moving items. The comparison of cost and net realizable value is made on an item by item basis at each reporting date.

(xiii) Impairment - non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication of impairment exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(xiv) Employee benefits

Short-term employee benefits

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

Post-employment benefit plans

Defined contribution plans

The Company pays provident fund contributions to the appropriate government authorities. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefits expense when they are due.

Defined benefit plans

Defined benefit plans of the Company comprise gratuity.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The gratuity plan of the Company is unfunded.

The liability recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost and other costs are included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in "other equity" in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognised immediately in Statement of Profit and Loss as past service cost.

Other long-term employee benefits

i. Compensated absences

Till the year ended 31 March 2015, benefits under compensated absences constitute short term employee benefits, since the employees were required to avail the leave within one year from the year end. These were recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

In the year ended 31 March 2016, the Company had amended its leave policy. Accordingly, benefits under compensated expenses are accounted as other long-term employee benefits. The Company's net obligation in respect of compensated absences is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Statement of Profit and Loss in the period in which they arise.

ii. Others

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Remeasurements are recognised in Statement of Profit and Loss in the period in which they arise.

Share-based payment arrangements

The grant-date fair value of equity-settled share-based payment arrangements granted to employees under the Employee Stock Option Scheme ('ESOS') is generally recognised as an employee stock option scheme expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. The increase in equity recognised in connection with a share based payment transaction is presented in the "Employee stock option outstanding account", as separate component in equity. For share-based payment awards with market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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(xv) Provisions and contingent liabilities and assets

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past events, 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.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and 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 liabilities and assets

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

(xvi) **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, net of discounts. Revenue is recorded provided the recovery of consideration is probable and determinable.

Passenger and cargo revenue

Passenger revenue is recognised on flown basis i.e. when the service is rendered, net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any. Cargo revenue is recognised when service is rendered i.e. goods are transported, net of airport levies and applicable taxes.

The sale of tickets not yet flown is credited to unearned revenue i.e. 'Forward Sales' disclosed under other current liabilities. Fees charged for modification and cancelation of flight tickets and towards special service request are recognised as revenue on rendering of the service.

The unutilised balance in Forward Sales for more than a year is recognised as revenue based on historical statistics, data and management estimates and considering the Company's cancellation policy.

In flight sales

Revenue from sale of merchandise is recognised on transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognised on sale of goods to the passenger, net of applicable taxes.

Tour and packages

Income and related expense from sale of tours and packages are recognised upon services being rendered and where applicable, are stated net of discounts and applicable taxes. The income and expense are stated on gross basis.

The sale of tours and packages not yet serviced is credited to unearned revenue, i.e. 'Forward Sales' disclosed under other current liabilities.

Interest income

Interest income on financial assets (including deposits with banks) is recognised using the effective interest rate method on a time proportionate basis.

Claims and other credits - non-refundable

Claims relate to reimbursement towards operational expenses such as operating lease rentals, aircraft repair and maintenance, etc, are adjusted against such expenses over the estimated period for which these reimbursements pertains. When credits are used against purchase of goods and services such as operating lease rentals, aircraft repair and maintenance, etc, these are adjusted against such expenses on utilization basis. The claims and credits are netted of against related expense arising on the same transaction as it reflects the substance of transaction. Moreover, any claim or credit not related to reimbursement towards operational expenses or used for purchase of goods and services are recognised as income in the Statement of Profit and Loss when a contractual entitlement exists, the amount can be reliably measured and receipt is virtually certain.

(xvii) Commission

The commission paid / payable on sales is recognised on sale of ticket and in accordance with the terms of contracts with agents (customers). As the Company acts as a principal, the commission is recognised as an expense in the Statement of Profit and Loss.

(xviii) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(xix) Borrowing costs

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(xx) Aircraft repair, maintenance and redelivery cost

The Company recognises aircraft repair and maintenance cost in the Statement of Profit and Loss (except heavy maintenance visits, engine overhaul and landing gear overhaul expenses for owned aircraft and aircraft taken on finance lease) on incurred basis, except for aircraft maintenance covered by third party maintenance agreements, where in a portion of the cost are charged to the Statement of Profit and Loss at a contractual rate per hour in accordance with the terms of the agreements.

Aircraft maintenance costs also includes provision for overhaul expenses for certain aircraft held under operating leases. These are recorded at discounted value, where effect of the time value of money is material.

The Company has in its fleet aircraft on operating lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. The redelivery costs are estimated by management based on historical trends and data, and are recorded in the financial statements in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

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(xxi) Aircraft fuel expense

Aircraft fuel expenses are recognised in the statement of profit and loss as uplifted and consumed, net off any discounts.

(xxii) Income tax

Income tax expense comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any relating to income taxes. It is measured using tax rates enacted at the reporting date.
Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised. Significant management judgement is required to determine the probability of deferred tax asset.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternative Tax ('MAT') credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in Balance Sheet. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.
Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets levied by the same tax authorities.

(xxiii) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its equity shares.
Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.
Diluted EPS is determined by adjusting profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares, which comprise convertible preference shares and share options granted to employees.

(xxiv) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

(xxv) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(xxvi) Recent accounting pronouncements

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' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

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

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

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(Rupees in millions, except for share data and if otherwise stated)

3 Property, plant and equipment

As at 31 March 2017

Particulars	Owned aircraft and spare engines	Leased aircraft	Furniture and fixtures	Computer	Office equipment	Ground support equipment	Vehicles (including ground support vehicles)	Leasehold improvements	Leasehold improvements - aircraft	Rotables and non-aircraft equipment ***	Total
Gross value											
Balance at the beginning of the year	9,147.87	39,960.69	156.73	317.77	70.51	1,098.85	539.91	442.60	787.90	528.28	53,051.11
Additions during the year	574.67	236.19	37.83	120.02	31.16	114.84	281.90	188.99	172.53	259.44	2,017.57
Disposals during the year #	7,741.62	38.85	0.03	1.85	0.22	-	8.11	-	-	45.87	7,836.55
Adjustments during the year */ **	5,718.07	(6,981.99)	-	-	-	-	-	-	-	-	(1,263.92)
Balance at the end of the year	**7,698.99**	**33,176.04**	**194.53**	**435.94**	**101.45**	**1,213.69**	**813.70**	**631.59**	**960.43**	**741.85**	**45,968.21**
Accumulated depreciation											
Balance at the beginning of the year	2,233.41	2,748.46	21.75	127.79	20.17	163.52	135.27	102.43	200.07	23.90	5,776.77
Depreciation for the year	931.41	2,452.46	43.67	139.08	26.15	183.17	163.40	186.80	227.57	44.38	4,398.09
Depreciation on disposals	1,639.28	38.93	0.01	0.21	0.07	-	2.87	-	-	-	1,681.37
Adjustments during the year **	524.29	(524.29)	-	-	-	-	-	-	-	-	-
Balance at the end of the year	**2,049.83**	**4,637.70**	**65.41**	**266.66**	**46.25**	**346.69**	**295.80**	**289.23**	**427.64**	**68.28**	**8,493.49**
Net carrying value as at 31 March 2017	**5,649.16**	**28,538.34**	**129.12**	**169.28**	**55.20**	**867.00**	**517.90**	**342.36**	**532.79**	**673.57**	**37,474.72**

As at 31 March 2016

Particulars	Owned aircraft and spare engines	Leased aircraft	Furniture and fixtures	Computer	Office equipment	Ground support equipment	Vehicles (including ground support vehicles)	Leasehold improvements	Leasehold improvements - aircraft	Rotables and non-aircraft equipment ***	Total
Cost or deemed cost											
Balance at the beginning of the year	-	46,535.62	25.43	131.68	34.26	699.38	355.24	142.35	740.06	361.79	49,025.81
Additions during the year	476.76	168.53	132.94	186.36	37.04	402.49	186.33	306.44	47.84	166.49	2,111.22
Disposals during the year #	-	139.87	1.64	0.27	0.79	3.02	1.66	6.19	-	-	153.44
Adjustments during the year * /**	8,671.11	(6,603.59)	-	-	-	-	-	-	-	-	2,067.52
Balance at the end of the year	**9,147.87**	**39,960.69**	**156.73**	**317.77**	**70.51**	**1,098.85**	**539.91**	**442.60**	**787.90**	**528.28**	**53,051.11**
Accumulated depreciation											
Balance at the beginning of the year	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	126.15	4,008.58	22.14	127.83	20.38	165.79	135.54	107.32	200.07	23.90	4,937.70
Depreciation on disposals	-	139.87	0.39	0.04	0.21	2.27	0.27	4.89	-	-	147.94
Adjustments during the year **	2,107.26	(1,120.25)	-	-	-	-	-	-	-	-	987.01
Balance at the end of the year	**2,233.41**	**2,748.46**	**21.75**	**127.79**	**20.17**	**163.52**	**135.27**	**102.43**	**200.07**	**23.90**	**5,776.77**
Net carrying value as at 31 March 2016	**6,914.46**	**37,212.23**	**134.98**	**189.98**	**50.34**	**935.33**	**404.64**	**340.17**	**587.83**	**504.38**	**47,274.34**

*As per Ind AS 101, a first-time adopter of Ind AS may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the year ending immediately before the beginning of the first Ind AS financial reporting year as per the Previous Indian GAAP (i.e. year ended 31 March 2016 or before). The Company has opted for the optional exemption and accordingly, the Company had adjusted foreign currency gain amounting to Rs. 369.17 (31 March 2016: foreign currency loss amounting to Rs. 2,311.29) during the year ended 31 March 2017, arising on re-statement of long-term foreign currency monetary loans used for acquisition of a depreciable capital asset. Refer to Note 28.

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3 **Property, plant and equipment (continued)**

**The Company has utilized its Initial Public Offer proceeds towards retirement of certain outstanding finance lease liabilities in foreign currency and consequent acquisition of aircraft. The adjustment in the Gross value of owned aircraft of Rs. 5,718.07 (31 March 2016: Rs. 8,671.11) represents the cost of the acquired finance leased aircraft as reduced by the outstanding deferred incentives amounting to Rs. 894.75 (31 March 2016: Rs. 243.76) in respect of these aircraft, as on the date of the acquisition. The adjustment in the Accumulated Depreciation of owned aircraft of Rs. 524.29 (31 March 2016: Rs. 2,107.26) represents the accumulated depreciation of the acquired finance leased aircraft as increased by the outstanding provision for supplemental rentals amounting to Rs. Nil (31 March 2016: Rs. 987.01) in respect of these aircraft, as on the date of the acquisition.
Consequently, the adjustment in the Gross value of finance leased aircraft of Rs. 6,612.82 (31 March 2016: Rs. 8,914.87) represents the cost of the transferred finance leased aircraft to owned aircraft, as on the date of the acquisition. Moreover, the adjustment in the Accumulated Depreciation of finance leased aircraft of Rs. 524.29 (31 March 2016: Rs. 1,120.25) represents the accumulated depreciation of the transferred finance leased aircraft to owned aircraft as on the date of the acquisition.

*** The Company, in accordance with Ind AS 16 - Property, Plant and Equipment, has identified certain spare parts and stand-by equipment, and reclassified/ capitalised them as rotables and non-aircraft equipment under property, plant and equipment. The same were classified as inventories under Previous Indian GAAP. These rotables and non-aircraft equipment have been depreciated over the remaining useful lives of the asset.

During the current year ended 31 March 2017, the Company has sold and leased back on operating lease, certain owned aircraft. Net gain amounting to Rs. 26.02 on account of such sale and lease back transaction has been recognised in the Statement of Profit and Loss under other income as the transaction has been established at fair value (Refer to Note 21).

For terms of assets acquired under finance lease, Refer to Note 15(a).

4 **Other intangible assets**

As at 31 March 2017

Particulars	Computer software	Total
Gross value		
Balance at the beginning of the year	316.72	316.72
Additions during the year	438.39	438.39
Disposals during the year	-	-
Balance at the end of the year	**755.11**	**755.11**
Accumulated amortisation		
Balance at the beginning of the year	116.98	116.98
Amortisation for the year	174.44	174.44
Amortisation on disposals	-	-
Balance at the end of the year	**291.42**	**291.42**
Net carrying value as at 31 March 2017	**463.69**	**463.69**

As at 31 March 2016

Particulars	Computer software	Total
Cost or deemed cost		
Balance at the beginning of the year	96.37	96.37
Additions during the year	220.35	220.35
Disposals during the year	-	-
Balance at the end of the year	**316.72**	**316.72**
Accumulated amortisation		
Balance at the beginning of the year	-	-
Amortisation for the year	116.98	116.98
Amortisation on disposals	-	-
Balance at the end of the year	**116.98**	**116.98**
Net carrying value as at 31 March 2016	**199.74**	**199.74**

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(Rupees in millions, except for share data and if otherwise stated)

5 **Investments**

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Non-current investments			
Equity investments in subsidiary	0.10	-	-
Equity investments	0.18	0.25	0.46
Total	**0.28**	**0.25**	**0.46**
Current investments			
Mutual funds	37,134.10	9,861.31	5,193.03
Total	**37,134.10**	**9,861.31**	**5,193.03**
Grand Total	**37,134.38**	**9,861.56**	**5,193.49**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Investments in equity instruments - at cost						
Equity investments in subsidiary : unquoted						
10,000 (31 March 2016 : Nil, 1 April 2015 : Nil) equity shares Rs. 10 each of Agile Airport Services Private Limited*	0.10	-	-	-	-	-
Investments at fair value through profit or loss (FVTPL)						
Equity investments, unquoted						
1,280 equity shares (31 March 2016: 1,653, 1 April 2015: 2,815) of Thai Baht (THB) 100 each, fully paid up, of Aeronautical Radio of Thailand, a state enterprise under the Ministry of Transport**	0.18	-	0.25	-	0.46	-
Mutual funds, unquoted						
2,271,407 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 1,000 each of Reliance Money Manager Fund-Direct Growth Plan-Growth Option	-	5,170.90	-	-	-	-
137,369,180 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 10 each of Reliance Medium Term Fund- Direct Plan Growth Plan-Growth Plan Option	-	4,765.30	-	-	-	-
14,274,252 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 100 each of Birla Sun Life Savings Fund Growth - Direct Plan	-	4,569.33	-	-	-	-
20,961,042 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 100 each of Birla Sun Life Floating Rate Fund- Long term- Growth Direct Plan	-	4,205.78	-	-	-	-
141,600,564 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 10 each of DHFL-Pramerica Low Duration Fund-Direct Plan-Growth	-	3,216.53	-	-	-	-
127,491,801 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 10 each of DHFL-Pramerica Ultra Short Term Fund-Direct Plan-Growth	-	2,536.12	-	-	-	-
Nil (31 March 2016: 11,146,542; 1 April 2015: Nil) units of face value of Rs. 100 each of ICICI Prudential Savings Fund - Growth	-	-	-	2,504.01	-	-
Nil (31 March 2016: 966,294; 1 April 2015: 187,142) units of face value of Rs. 1,000 each of UTI Floating Rate Fund - STP - Regular Plan - Growth	-	-	-	2,364.71	-	421.83
Nil (31 March 2016: 627,831; 1 April 2015: Nil) units of face value of Rs. 1,000 each of HDFC Cash Management Fund - Saving Plan - Growth	-	-	-	1,980.68	-	-
53,788,491 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 10 each of Sundaram Money Fund -Direct Plan- Growth	-	1,844.69	-	-	-	-
75,348,776 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 10 each of Sundaram Ultra Short Term Fund -Direct Plan- Growth	-	1,711.37	-	-	-	-
Nil (31 March 2016: Nil; 1 April 2015: 7,412,319) units of face value of Rs. 100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	-	-	-	-	-	1,662.47
3,903,681 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 100 each of Birla Sun Life Cash Manager -Growth-Direct Plan	-	1,585.01	-	-	-	-
727,958 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 10 each of Kotak-Low Duration Fund-Direct Growth	-	1,478.18	-	-	-	-

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5 Investments (continued)

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
50,363,331 (31 March 2016: 47,343,265; 1 April 2015: Nil) of face value of Rs. 10 each of HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option Growth Option	-	1,428.28	-	1,233.00	-	-
730,035 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 1,000 each of Baroda Pioneer Treasury Advantage Fund-Plan B Growth	-	1,403.42	-	-	-	-
Nil (31 March 2016: Nil; 1 April 2015: 47,988,690) units of face value of Rs. 10 each of HDFC Liquid Fund - Growth	-	-	-	-	-	1,323.35
Nil (31 March 2016: Nil; 1 April 2015: 558,570) units of face value of Rs. 1,000 each of Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	-	-	-	-	-	1,243.22
323,751 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 1,000 each of Reliance Liquid Fund - Cash Plan - Direct Growth Plan	-	849.93	-	-	-	-
40,014,061 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 10 each of LIC MF Saving Plus Fund-Direct-Growth Plan	-	1,030.40	-	-	-	-
Nil (31 March 2016: 63,241,843; 1 April 2015: Nil) units of face value of Rs. 10 each of ICICI Prudential- Ultra Short Term- Growth	-	-	-	968.02	-	-
489,933 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 1,000 each of Axis Treasury Advantage Fund – Direct Growth - TADG	-	904.47	-	-	-	-
Nil (31 March 2016: 25,429,005; 1 April 2015: Nil) units of face value of Rs. 10 each of Sundaram Money Fund Regular Growth	-	-	-	810.89	-	-
Nil (31 March 2016: Nil; 1 April 2015: 258,097) units of face value of Rs. 1,000 each of Tata Floater Fund Plan A - Growth	-	-	-	-	-	542.16
141,593 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 1,000 each of UTI-Treasury Advantage-Institutional Plan-Direct Plan-Growth	-	319.35	-	-	-	-
46,359 (31 March 2016: Nil; 1 April 2015: Nil) units of face value of Rs. 1,000 each of Tata Ultra Short Term Fund Direct Plan - Growth	-	115.04	-	-	-	-
Total	**0.28**	**37,134.10**	**0.25**	**9,861.31**	**0.46**	**5,193.03**
Aggregate value of unquoted investments	**0.28**	**37,134.10**	**0.25**	**9,861.31**	**0.46**	**5,193.03**

There are no quoted investments during the current and previous years.

* On 14 February 2017, a wholly owned subsidiary, Agile Airport Services Private Limited ("Agile") was incorporated, having registered office in New Delhi, India, for the purpose of carrying out the work of ground handling and other allied services at the airports. The Company has invested in 10,000 shares (fully paid-up of Rs. 10 each) in Agile on 30 March 2017. 100 of such shares are held by a nominee of the Company.

** The transfer of the investment is restricted to airline members flying in Thailand.

Information about the Company's exposure to credit and market risks, and fair value measurement, is included in Note 29.

6 Loans

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Unsecured, considered good, unless stated otherwise						
Security deposit	5,440.26	39.76	4,217.22	90.46	3,106.82	41.25
Total	**5,440.26**	**39.76**	**4,217.22**	**90.46**	**3,106.82**	**41.25**

7 Other financial assets

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Unsecured, considered good, unless stated otherwise						
Bank deposits (due for maturity after twelve months from the reporting date) *	9,972.40	-	13,539.93	-	15,118.55	-
Interest accrued but not due on bank deposits	383.99	3,152.79	1,437.91	1,645.84	937.05	1,745.09
Maintenance recoverable	-	620.21	-	306.12	-	166.01
Insurance claim recoverable	-	46.66	-	11.42	-	54.64
Others (including credit recoverable)**	-	281.44	-	1,126.54	-	41.50
Total	**10,356.39**	**4,101.10**	**14,977.84**	**3,089.92**	**16,055.60**	**2,007.24**

*Bank deposits include Rs. 9,633.84 (31 March 2016: Rs. 12,883.85, 1 April 2015: Rs. 13,649.11) as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

** Includes related party advances amounting to Rs. 0.24 (31 March 2016: Rs. Nil, 1 April 2015: Rs. Nil) [Refer to Note 35].

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(Rupees in millions, except for share data and if otherwise stated)

8 Other assets

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Unsecured, considered good, unless stated otherwise						
Prepaid expenses	-	1,327.65	-	1,052.17	-	882.39
Balance with service tax and custom authorities	-	925.58	-	496.86	-	275.17
Deferred incentive (non-cash)	-	28.91	-	700.28	-	594.76
Capital advances	119.65	-	136.34	-	51.07	-
Advance to employees	49.32	145.48	35.76	101.05	5.87	91.60
Deferred rent	3,379.77	592.35	2,761.39	451.50	2,092.94	336.12
Value added tax recoverable	-	40.18	-	37.83	-	16.68
Other recoverable	-	150.86	-	202.67	-	10.16
	3,548.74	3,211.01	2,933.49	3,042.36	2,149.88	2,206.88
Advance to suppliers						
- Considered good	-	434.22	-	470.38	-	248.52
- Considered doubtful	-	3.94	-	3.94	-	3.94
	-	438.16	-	474.32	-	252.46
Less: Impairment allowances for doubtful advances	-	3.94	-	3.94	-	3.94
	-	434.22	-	470.38	-	248.52
Total	**3,548.74**	**3,645.23**	**2,933.49**	**3,512.74**	**2,149.88**	**2,455.40**

9 Inventories

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Valued at lower of cost and net realisable value			
Stores and spares			
- Engineering stores and spares	767.80	445.18	383.51
- Goods in transit	39.26	51.59	34.45
	807.06	**496.77**	**417.96**
Loose tools	22.55	80.67	39.61
	829.61	**577.44**	**457.57**
Less: Provision for obsolescence, slow/non-moving engineering stores, spares and loose tools	-	108.24	100.51
	829.61	**469.20**	**357.06**
Stock-in-trade			
- In-flight inventory	77.60	74.66	63.34
Fuel			
- Fuel	6.21	218.96	523.35
- Goods in transit	718.08	-	-
Total	**1,631.50**	**762.82**	**943.75**

10 Trade receivables

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unsecured, considered good, unless otherwise stated			
Trade receivables			
- Considered good	1,587.02	1,571.14	1,045.50
- Considered doubtful	71.45	71.45	71.45
	1,658.47	**1,642.59**	**1,116.95**
Less: Impairment allowances for doubtful receivables	71.45	71.45	71.45
Total	**1,587.02**	**1,571.14**	**1,045.50**

The carrying amount of trade receivables approximates their fair value, is included in Note 29.

The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 29.

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InterGlobe Aviation Limited
Notes forming part of the financial statements for the year ended 31 March 2017
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11 Cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash on hand	43.17	30.83	21.42
Cheques on hand	-	-	0.09
Balance with banks:			
- On current account#	1,487.92	2,664.02	2,098.48
- On deposit account (with original maturity of three months or less)*	-	5,358.83	347.50
Total	**1,531.09**	**8,053.68**	**2,467.49**

Current account balance with banks includes Rs. 71.43 (31 March 2016: Rs. 211.45, 1 April 2015: Rs. 222.36) held in foreign currency which are freely remissible to the Company.
* Deposits as at 31 March 2016 represents unutilized amounts of the IPO proceeds, been temporarily deployed in deposits with banks.

12 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Bank balances other than cash and cash equivalents*			
- On deposit account	44,794.26	29,133.02	17,526.31
Total	**44,794.26**	**29,133.02**	**17,526.31**

*Bank deposits include Rs. 39,471.53 (31 March 2016: Rs. 24,961.08, 1 April 2015: Rs. 15,004.03) as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

13 Share capital

	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a.	**Authorised***			
	Equity shares			
	750,000,000 equity shares of Rs. 10 each (31 March 2016: 750,000,000 equity shares of Rs. 10 each, 1 April 2015: 500,000 equity shares of Rs. 1,000 each)	7,500.00	7,500.00	500.00
	Nil 0.00% non-cumulative redeemable preference shares of Rs. 1,000 each (31 March 2016: Nil 0.00% non-cumulative redeemable preference shares of Rs. 1,000 each, 1 April 2015: 1,600,000 0.00% non-cumulative redeemable preference shares of Rs. 1,000 each)	-	-	1,600.00
	Nil 0.00% convertible preference shares of Rs. 1,000 each (31 March 2016: Nil 0.00% convertible preference shares of Rs. 1,000 each, 1 April 2015: 100,000 0.00% convertible preference shares of Rs. 1,000 each)	-	-	100.00
	Total	**7,500.00**	**7,500.00**	**2,200.00**
b.	**Issued, subscribed and paid up**			
	361,468,363 equity shares of Rs. 10 each fully paid up (31 March 2016: 360,356,544 equity shares of Rs. 10 each fully paid up, 1 April 2015: 307,000 equity shares of Rs. 1,000 each fully paid up)	3,614.68	3,603.57	307.00
	Nil 0.00% convertible preference shares of Rs. 1,000 each (31 March 2016: Nil 0.00% convertible preference shares of Rs. 1,000 each, 1 April 2015: 36,716 0.00% convertible preference shares of Rs. 1,000 each) **	-	-	-
	Total	**3,614.68**	**3,603.57**	**307.00**

* Refer to Note 13 j.
** Nil 0.00% convertible preference shares of Rs. 1,000 each (31 March 2016: Nil 0.00% convertible preference shares of Rs. 1,000 each, 1 April 2015: 36,716 0.00% convertible preference shares of Rs. 1,000 each) have been classified as compound financial instruments (Refer to Note 14 a. and 15 a.)

c. **Reconciliation of number of equity shares outstanding at the beginning and end of the year :**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Equity shares issued, subscribed and paid up		
Equity shares at the beginning of the year	360,356,544	307,000
Equity shares increased during the year :		
- Increase due to conversion of 0.00% convertible preference shares of Rs. 1,000 each in equity shares of Rs. 1,000 each (Refer to Note 13 d.(ii))	-	36,716
- Increase due to sub-division of equity shares (Refer to Note 13 j.(i))	-	34,027,884
- Issued during the year - Bonus shares of Rs. 10 each (Refer to Note 13 j.(iii))	-	309,344,400
- Issued during the year pursuant to exercise of employee stock options scheme (Refer to Note 38)	1,111,819	-
- Issued during the year - Initial public offer- fresh issue (Refer to Note 13 j.(vi))	-	16,640,544
Equity shares at the end of the year	**361,468,363**	**360,356,544**

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(Rupees in millions, except for share data and if otherwise stated)

13 Share capital (continued)

d. Terms / rights attached to each classes of shares

(i) Equity shares

The Company has only one class of equity share. The par value of the share issued initially till 24 June 2015 was Rs. 1,000 per share. With the approval of the members at the Extraordinary General Meeting ('EGM') of the Company held on 25 June 2015 the par value of the share was changed to Rs. 10 per share (Refer to Note 13 j.). Each holder of the equity share is entitled to one vote per share and is entitled to dividend, declared if any. The paid up equity shares of the Company rank pari-pasu in all respects, including dividend. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The interim dividend is declared by the Board of Directors. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) Convertible preference shares

The fully paid up convertible preference shares of Rs.1,000 each were issued at a premium ranging from Rs. 5,650 to Rs. 6,642 per share with 0.00% coupon rate and are convertible into equity shares of the Company in the ratio of 1:1 not earlier than (a) the initial public offer of the Company; or (b) a strategic sale of the Company. In the event of liquidation of the Company before conversion of preference shares, the preference shareholders had priority over the equity shares in the repayment of the capital. The holder of preference shares were entitled to one vote per share at any meeting of the Company on any resolutions of the Company directly affecting their rights.
During the previous year ended 31 March 2016, 36,716 fully paid up 0.00% convertible preference shares were converted into equity shares of the Company in the prescribed ratio of 1:1, vide resolution passed by the Board at its meeting held on 23 June 2015.

e. Shares held by holding/ultimate holding company and /or their subsidiaries/ associates

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Equity shares of Rs. 10 each (31 March 2016: Rs. 10 each, 1 April 2015: Rs. 1,000 each), fully paid up held by:						
InterGlobe Enterprises Limited, holding and ultimate holding company upto 9 November 2015*	-	-	-	-	156,950	156.95
Total	-	-	-	-	**156,950**	**156.95**

* Post Initial Public Offer ('IPO'), InterGlobe Enterprises Limited ceases to be holding and ultimate holding company.

f. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Equity shares allotted as fully paid bonus shares by capitalization of capital redemption reserve in the year ended 31 March 2016	155,400,000	1,554.00	155,400,000	1,554.00	-	-
Equity shares allotted as fully paid bonus shares by capitalization of general reserve in the year ended 31 March 2016	153,944,400	1,539.44	153,944,400	1,539.44	-	-
Total	**309,344,400**	**3,093.44**	**309,344,400**	**3,093.44**	-	-

During the year ended 31 March 2016, the Company had issued 309,344,400 fully paid bonus shares during the period of five years immediately preceding the reporting date. The above shares were issued for Rs. 10 each. Refer to Note 13 j.(iii).

g. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	Number of Shares	Number of Shares	Number of Shares
Equity shares allotted pursuant to scheme of merger (Refer to Note 42)	147,000	147,000	-
	147,000	147,000	-

The Company in addition to the shares as stated in Note 13 f. above has issued 147,000 fully paid shares for consideration other than cash during the previous year ended 31 March 2016, during the period of five years immediately preceding the reporting date. The above shares were issued for Rs. 1,000 each, which were subsequently sub divided into equity share of Rs. 10 each. Refer to Note 13 j.(i).

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(Rupees in millions, except for share data and if otherwise stated)

13 Share capital (continued)

h. Shareholders holding more than 5% shares in the Company:

Particulars	Class of share	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
		Number of Shares	%	Number of Shares	%	Number of Shares	%*
InterGlobe Enterprises Limited	Equity shares	153,649,581	42.51%	153,649,581	42.64%	156,950	51.12%
Caelum Investment LLC	Equity shares	-	-	-	-	147,000	47.88%
Rakesh Gangwal	Equity shares	60,860,713	16.84%	60,860,713	16.89%	-	-
The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	Equity shares	56,375,730	15.60%	56,375,730	15.64%	-	-
Shobha Gangwal	Equity shares	34,852,858	9.64%	34,852,858	9.67%	-	-
Rahul Bhatia	Convertible preference shares	-	-	-	-	3,006	8.19%
Riyaz Haider Peer Mohamed	Convertible preference shares	-	-	-	-	5,110	13.92%
Steven Eugene Harfst	Convertible preference shares	-	-	-	-	3,607	9.82%
Newton Bruce Ashby	Convertible preference shares	-	-	-	-	6,012	16.37%
Kunal Chanana	Convertible preference shares	-	-	-	-	3,006	8.19%
Anil Chanana	Convertible preference shares	-	-	-	-	3,006	8.19%
IGT-InterGlobe Technologies Philippines Inc.	Convertible preference shares	-	-	-	-	6,038	16.45%
Rakesh Gangwal	Convertible preference shares	-	-	-	-	2,004	5.46%
Shobha Gangwal	Convertible preference shares	-	-	-	-	3,006	8.19%

* Represents % of total shares in the respective class.

i. **Shares reserved for issuance under Stock Option Plans of the Company**

For details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company. (Refer to Note 13 j.(iv), (v) and Note 38)

j. **Other Notes**

(i) The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on 25 June 2015, approved the reclassification and sub-division of the authorized share capital of the Company aggregating to Rs. 2,200.00, comprising of 500,000 equity shares of Rs. 1,000 each aggregating to Rs. 500.00; 1,600,000 0.00% non-cumulative redeemable preference shares of Rs. 1,000 each aggregating Rs. 1,600.00 and 100,000 0.00% convertible preference shares of Rs. 1,000 each aggregating Rs. 100.00 to 220,000,000 equity shares of Rs. 10 each aggregating to Rs. 2,200.00.

(ii) The Shareholders' at the EGM of the Company held on 25 June 2015, approved increase in authorized share capital of the Company from Rs. 2,200.00 comprising of 220,000,000 equity shares of Rs. 10 each to Rs. 7,500.00 comprising of 750,000,000 equity shares of Rs. 10 each.

(iii) The Shareholders' at the EGM of the Company held on 25 June 2015, approved capitalization of sum of Rs. 3,093.44, out of the balance in the Company's Capital Redemption Reserve / General Reserve and issued and allotted 309,344,400 equity shares of Rs. 10 each as bonus shares in the proportion of 9 fully paid equity shares of Rs. 10 each for every equity share of Rs. 10 held as on the record date which is 25 June 2015.

(iv) The Shareholders' at the EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited-Tenured Employee Stock Option Scheme 2015 (ESOS 2015-I)" comprising 1,111,819 stock options, convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the ESOS 2015-I. All options under ESOS 2015-I have been granted on 25 June 2015. During the year ended 31 March 2017, 1,111,819 options vested on 25 June 2016 and were subsequently exercised by the employees. Further, 1,111,819 equity shares of Rs. 10 each were allotted to the employees on exercise of option. Refer to Note 38.

(v) Further, the Shareholders' at the EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited- Employee Stock Option Scheme 2015 (ESOS 2015-II)" comprising 3,107,674 stock options, convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the ESOS 2015-II scheme. Out of the above, 2,267,143 stock options were granted on 30 October 2015 and 353,299 stock options were granted on 16 September 2016. Refer to Note 38.

(vi) During the previous year ended 31 March 2016, the Company had completed the initial public offer (IPO), pursuant to which 39,464,562 equity shares of Rs. 10 each were allotted, at an issue price of Rs. 765, consisting of fresh issue of 16,640,544 equity shares and an offer for sale of 22,824,018 equity shares by selling shareholders. Out of fresh issue of 16,640,544 equity shares, 104,790 equity shares were issued to eligible employees at a discount of 10% of issue price and the remaining 16,535,754 equity shares were issued to public.

The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via Symbol INDIGO and BSE Limited (BSE) via Scrip Code 539448 on 10 November 2015.

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(Rupees in millions, except for share data and if otherwise stated)

14 Other equity

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Equity component of compound financial instruments	58.79	58.79	58.79
Reserves and surplus	34,153.10	23,582.16	7,436.44
Other comprehensive income - Remeasurement of defined benefit plans (net of tax)	(34.40)	(12.68)	-
Total	**34,177.49**	**23,628.27**	**7,495.23**

a. Equity component of compound financial instruments

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Nil 0.00% convertible preference shares of Rs. 1,000 each (31 March 2016: Nil 0.00% convertible preference shares of Rs. 1,000 each, 1 April 2015: 36,716 0.00% convertible preference shares of Rs. 1,000 each)			
Balance at the beginning of the year	58.79	58.79	58.79
Balance at the end of the year	**58.79**	**58.79**	**58.79**

Movement for 0.00% convertible preference shares*

Particulars	Amount
Total proceeds	**79.09**
Equity component of 0.00% convertible preference shares	68.82
Liability component of convertible preference shares	**10.27**
Interest expense till transition date	13.38
Total liability as on transition date	**23.65**
Interest expense till date of conversion	13.07
0.00% Convertible preference shares being converted to equity shares	36.72
Closing balance of liability of 0.00% convertible preference shares as on 31 March 2016	-

* Refer to Note 13 d.(ii)

b. Reserves and surplus

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Capital redemption reserve	-	-	1,554.00
Employee stock option outstanding account (Refer to Note 38)	549.12	677.07	-
Securities premium reserve	12,604.58	11,971.74	-
General reserve	389.07	389.07	1,928.51
Retained earnings	20,610.33	10,544.28	3,953.93
Total	**34,153.10**	**23,582.16**	**7,436.44**

(i) Capital redemption reserve

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance at the beginning of the year	-	1,554.00
Utilised during the year for issuing bonus shares (Refer to Note 13 j.(iii))	-	(1,554.00)
Balance at the end of the year	-	-

Capital redemption reserve represents the nominal value of the preference shares, which were redeemed by the Company in earlier years. The same was utilised for issuing bonus shares.

(ii) Employee stock option outstanding account

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance at the beginning of the year	677.07	-
Employee stock option scheme expense (Refer to Note 38)	504.89	677.07
Amount utilized / transfer for issue of shares pursuant to exercise of employee stock options scheme (Refer to Note 38)	(632.84)	-
Balance at the end of the year	**549.12**	**677.07**

Employee stock option outstanding account is used to record the impact of employee stock option schemes. Refer to Note 38 for further details of these plans.

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14 Other equity (continued)

(iii) Securities premium reserve

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Balance at the beginning of the year	11,971.74	-
Premium received during the year on account of issue of shares (Refer to Note 13 j. and Note 38)	632.84	12,555.59
Utilized for share issue expenses*	-	(583.85)
Balance at the end of the year	**12,604.58**	**11,971.74**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

* Expenses incurred by the Company during the previous year ended 31 March 2016 aggregating to Rs. 1,286.27 (including Service Tax) in connection with the IPO have been partly adjusted towards the securities premium reserve and partly recovered from the selling shareholders. The IPO expenses amounting to Rs. 1,286.27, excluding certain expenses which are directly attributable to the Company (such as legal counsel cost, auditor fee, Listing fee and stamp duty expenses) amounting to Rs. 152.68, have been allocated between the Company and each of the selling shareholders in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the existing shareholders.

(iv) General reserve

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Balance at the beginning of the year	389.07	1,928.51
Utilised during the year for issuing bonus shares (Refer to Note 13 j.(iii))	-	(1,539.44)
Balance at the end of the year	**389.07**	**389.07**

The Company transferred certain percentage of retained earnings to general reserve as per the provisions for dividend distribution under the Companies Act, 1956. During the previous year ended 31 March 2016, the general reserve has been utilized for issuance of bonus shares as per the provisions of the Companies Act, 2013.

(v) Retained earnings

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Balance at the beginning of the year	10,544.28	3,953.93
Add: Profit for the year	16,591.88	19,861.61
Amount available for appropriation	**27,136.16**	**23,815.54**
Less: Appropriations		
Final dividend (Refer note below)	(5,422.03)	-
Interim dividend (Refer note below)	-	(11,026.49)
Corporate dividend tax	(1,103.80)	(2,244.77)
Balance at the end of the year	**20,610.33**	**10,544.28**

Dividends

The following dividends were declared and paid by the Company

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Final dividend of Rs. 15 per share* (31 March 2016: Rs. Nil per share)	5,422.03	-
Interim dividend of Rs. Nil per share (31 March 2016: Rs. 32,668.08 per share** and Rs. 3,248.83 per share***)	-	11,026.49

After the reporting dates the following dividends were proposed by the Board of Directors subject to the approval of shareholders at Annual General Meeting; Accordingly, the dividends have not been recognised as liabilities. Dividends would attract corporate dividend tax when declared.

Particulars	**For the year ended 31 March 2017**	**For the year ended 31 March 2016**
Final dividend of Rs. 34 per share**** (31 March 2016: Rs. 15 per share*)	12,289.92	5,422.03
Corporate dividend tax	2,501.94	1,103.80

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14 Other equity (continued)

* On 29 April 2016, the Board of Directors has recommended a final dividend of Rs. 15 per share (face value of Rs. 10 per share) for the financial year ended 31 March 2016 and the same was approved by the shareholders at the Annual General Meeting held on 21 September 2016.
** On 19 June 2015, the Company had declared interim dividend of Rs. 32,668.08 per equity share on 307,000 shares of Rs. 1,000 each for the financial year ended 31 March 2016. The same was declared before the sub-division, conversion of equity shares and fresh issue of shares. Refer to Note 13 j.
*** On 19 June 2015, the Company had declared interim dividend of Rs. 3,248.83 per equity share on 307,000 shares of Rs. 1,000 each for the financial year ended 31 March 2015. The same was declared before the sub-division, conversion of equity shares and fresh issue of shares. Refer to Note 13 j.
****On 9 May 2017, the Board of Directors has recommended a final dividend of Rs. 34 per share (face value of Rs. 10 per share) for the financial year ended 31 March 2017, subject to approval of the shareholders in the upcoming Annual General Meeting.

c. Other comprehensive income - Remeasurement of defined benefit plans (net of tax)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Other comprehensive income		
Balance at the beginning of the year	(12.68)	-
Actuarial losses on defined benefit plan for the year (net of tax) (Refer to Note 33)	(21.72)	(12.68)
Balance at the end of the year	**(34.40)**	**(12.68)**

15. Financial liabilities

15.a Borrowings

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Secured			
Term loans:			
Foreign currency term loan			
- From others	4,604.00	4,035.46	3,000.24
Other loans:			
Long-term maturities of finance lease obligations	19,353.08	26,035.26	33,293.16
Unsecured			
Liability component of compound financial instruments - 36,716 0.00% convertible preference shares of Rs.1,000 each fully paid up (Refer to Note 14a.)	-	-	23.65
Total	**23,957.08**	**30,070.72**	**36,317.05**

Current maturities of foreign currency term loans and finance lease obligations amounting to Rs. Nil and Rs. 2,004.66 (31 March 2016: Rs. Nil and Rs. 2,375.57 ; 1 April 2015: Rs Nil and Rs. 3,221.71), respectively have been disclosed under 'Other financial liabilities' (Refer to Note 15.b).
Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 29.

Secured - Term loans
As at 31 March 2017

Particulars	Disclosed under	As at 31 March 2017	Interest rate*	Period of maturity from the reporting date
Foreign currency term loan - USD#	Financial liabilities - borrowings	4,604.00	USD LIBOR plus markup	82 months

* Markup is 275 basis points over 6 month USD LIBOR. The period of maturity from the date of origination is 137 months.
# The above mentioned loan is repayable in twenty unequal instalments ranging between USD 4 million to USD 6 million between the period September 2022 - December 2023.
Foreign currency term loan is secured by way of assignment of rights, title, benefits and interests of the Company in respect to Buyer-furnished equipment ('BFE') installed or to be installed in the aircraft under BFE Security and Assignment Agreement. Moreover, the lender has a contractual right to buy certain aircraft to be delivered to the Company partially by utilizing the pre-delivery payments under the agreement signed by Airbus S.A.S, lender and the Company.
There are no defaults as on reporting date in repayment of principal and interest.

As at 31 March 2016

Particulars	Disclosed under	As at 31 March 2016	Interest rate*	Period of maturity from the reporting date
Foreign currency term loan - USD#	Financial liabilities - borrowings	4,035.46	USD LIBOR plus markup	94 months

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15.a Borrowings (continued)

* Markup is 275 basis points over 6 month USD LIBOR. The period of maturity from the date of origination is 137 months.
\# The above mentioned loan is repayable in twenty unequal instalments ranging between USD 4 million to USD 6 million between the period September 2022 - December 2023.
Foreign currency term loan is secured by way of assignment of rights, title, benefits and interests of the Company in respect to Buyer-furnished equipment ('BFE') installed or to be installed in the aircraft under BFE Security and Assignment Agreement. Moreover, the lender has a contractual right to buy certain aircraft to be delivered to the Company partially by utilizing the pre-delivery payments under the agreement signed by Airbus S.A.S, lender and the Company.
There are no defaults as on reporting date in repayment of principal and interest.

As at 1 April 2015

Particulars	Disclosed under	As at 1 April 2015	Interest rate*	Period of maturity from the reporting date
Foreign currency term loan - USD#	Financial liabilities - borrowings	3,000.24	USD LIBOR plus markup	106 months

* Markup is 275 basis points over 6 month USD LIBOR. The period of maturity from the date of origination is 137 months.
\# The above mentioned loan is repayable in twenty unequal instalments ranging between USD 4 million to USD 6 million between the period September 2022 - December 2023.
Foreign currency term loan is secured by way of assignment of rights, title, benefits and interests of the Company in respect to Buyer-furnished equipment ('BFE') installed or to be installed in the aircraft under BFE Security and Assignment Agreement. Moreover, the lender has a contractual right to buy certain aircraft to be delivered to the Company partially by utilizing the pre-delivery payments under the agreement signed by Airbus S.A.S, lender and the Company.
There are no defaults as on reporting date in repayment of principal and interest.

Secured - Other loans
Finance lease obligations

Certain aircraft have been obtained on finance lease, the obligation of which will be contractually settled in USD. The legal title to these items vests with the lessors. The lease term for aircraft is 12 years (31 March 16: 12 years; 1 April 2015: ranges between 10 - 12 years) and year of maturity ranges between March 2025 to September 2026 (31 March 16: January 2025 to September 2026; 1 April 2015: August 2019 to September 2026) with monthly/ quarterly payments beginning from the month/ quarter subsequent to the commencement of the lease. The total future minimum lease payments as at the reporting date, element of interest included in such payments and present value of these minimum lease payments are as follows:

Particulars	Non-current			Current		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(a) Total future minimum lease payments	23,317.11	31,935.76	40,753.41	2,992.98	3,684.72	4,832.72
(b) Future interest included in (a) above	3,964.03	5,900.50	7,460.25	988.32	1,309.15	1,611.01
(c) Present value of future minimum lease payments [(a-b)]	19,353.08	26,035.26	33,293.16	2,004.66	2,375.57	3,221.71

The rate of interest for aircraft acquired on finance lease is inclusive of transaction costs and margin over 3/6 months USD LIBOR.
Interest is paid with margin over 3 months USD LIBOR, margin is less than 250 basis points (31 March 16 : Margin over 3 months USD LIBOR, margin is less than 450 basis points; 1 April 2015: Margin over 3/6 months USD LIBOR, margin is less than 450 basis points).
Finance lease obligation amounting to Rs. 21,357.74 (31 March 2016: Rs. 28,410.83, 1 April 2015: Rs. 36,514.87) are secured against the respective aircraft.

There are no defaults as on reporting date in repayment of principal lease and interest payments.

The future minimum lease payments and their present value as at 31 March 2017 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year	2,004.66	988.32	2,992.98
Later than one year and not later than five years	9,055.35	2,925.21	11,980.56
Later than five years	10,297.73	1,038.82	11,336.55
Total	**21,357.74**	**4,952.35**	**26,310.09**

The future minimum lease payments and their present value as at 31 March 2016 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year	2,375.57	1,309.15	3,684.72
Later than one year and not later than five years	10,726.33	4,029.25	14,755.58
Later than five years	15,308.93	1,871.25	17,180.18
Total	**28,410.83**	**7,209.65**	**35,620.48**

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15.a Borrowings (continued)

The future minimum lease payments and their present value as at 1 April 2015 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year	3,221.71	1,611.01	4,832.72
Later than one year and not later than five years	15,599.25	4,919.55	20,518.80
Later than five years	17,693.91	2,540.70	20,234.61
Total	**36,514.87**	**9,071.26**	**45,586.13**

Liability component of compound financial instruments

Particulars	Disclosed under	As at 1 April 2015	Interest rate	Terms of maturity from the reporting date
36,716 0.00% convertible preference shares of Rs. 1,000 each fully paid up*	Financial liabilities- borrowings	23.65	Range between 9% to 11%	Not earlier than (a) the initial public offer of the Company; or (b) a strategic sale of the Company

* Converted into equity shares of the Company ranking in all respects pari passu with the existing fully paid-up equity shares of the Company in the ratio of 1:1, vide resolution passed by the Board in its meeting held on 23 June 2015. Refer to Note 13 for terms / rights attached to preference shares. Refer to Note 14.a.

15.b Other financial liabilities

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Interest accrued but not due on borrowings	-	112.57	-	115.61	-	97.33
Current maturities of finance lease obligations (Refer to Note 15.a)	-	2,004.66	-	2,375.57	-	3,221.71
Maintenance advance	-	2,956.93	-	-	-	-
Supplementary rentals	22,685.34	9,248.51	17,864.66	5,808.91	12,548.05	4,664.37
Total	**22,685.34**	**14,322.67**	**17,864.66**	**8,300.09**	**12,548.05**	**7,983.41**

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 29.

16 Provisions

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Provision for employee benefits						
- Provision for defined benefit plans (Refer to Note 33)	420.21	74.75	319.84	55.69	239.99	34.56
- Provision for other long term employee benefits	407.30	348.85	259.46	455.51	113.06	443.05
Others						
- Provision for redelivery and overhaul cost	396.43	243.46	282.98	56.18	240.54	-
- Provision for wealth tax	-	-	-	-	-	1.03
Total	**1,223.94**	**667.06**	**862.28**	**567.38**	**593.59**	**478.64**

Provision for redelivery and overhaul cost

The schedule of provision as required to be disclosed in compliance with Ind AS 37 on 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance as at beginning of the year	339.16	240.54
Provisions created during the year	286.55	62.05
Interest accretion on provisions during the year	26.38	19.67
Impact of exchange loss on restatement of opening provision	(49.12)	(32.22)
Impact of exchange loss on restatement of closing provision	36.92	49.12
Balance as at end of the year	**639.89**	**339.16**
Balance as at end of the year - Non-current	396.43	282.98
Balance as at end of the year - Current	243.46	56.18

Aircraft maintenance costs also includes provision for overhaul expenses for certain aircraft held under operating leases. These are recorded at discounted value, where effect of the time value of money is material.

The Company has in its fleet aircraft on operating lease. As contractually agreed under the lease contracts, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. The redelivery costs are estimated by management based on historical trends and data, and are recorded in the financial statements in proportion to the expired lease period. These are recorded at the discounted value, where effect of the time value of money is material.

The measurement of the provision for redelivery and overhaul cost includes assumptions primarily relating to expected costs and discount rates commensurate with the expected obligation maturity schedules. An estimate is therefore made to ensure that the provision corresponds to the present value of the expected costs to be borne by the Company. Judgement is exercised by management given the long-term nature of assumptions that go into the determination of the provision. The assumption made in relation to the current year are consistent with those in the previous year.

Expected timing of resulting outflow of economic benefit is financial year 2018 - 2023 and the Company calculates the provision using Discounted Cash Flow (DCF) method.

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16 Provisions (continued)

Sensitivity analysis for key assumptions used:

If expected cost differ by 10% from management's estimate, while holding all other assumptions constant, the provision for redelivery and overhaul cost may increase/ decrease by Rs. 63.31 (31 March 2016: Rs. 33.92).
If expected discount rate differ by 1%, while holding all other assumptions constant, the provision for redelivery and overhaul cost may increase/ decrease by Rs. 3.75 (31 March 2016: Rs. 3.98).

17 Trade payables

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
- Related parties (Refer to Note 35)	205.79	290.53	232.68
- Micro enterprises and small enterprises (Refer to Note below)	29.98	15.89	17.75
- Other trade payables	7,510.17	7,105.86	4,504.32
Total	**7,745.94**	**7,412.28**	**4,754.75**

The Company's exposure to currency and liquidity risk related to the above financial liabilities is disclosed in Note 29.

Dues to micro and small enterprises

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
- Principal	29.98	15.89	17.75
- Interest	-	-	-
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
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 MSMED Act, 2006	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-	-

18 Other liabilities

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Non-current	Current	Non-current	Current	Non-current	Current
Advances from customers	-	1,770.40	-	2,130.40	-	1,925.22
Forward sales	-	15,584.20	-	12,445.78	-	11,984.19
Employee related liabilities	75.00	1,151.61	107.39	1,013.65	148.77	699.49
Statutory dues	-	1,219.63	-	790.75	-	605.01
Total	**75.00**	**19,725.84**	**107.39**	**16,380.58**	**148.77**	**15,213.91**

19 Income tax

a. Amounts recognised in the Statement of Profit and Loss comprises :

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current tax:		
- Current year	4,943.11	7,303.93
- Previous years	(31.60)	-
	4,911.51	**7,303.93**
Deferred tax expense		
Attributable to-		
Origination and reversal of temporary differences	524.83	1,069.53
MAT credit entitlement written back	(584.82)	-
	(59.99)	**1,069.53**
Total income tax expense	**4,851.52**	**8,373.46**

Income tax recognised in other comprehensive income

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Remeasurements of defined benefit plans	(33.22)	(19.39)
Income tax relating to above mentioned item	11.50	6.71

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(Rupees in millions, except for share data and if otherwise stated)

19 Income tax (continued)

b. Amounts recognised directly in other equity

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Tax impact on compound financial instruments	-	10.03
	-	10.03

c. Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax	21,443.40	28,235.07
Tax using the Company's domestic tax rate - 34.608% (31 March 2016: 34.608%)	7,421.13	9,771.59
Tax effect of:		
Income not liable to tax	(1,707.57)	(1,623.77)
Additional deduction on employee stock option scheme expense	(144.73)	-
Adjustments in current tax of previous years	(31.60)	-
MAT credit entitlement written back	(584.82)	-
Others	(100.89)	225.64
Income tax expense	4,851.52	8,373.46

d. Income tax assets and income tax liabilities:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Income tax assets [net of current income tax liabilities Rs. 5,071.48 (31 March 2016: Rs. 7,615.72, 1 April 2015: Rs. 7,671.61)]	97.60	189.28	383.77
Less: Current income tax liabilities [net of current income tax assets of Rs. 14,238.55 (31 March 2016: Rs. 7,361.67, 1 April 2015: Rs. 1,350.13)]	446.77	89.66	1.02
Net income tax assets/ (liability) at the year end	(349.17)	99.62	382.75

e. The tax effect of deferred tax assets and liabilities comprises of :

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Property, plant and equipment and Other intangible assets	(5,018.33)	(4,629.84)	(3,503.52)
Other non-current assets	(1,374.67)	(1,111.92)	(840.65)
Investments at FVTPL	(189.11)	(41.57)	(8.83)
Financial liabilities at amortised cost	(1,262.91)	(911.67)	(903.06)
Financial assets at amortised cost	1,599.96	1,357.45	1,019.15
MAT credit entitlement	3,792.73	3,429.67	4,689.31
Employee related provisions and liabilities	623.35	520.54	434.38
Other liabilities and provisions	162.92	(137.41)	(66.39)
Others	48.00	56.96	34.28
Deferred tax assets / (liabilities) (net)	(1,618.06)	(1,467.79)	854.67

As at 1 April 2015, the Company has recognised net deferred tax asset. The utilisation of the deferred tax asset is dependent on future taxable profits and reversal of existing taxable temporary differences. The deferred tax asset recognised on 1 April 2015 was partially utilised subsequently and as on 31 March 2016, the Company had recognised a net deferred tax liability. Further, the Company has recognised MAT credit entitlement in the current and previous years. The utilisation of MAT credit entitlement (unused tax credits) is depended on future taxable profits. The MAT credit entitlement is recognised only to the extent that it is probable that future taxable profits will be available against which such MAT credit entitlement can be utilised. However, if there is a change in future taxable profits, which will also make the Company to foresee recognition of such unrecognised MAT credit entitlement amounting to Rs. 1,017.21, the same may be recognised.

f. Movement in deferred tax assets / (liabilities) balances

Particulars	Net balance 1 April 2015	Recognised in profit or loss	Recognised in OCI	Others*	Net balance 31 March 2016
Property, plant and equipment and Other intangible assets	(3,503.52)	(1,126.32)	-	-	(4,629.84)
Other non-current assets	(840.65)	(271.27)	-	-	(1,111.92)
Investments at FVTPL	(8.83)	(32.74)	-	-	(41.57)
Financial liabilities at amortised cost	(903.06)	(8.61)	-	-	(911.67)
Financial assets at amortised cost	1,019.15	338.30	-	-	1,357.45
MAT credit entitlement	4,689.31	0.00	-	(1,259.64)	3,429.67
Employee related provisions and liabilities	434.38	79.45	6.71	-	520.54
Other liabilities and provisions	(66.39)	(71.02)	-	-	(137.41)
Others	34.28	22.68	-	-	56.96
Deferred tax assets / (liabilities) (net)	854.67	(1,069.53)	6.71	(1,259.64)	(1,467.79)

* Represent minimum alternative tax utilised during the year.

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19 **Income tax (continued)**

Particulars	Net balance 1 April 2016	Recognised in profit or loss	Recognised in OCI	Others*	Net balance 31 March 2017
Property, plant and equipment and Other intangible assets	(4,629.84)	(388.49)	-	-	(5,018.33)
Other non-current assets	(1,111.92)	(262.75)	-	-	(1,374.67)
Investments at FVTPL	(41.57)	(147.54)	-	-	(189.11)
Financial liabilities at amortised cost	(911.67)	(351.24)	-	-	(1,262.91)
Financial assets at amortised cost	1,357.45	242.51	-	-	1,599.96
MAT credit entitlement	3,429.67	584.82	-	(221.76)	3,792.73
Employee related provisions and liabilities	520.54	91.31	11.50	-	623.35
Other liabilities and provisions	(137.41)	300.33	-	-	162.92
Others	56.96	(8.96)	-	-	48.00
Deferred tax assets / (liabilities) (net)	**(1,467.79)**	**59.99**	**11.50**	**(221.76)**	**(1,618.06)**

* Represent minimum alternative tax utilised during the year.

g. **Expiry of unrecognised MAT credit entitlement:**

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Amount	Year of expiry upto	Amount	Year of expiry upto	Amount	Year of expiry upto
MAT credit entitlement - written off	1,017.21	2021	1,602.03	2021	1,602.03	2021

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20 Revenue from operations

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Sale of services		
- Passenger services	174,009.88	151,088.88
- Cargo services	8,761.86	7,576.65
- Tours and packages	33.04	33.04
Sale of products		
- In-flight sales (traded goods)	1,595.90	1,726.31
Other operating revenue		
- Incentives	504.43	657.50
- Others*	899.89	316.71
Total	**185,805.00**	**161,399.09**

* Others includes advertisement and commission income, claims received from service providers.

21 Other income

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income from bank deposits	3,913.27	3,687.41
Interest income from financial assets at amortised cost	488.02	442.68
Net gain on sale of current investments	1,221.27	346.80
Marked to market gain on current investments	546.42	120.11
Other non-operating income (net):		
- Profit on sale of property, plant and equipment [net of loss on sale of property, plant and equipment Rs. 210.80 (31 March 2016: Rs. 0.20)]	24.58	0.40
- Foreign exchange gain (net)	825.99	-
- Liabilities no longer required written back	414.93	69.34
- Miscellaneous income	456.22	484.47
Total	**7,890.70**	**5,151.21**

22 Purchase of stock-in-trade

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
In-flight purchases	1,238.32	1,147.82
Total	**1,238.32**	**1,147.82**

23 Changes in inventories of stock-in-trade

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
In-flight purchases		
- Opening stock	74.66	63.34
- Closing stock	(77.60)	(74.66)
Net increase in stock-in-trade	**(2.94)**	**(11.32)**

24 Employee benefits expense

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages and bonus	19,471.41	16,775.83
Contribution to provident and other funds (Refer to Note 33)	373.13	306.71
Employee stock option scheme expense (Refer to Note 38)	504.89	677.07
Staff welfare expenses	132.47	120.23
Total	**20,481.90**	**17,879.84**

25 Finance costs

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expenses:		
- Interest on borrowings measured at amortised cost	179.98	125.65
- Finance lease charges on finance lease obligations measured at amortised cost	1,298.99	1,201.34
- Interest accretion on provisions and other financial liabilities measured at amortised cost	1,670.58	1,510.31
- Interest others	158.25	12.34
Net loss on foreign currency transactions and translation to the extent regarded as borrowing cost*	-	191.52
Total	**3,307.80**	**3,041.16**

* Schedule III to the Companies Act, 2013 requires disclosure of exchange differences arising from foreign currency loans to the extent that they are regarded as an adjustment to interest cost. The amount of Rs. Nil (31 March 2016: Rs. 191.52) representing this adjustment has been disclosed in the above note. The remaining exchange loss of Rs. Nil (31 March 2016: Rs. 930.50) has been disclosed under "Other expenses".

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26 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation on property, plant and equipment (Refer to Note 3)	4,398.09	4,937.70
Amortisation on other intangible assets (Refer to Note 4)	174.44	116.98
Total	**4,572.53**	**5,054.68**

27 Other expenses

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Landing fees and en route charges	18,680.18	14,099.71
Aircraft repair and maintenance (net)	6,905.98	3,996.73
Redelivery and overhaul cost (Refer to Note 16)	286.55	62.05
Engineering consumables (including provision for obsolescence)	-	7.73
Consumption of stores and spares and loose tools	1,211.68	1,130.73
Repairs and maintenance	413.96	424.71
Insurance		
- aircraft	306.02	295.09
- others	139.48	138.60
Tours and packages	15.45	18.11
Reservation cost	1,231.38	876.08
Commission	6,878.51	7,257.91
Sales promotion and advertisement	943.84	882.12
In-flight and passenger cost	1,002.79	741.41
Crew accommodation and transportation	2,505.90	1,958.49
Operating cost of software	1,155.22	688.68
Training	1,132.87	1,024.97
Legal and professional	980.87	567.13
Auditor's remuneration:		
- Audit fees	10.50	9.50
- Limited reviews	5.25	1.50
- Tax audit	0.80	0.80
- Other matters*	3.05	0.03
- Reimbursement of expenses	2.26	2.13
Recruitment cost	76.14	82.05
Rent (Refer to Note below)	897.02	778.98
Rates and taxes	71.91	65.90
Bank charges	753.71	461.48
Property, plant and equipment written off	47.46	4.26
Travelling and conveyance	620.40	571.45
Printing and stationery	174.67	143.63
Communication and information technology	77.15	67.06
Donations	-	0.18
Other operating cost	906.75	693.29
Advance written off	9.09	2.10
Foreign exchange loss (net)	-	930.50
Corporate social responsibility expenses (Refer to Note 37)	215.81	85.08
Sitting fees	2.00	2.05
Miscellaneous expenses	321.18	269.96
Total	**47,985.83**	**38,342.18**

* Excludes fee paid to statutory auditor amounting to Rs. Nil (31 March 2016: Rs. 20.00) for IPO related services.

Operating leases for aircraft and engines

The Company has taken aircraft on dry operating lease from lessors. Under the aircraft operating lease arrangement, the Company accrue monthly rental in the form of base and supplementary rentals. Base rental payments are either based on floating interest rates or on fixed rentals. Supplementary rentals are based on aircraft utilisation and are calculated with reference to the number of hours or cycles operated during each month. Both base and supplementary rentals have been charged to Statement of Profit and Loss. The Lease has varying terms, escalation clauses and renewal rights. On renewal the terms of leases are renegotiated.

Total future minimum lease payments due under non-cancellable operating leases (except supplementary rental which are based on aircraft utilization and calculated on number of hours or cycles operated) are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Less than one year	25,603.42	19,796.27	16,486.80
Between one and five years	54,159.89	41,106.97	39,503.28
More than five years	3,445.52	3,210.87	5,153.81
Total	**83,208.83**	**64,114.11**	**61,143.89**

Aircraft and engine rentals, recognised in Statement of Profit and Loss amounting to Rs. 31,253.73 (31 March 2016: Rs. 25,067.64) are also net of cash and non-cash incentives and certain other credits, exclusive of claims, amounting to Rs. 5,332.06 (31 March 2016: Rs. 3,565.96).

Operating leases for assets other than aircraft and engines

The Company has taken its office premises, various commercial premises and residential premises for its employees under cancellable operating lease arrangements.
The lease payments charged during the year to the Statement of Profit and Loss amounting to Rs. 897.02 (31 March 2016: Rs. 778.98). The lease has varying terms, escalation clauses and renewal rights. On renewal the terms of leases are renegotiated.

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28 Transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) as notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, with effect from 1 April 2016, with transition date of 1 April 2015, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015. Accordingly, the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and the opening Ind AS balance sheet as at 1 April 2015 have been prepared in accordance with Ind AS.

In preparing opening Ind AS balance sheet, the Company have adjusted amounts reported previously in the financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), as notified under section 133 of the Act ("Previous Indian GAAP") and other relevant provisions for the Act. An explanation of how the transition from Previous Indian GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes.

a. Exemptions and exception availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous Indian GAAP to Ind AS.

(i) Ind AS optional exemptions

1 Deemed Cost

As per Ind AS 101, an entity may elect to use carrying values of all property, plant and equipment and other intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous Indian GAAP and use that as its deemed cost as at the date of transition.
Accordingly, the Company has elected to measure property, plant and equipment and other intangible assets at their Previous Indian GAAP carrying values. Refer to Note 3 and 4.

2 Exchange differences arising from translation of long-term foreign currency monetary items

As per Ind AS 101, a first-time adopter of Ind AS may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the year ending immediately before the beginning of the first Ind AS financial reporting year as per the Previous Indian GAAP (i.e. year ended 31 March 2016 or before). The Company has opted for the optional exemption and accordingly, the Company has adjusted foreign currency loss amounting to Rs. 2,311.29 during the year ended 31 March 2016, arising on re-statement of long-term foreign currency monetary liabilities used for acquisition of a depreciable capital asset. Refer to Note 3.

3 Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether a contract or an arrangement existing at the date of transition contains a lease. If the entity elects the optional exemption, then it assesses whether the lease contracts / arrangements existing at the date of transition contain lease are based on the facts and circumstances existing at that date except where the effect is expected not to be material. The Company has elected to apply this exemption on the basis of facts and circumstances existing as at the transition date.

(ii) Ind AS mandatory exceptions

1 Estimates

Under Ind AS 101, an entity's estimates in accordance with Ind AS at 'the date of transition to Ind AS' (i.e. 1 April 2015) or 'the end of the comparative period presented in the entity's first Ind AS financial statements' (i.e. 31 March 2016), as the case may be, should be consistent with estimates made for the same date in accordance with the Previous Indian GAAP.

The Company's Ind AS estimates as at the transition date are consistent with the estimates made as at the same date made under Previous Indian GAAP. Key estimates considered in preparation of the financial statements that were not required under the Previous Indian GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Discount rate for determining value of provision for redelivery and overhaul cost.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

b. Reconciliations between Previous Indian GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following tables and notes represents the reoconciliations from Previous Indian GAAP to Ind AS.

(i) Reconciliation of equity as at 1 April 2015 (date of transition to Ind AS)

	Note reference	Amount as per Previous Indian GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	c.(viii)	48,664.02	361.79	49,025.81
Capital work-in-progress		4.53	-	4.53
Other intangible assets		96.37	-	96.37
Intangible assets under development		-	-	-
Financial assets				
Investments		0.46	-	0.46
Loans	c.(iii)	6,051.32	(2,944.50)	3,106.82
Other financial assets		16,055.60	-	16,055.60
Deferred tax assets (net)	c.(x)	597.96	256.71	854.67
Income tax assets (net)		383.77	-	383.77
Other non-current assets	c.(iii)	56.94	2,092.94	2,149.88
Total non-current assets		**71,910.97**	**(233.06)**	**71,677.91**

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28 Transition to Ind AS (continued):

	Note reference	Amount as per Previous Indian GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
Current assets				
Inventories	c.(viii)	1,305.54	(361.79)	943.75
Financial assets				
Investments	c.(v)	5,167.52	25.51	5,193.03
Trade receivables		1,045.50	-	1,045.50
Cash and cash equivalents		2,467.49	-	2,467.49
Bank balances other than cash and cash equivalents, above		17,526.31	-	17,526.31
Loans		41.25	-	41.25
Other financial assets		2,007.24	-	2,007.24
Other current assets	c.(iii)	2,119.28	336.12	2,455.40
Total current assets		**31,680.13**	**(0.16)**	**31,679.97**
TOTAL ASSETS		**103,591.10**	**(233.22)**	**103,357.88**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		307.00	-	307.00
Other equity				
Equity component of compound financial instruments	c.(vii)	36.72	22.07	58.79
Reserves and surplus	c.(xii)	3,863.23	3,573.21	7,436.44
Total equity		4,206.95	3,595.28	7,802.23
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	c.(vii),(ix)	36,338.29	(21.24)	36,317.05
Other financial liabilities	c.(iv)	15,433.12	(2,885.07)	12,548.05
Provisions	c.(vi)	635.97	(42.38)	593.59
Other non-current liabilities		148.77	-	148.77
Deferred incentives		13,317.44	-	13,317.44
Total non-current liabilities		**65,873.59**	**(2,948.69)**	**62,924.90**
Current liabilities				
Financial liabilities				
Trade payables		4,754.75	-	4,754.75
Other financial liabilities	c.(ix)	7,662.79	320.62	7,983.41
Provisions	c.(ii)	1,679.07	(1,200.43)	478.64
Current tax liabilities (net)		1.02	-	1.02
Other current liabilities		15,213.91	-	15,213.91
Deferred incentives		4,199.02	-	4,199.02
Total current liabilities		**33,510.56**	**(879.81)**	**32,630.75**
TOTAL EQUITY AND LIABILITIES		**103,591.10**	**(233.22)**	**103,357.88**

** Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.*

(ii) Reconciliation of equity as at 31 March 2016

	Note reference	Amount as per Previous Indian GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	c.(viii),(ix)	46,755.15	519.19	47,274.34
Capital work-in-progress		237.34	-	237.34
Other intangible assets		199.74	-	199.74
Intangible assets under development		82.31	-	82.31
Financial assets				
Investments		0.25	-	0.25
Loans	c.(iii)	8,139.57	(3,922.35)	4,217.22
Other financial assets		14,977.84	-	14,977.84
Income tax assets (net)		189.28	-	189.28
Other non-current assets	c.(iii)	172.10	2,761.39	2,933.49
Total non-current assets		**70,753.58**	**(641.77)**	**70,111.81**
Current assets				
Inventories	c.(viii)	1,267.20	(504.38)	762.82
Financial assets				
Investments	c.(v)	9,741.20	120.11	9,861.31
Trade receivables		1,571.14	-	1,571.14
Cash and cash equivalents		8,053.68	-	8,053.68
Bank balances other than cash and cash equivalents, above		29,133.02	-	29,133.02
Loans		90.46	-	90.46
Other financial assets		3,089.92	-	3,089.92
Other current assets	c.(iii)	3,061.24	451.50	3,512.74
Total current assets		**56,007.86**	**67.23**	**56,075.09**
TOTAL ASSETS		**126,761.44**	**(574.54)**	**126,186.90**

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28 **Transition to Ind AS: (continued)**

	Note reference	Amount as per Previous Indian GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital		3,603.57	-	3,603.57
Other equity				
Equity component of compound financial instruments	c.(vii)	-	58.79	58.79
Reserves and surplus	c.(xii)	14,739.20	8,842.96	23,582.16
Other comprehensive income - Remeasurement of defined benefit plans (net of tax)	c.(i)	-	(12.68)	(12.68)
Total equity		**18,342.77**	**8,889.07**	**27,231.84**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	c.(ix)	29,949.02	121.70	30,070.72
Other financial liabilities	c.(iv)	20,955.12	(3,090.46)	17,864.66
Provisions	c.(vi)	905.42	(43.14)	862.28
Deferred tax liabilities (net)	c.(x)	1,750.07	(282.28)	1,467.79
Other non-current liabilities		107.39	-	107.39
Deferred incentives		11,778.16	-	11,778.16
Total non-current liabilities		**65,445.18**	**(3,294.18)**	**62,151.00**
Current liabilities				
Financial liabilities				
Trade payables		7,412.28	-	7,412.28
Other financial liabilities	c.(ix)	7,963.75	336.34	8,300.09
Provisions	c.(ii)	7,073.15	(6,505.77)	567.38
Current tax liabilities (net)		89.66	-	89.66
Other current liabilities		16,380.58	-	16,380.58
Deferred incentives		4,054.07	-	4,054.07
Total current liabilities		**42,973.49**	**(6,169.43)**	**36,804.06**
TOTAL EQUITY AND LIABILITIES		**126,761.44**	**(574.54)**	**126,186.90**

** Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.*

(iii) Reconciliation of total comprehensive income for the year ended 31 March 2016

	Note reference	Amount as per Previous Indian GAAP*	Effects of transition to Ind AS	Amount as per Ind AS
Income				
Revenue from operations		161,399.09	-	161,399.09
Other income	c.(v),(iii)	4,613.93	537.28	5,151.21
Total income		**166,013.02**	**537.28**	**166,550.30**
Expenses				
Aircraft fuel expenses		47,793.24	-	47,793.24
Aircraft and engine rentals (net of cash and non cash incentives of Rs. 3,565.96)	c.(iv),(iii)	26,121.52	(1,053.89)	25,067.63
Purchase of stock-in-trade		1,147.82	-	1,147.82
Changes in inventories of stock-in-trade		(11.32)	-	(11.32)
Employee benefits expense	c.(i)	17,899.23	(19.39)	17,879.84
Finance costs	c.(iv),(vi),(vii),(ix)	1,348.53	1,692.63	3,041.16
Depreciation and amortisation expense		5,054.68	-	5,054.68
Other expenses	c.(iii),(iv),(vi),(ix)	38,369.82	(27.64)	38,342.18
Total expenses		**137,723.52**	**591.71**	**138,315.23**
Profit before tax		**28,289.50**	**(54.43)**	**28,235.07**
Income tax expense				
Current tax		7,303.93	-	7,303.93
Deferred tax (credit) / charge		1,088.37	(18.84)	1,069.53
Total tax expense		**8,392.30**	**(18.84)**	**8,373.46**
Profit for the year		**19,897.20**	**(35.59)**	**19,861.61**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
- Remeasurements of defined benefit plans		-	(19.39)	(19.39)
- Income tax relating to above mentioned item		-	6.71	6.71
Other comprehensive income for the year, net of tax		-	**(12.68)**	**(12.68)**
Total comprehensive income for the year		**19,897.20**	**(48.27)**	**19,848.93**

** Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.*

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28 Transition to Ind AS: (continued)

(iv) There are certain reconciliation items between Cash Flow Statement prepared under Previous Indian GAAP and those prepared under Ind AS.

Net cash generated from operating activities amounting to Rs. 166.49 has increased on account of reclassification of certain rotables and non-aircraft equipments from inventory to Property, plant and equipment, Accordingly, cash used in investing activities has increased by Rs. 166.49. Refer to Note c. (viii) below.

(v) Reconciliation of total equity as at 31 March 2016 and 1 April 2015

Particulars	As at 31 March 2016	As at 1 April 2015
Equity under Previous Indian GAAP	**18,342.77**	**4,206.95**
Gains on discounting of long term financial assets and liabilities, net	3,217.90	2,136.28
Impact in other equity of compound financial instruments	12.96	(23.65)
Loss on unwinding of discounting long term financial assets and liabilities, net	(1,249.95)	-
Gains arising on fair value accounting of financial assets	120.11	25.51
Dividend and tax paid on dividend	6,505.77	1,200.43
Actuarial valuation of defined benefit plans reclassified in other comprehensive income	19.39	-
Deferred tax on temporary differences	275.57	256.71
Other comprehensive income (net of tax)	(12.68)	-
Equity under Ind AS	**27,231.84**	**7,802.23**

(v) Reconciliation of total comprehensive income for the year ended 31 March 2016

Particulars	For the year ended 31 March 2016
Net Profit for the year as per Previous Indian GAAP	**19,897.20**
Gain on discounting of long term financial assets and liabilities, net	1,081.53
Loss on unwinding of discounted long term financial assets and liabilities, net	(1,249.95)
Gain/(loss) arising on Fair value accounting of financial assets	94.60
Actuarial valuation of defined benefit plans reclassified in other comprehensive income	19.39
Deferred tax on temporary differences	18.84
Net profit for the year as per Ind AS	**19,861.61**
Other comprehensive income (net of tax)	(12.68)
Total comprehensive income as per Ind AS	**19,848.93**

c. Notes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit and loss for the year ended 31 March 2016

(i) Employee benefits : Remeasurement of post employement benefit plans

Under Ind AS, remeasurements i.e. actuarial gains and losses on the net defined benefit liability are recognised in Other Comprehensive Income instead of Statetement of Profit and Loss. Under Previous Indian GAAP these were forming part of the Statement of Profit and Loss for the year. As a result of this change, the employee benefit expense to the extent of actuarial loss amounting to Rs. 19.39 (net of taxes Rs. 12.68) for the year ended 31 March 2016 has been reduced and the same has been reclassified to Other Comprehensive Income. There is no impact on the other equity as at 31 March 2016.

(ii) Provisions : Proposed dividend

Under the Previous Indian GAAP, dividend proposed by the Board of Directors after the reporting period but before the approval of the financial statements were considered as adjusting events. Accordingly, the provision for proposed dividend was recognised as liability. Under Ind AS such dividends are recognised when the same is approved by the shareholders in the annual general meeting. Accordingly, the total liability recorded for proposed dividend and corporate dividend tax of Rs. 6,505.77 as at 31 March 2016 (Rs. 1,200.43 as at 1 April 2015) included in the provisions has been reversed with corresponding adjustment to reserves and surplus. Consequently, the other equity increased by Rs. 6,505.77 as at 31 March 2016 (Rs. 1,200.43 as at 1 April 2015).

(iii) Financial assets (Loans): Security deposits

Under Previous Indian GAAP, interest free security deposits (that are refundable in cash on completion of the term as per the contract) are recorded at their transaction value. Under Ind AS, such financial assets are required to be recognised initially at their fair value and subsequently at amortised cost. Difference between the fair value and transaction value of the security deposit has been recognised as deferred rent. Consequent to this change the amount of security deposit as on 31 March 2016 has decreased by Rs. 3,922.35 (1 April 2015 : Rs. 2,944.50) with a creation of deferred rent (included in other non-current and current assets) of Rs. 3,212.89 (1 April 2015 : Rs. 2,429.06). The other equity decreased by Rs. 515.44 as at 1 April 2015. The unwinding of security deposit happens by recognition of a notional interest income in Statement of Profit and Loss at effective interest rate. The deferred rent gets amortised on a straight line basis over the term of the security deposits. The profit and other equity for the year ended 31 March 2016 decreased by Rs. 194.02 due to amortisation of deferred rent by Rs. 447.01 (included in aircraft and engine rentals), decrease in foreign exchange gain by Rs. 189.69 due to restatement of security deposit as at reporting date (included in other expense) and increase in notional interest income of Rs. 442.68 recognised on security deposits (included in other income).

(iv) Financial liabilities (Other financial liabilities) : Supplementary rentals

Under Previous Indian GAAP, interest free long term liabilities were recognised at transaction value. Under Ind AS, such financial liabilities are required to be recognised initially at their fair value and subsequently at amortised cost. Consequent to this change, the supplemental rentals have decreased by Rs. 3,090.46 (1 April 2015 : Rs. 2,885.07). The other equity increased by Rs. 2,885.07 as at 1 April 2015. The profit and other equity for the year ended 31 March 2016 has increased by Rs. 205.39 due to gain on discounting of supplementary rentals by Rs.1,500.90 (included in Aircraft and engine rentals), decrease in forex loss on resatement of supplemental rentals as at reporting date by Rs.182.06 (included in other expense) and unwinding of discounted liabilities for supplementary rental by Rs. 1,477.57 (included in finance cost).

(v) Fair valuation of investments

Under Previous Indian GAAP, investments in equity instruments and mutual funds were classified as long-term investments and current investments, respectively, based on intended holding period and realisability. The long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. The current investments were carried at lower of cost or fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments amounting to Rs. 25.51 have been recognised in other equity as at the date of transition (i.e. 1 April 2015). The profit and other equity for the year ended 31 March 2016 has increased by Rs. 94.60 due to the fair value changes.

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28 Transition to Ind AS: (continued)

(vi) Provisions - Provision for redelivery and overhaul cost

Under the Previous Indian GAAP, discounting of provisions was not allowed. Under Ind AS, the provisions are measured at discounted amounts, if the effect of the time value of money is material.

Accordingly, provision for redelivery and overhaul cost has been discounted to their present values. Consequent to this change, the provision for redelivery and overhaul cost has decreased by Rs. 43.14 (1 April 2015 Rs. 42.38). The other equity increased by Rs. 42.38 as at 1 April 2015. The profit and other equity for the year ended 31 March 2016 increased by Rs. 0.76 due to gain on discounting of provision of Rs. 20.43 (included in other expense) which is partially set off by unwinding of discounted provision of Rs. 19.67 (incuded in finance cost).

(vii) Convertible preference share - other equity

The Company had issued convertible preference shares. Under Previous Indian GAAP, the preference shares were classified as equity. Under Ind AS, convertible preference shares (compound financial instruments) are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method. On the transition date (i.e. 1 April 2015), the equity component of compound financial instruments has been reclassed, as a seperate head under other equity, from reserves and surplus amounting to Rs. 22.07 (net of tax of Rs. 10.03) (31 March 2016 : Rs. 22.07 [net of tax of Rs. 10.03]). Further, the liability component of compound financial instruments has been reclassed, as a seperate item under the head borrowings, from reserves and surplus amounting to Rs 23.65 (including the interest accretion portion). During the year ended 31 March 2016, interest amounting to Rs. 13.07 (included in finance cost) till the date of conversion i.e. 23 June 2015 has been charged to Statement of Profit and Loss. The liability component of compound financial instruments amounting to Rs. 36.72 as at date of conversion has been reclassed to the equity component of financial instruments.

(viii) Property, plant and equipment

Under Ind AS, Property, plant and equipment ("PPE") including rotables, consumables and non-aircraft equipment that meet the criteria of PPE are capitalised as part of cost of PPE. The Company, in accordance with Ind AS 16 - Property, Plant and Equipment, has identified certain spare parts and stand-by equipment as they meet the definition of PPE, which were earlier classified as inventories in the Previous Indian GAAP, have been reclassified/ capitalised as rotables and non-aircraft equipment amounting to Rs. 361.79 (1 April 2015) and Rs. 504.38 (31 March 2016) under PPE and depreciated over its remaining useful life.

(ix) Finance lease obligation - Financial Liability - Borrowings

Under Ind AS, upfront borrowing cost on finance lease obligations is considered as finance cost and included in the finance lease obligations though amortisation method using effective interest rate.

Under Previous Indian GAAP, transaction costs incurred in connection with finance lease liability was amortised on a straight line basis over the period of lease and charged to Statement of Profit and Loss. Under Ind AS, transaction costs are deducted from the carrying amount of financial lease liability on initial recognition and these costs are charged to Statement of Profit and Loss using the effective interest method. As at 1 April 2015 the borrowing (finance lease liability) has decreassed by Rs. 44.89, other financial liability (current portion of finance lease liability and interest accrued but not due on borrowings) has increased by Rs. 320.62. As at 31 March 2016 the borrowing (finance lease liability) has increassed by Rs. 121.70, other financial liability (current portion of finance lease liability and interest accrued but not due on borrowings) has increased by Rs. 336.34. During the year ended 31 March 2016, there is an increase in finance lease charges by Rs. 182.32 (Finance cost) due to increase in interest cost based on the effective interest rate method. Consequent to above change, as on the date of the transition (i.e 1 April 2015) the financial lease liability (including current portion of finance lease liability) and the other equity has decreased by Rs. 275.73 (31 March 2016 : Rs.458.04).

The finance lease liability is restated at each reporting date and the exchange gain / loss is capitalised. Further, due to the above effect of transition to Ind AS in the finacial lease liability, the value of PPE has increased by Rs. 14.81 for the year ended 31 March 2016 on account of capitalisation of foreign exchange losses on restatement of finance lease liability.

(x) Deferred tax assets / liabilities (net)

Previous Indian GAAP requires accounting for deferred tax, using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 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.

In addition, the various transitional adjustments lead to temporary differences. On the date of transition (i.e 1 April 2015), the net impact on deferred tax liabilities is of Rs. 256.71 (31 March 2016: Rs. 282.28). The profit and other equity for the year ended 31 March 2016 have decreased by Rs. 18.44 due to differences in temporary differences.

(xi) Other Comprehensive Income

Under Previous Indian GAAP, there was no requirement to disclose any item of profit or loss in Other Comprehensive income. However, Ind AS requires certain items of profit or loss to be reclassified to other comprehensive income. Consequent to this, the Company has reclassifed remeasurement of defined benefit plans from Statememt of Profit and Loss to other comprehensive income.

(xii) Retained earnings

Retained earnings as at 1 April 2015 has been adjusted consequent to the above Ind AS transition adjustements.

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29 Fair value measurement and financial instruments

a. Financial instruments – by category and fair values hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilties, including their levels in the fair value hierarchy.

(i) As on 1 April 2015

Particulars	Note	Carrying value				Fair value measurement using		
		FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets								
Non-current								
Investments	5	0.46	-	-	0.46	-	-	0.46
Loans	6	-	-	3,106.82	3,106.82	-	-	3,106.82
Other financial assets*	7	-	-	16,055.60	16,055.60			
Current								
Investments	5	5,193.03	-	-	5,193.03	-	5,193.03	-
Trade receivables*	10	-	-	1,045.50	1,045.50			
Cash and cash equivalents*	11	-	-	2,467.49	2,467.49			
Bank balances other than cash and cash equivalents*	12	-	-	17,526.31	17,526.31			
Loans	6	-	-	41.25	41.25	-	-	41.25
Other financial assets*	7	-	-	2,007.24	2,007.24			
TOTAL		5,193.49	-	42,250.21	47,443.70			
Financial liabilities								
Non-current								
Borrowings#	15.a	-	-	36,317.05	36,317.05	-	-	36,317.05
Other financial liabilities								
Supplementary rentals	15.b	-	-	12,548.05	12,548.05	-	-	12,548.05
Current								
Trade payables*	17	-	-	4,754.75	4,754.75			
Other current financial liabilities								
Interest accrued but not due on borrowings#	15.b	-	-	97.33	97.33	-	-	97.33
Current maturities of finance lease obligations#	15.b	-	-	3,221.71	3,221.71	-	-	3,221.71
Supplementary rentals	15.b	-	-	4,664.37	4,664.37	-	-	4,664.37
TOTAL		-	-	61,603.26	61,603.26			

(ii) As on 31 March 2016

Particulars	Note	Carrying value				Fair value measurement using		
		FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets								
Non-current								
Investments	5	0.25	-	-	0.25	-	-	0.25
Loans	6	-	-	4,217.22	4,217.22	-	-	4,217.22
Other financial assets*	7	-	-	14,977.84	14,977.84			
Current								
Investments	5	9,861.31	-	-	9,861.31	-	9,861.31	-
Trade receivables*	10	-	-	1,571.14	1,571.14			
Cash and cash equivalents*	11	-	-	8,053.68	8,053.68			
Bank balances other than cash and cash equivalents*	12	-	-	29,133.02	29,133.02			
Loans	6	-	-	90.46	90.46	-	-	90.46
Other financial assets*	7			3,089.92	3,089.92			
TOTAL		9,861.56	-	61,133.28	70,994.84			
Financial liabilities								
Non-current								
Borrowings#	15.a	-	-	30,070.72	30,070.72	-	-	30,070.72
Other financial liabilities								
Supplementary rentals	15.b	-	-	17,864.66	17,864.66	-	-	17,864.66
Current								
Trade payables*	17	-	-	7,412.28	7,412.28			
Other current financial liabilities								
Interest accrued but not due on borrowings#	15.b	-	-	115.61	115.61	-	-	115.61
Current maturities of finance lease obligations#	15.b	-	-	2,375.57	2,375.57	-	-	2,375.57
Supplementary rentals	15.b	-	-	5,808.91	5,808.91	-	-	5,808.91
TOTAL		-	-	63,647.75	63,647.75			

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29 a. Financial instruments – by category and fair values hierarchy (continued)

(iii) As on 31 March 2017

Particulars	Note	Carrying value				Fair value measurement using		
		FVTPL	FVOCI	Amortised Cost	Total	Level 1	Level 2	Level 3
Financial assets								
Non-current								
Investments	5	0.18	-	-	0.18	-	-	0.18
Loans	6	-	-	5,440.26	5,440.26	-	-	5,305.46
Other financial assets*	7	-	-	10,356.39	10,356.39			
Current								
Investments	5	37,134.10	-	-	37,134.10	-	37,134.10	-
Trade receivables*	10	-	-	1,587.02	1,587.02			
Cash and cash equivalents*	11	-	-	1,531.09	1,531.09			
Bank balances other than cash and cash equivalents*	12	-	-	44,794.26	44,794.26			
Loans	6	-	-	39.76	39.76	-	-	39.76
Other financial assets*	7			4,101.10	4,101.10			
TOTAL		**37,134.28**	**-**	**67,849.88**	**104,984.16**			
Financial liabilities								
Non-current								
Borrowings#	15.a	-	-	23,957.08	23,957.08	-	-	23,957.08
Other financial liabilities								
Supplementary rentals	15.b	-	-	22,685.34	22,685.34	-	-	22,932.78
Current								
Trade payables*	17	-	-	7,745.94	7,745.94			
Other current financial liabilities								
Interest accrued but not due on borrowings#	15.b	-	-	112.57	112.57	-	-	112.57
Current maturities of finance lease obligations#	15.b	-	-	2,004.66	2,004.66	-	-	2,004.66
Supplementary rentals	15.b	-	-	9,248.51	9,248.51	-	-	9,300.67
Maintenance advance*	15.b	-	-	2,956.93	2,956.93			
TOTAL		**-**	**-**	**68,711.03**	**68,711.03**			

The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, maintenance advance and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represents bank deposits (due for maturity after twelve months from the reporting date) and interest accrued but not due on bank deposits, the carrying value of which approximates the fair values as on the reporting date.

The fair values for loans were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The fair values of supplementary rentals are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

There has been no transfers between Level 1, Level 2 and Level 3 for the years ended 31 March 2017 and 31 March 2016.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:
- the use of NAV for unqouted mutual funds.
- the fair value of the remaining financial instruments is determined using discounted cash flow method.

Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Senior Management. Discussions on valuation and results are held between the Senior Management and valuation team atleast once every quarter in line with the Company's quarterly reporting periods.

b. Financial risk management

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ;
- Market Risk - Foreign currency ; and
- Market Risk - Interest rate

Risk management framework

The Board of Directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management policies and ensuring its effectiveness.

The Company's risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risks limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk management committee oversees how management monitors compliance with Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Company.

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29 b. Financial risk management (continued)

(i) Credit risk

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the Balance Sheet

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Trade receivables	1,587.02	1,571.14	1,045.50
Loans	5,480.02	4,307.68	3,148.07
Cash and cash equivalents	1,531.09	8,053.68	2,467.49
Other bank balances other than cash and cash equivalents	44,794.26	29,133.02	17,526.31
Other financial assets	14,457.49	18,067.76	18,062.84

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.
Credit risk on cash and cash equivalents and bank deposits is limited as the Company generally invests in deposits with banks with high credit ratings assigned by domestic credit rating agencies. Investments primarily include investment in liquid mutual fund units. The loans primarily represents security deposits given to aircraft manufacturer. Such deposit will be returned to the Company on deliveries of the aircraft by the aircraft manufacturer. The credit risk associated with such deposits is relatively low.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India and certain parts of Middle East and South Asia. Trade receivables also includes receivables from credit card companies which are realisable within a period 2 to 21 working days. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business.

The Company sells majority of its passenger services against deposits made by agents (customers) and through online channels.

On adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the Company operates, management considers that the trade receivables (other than receivables from government departments) are in default (credit impaired) if the payments are more than 90 days past due however the Company based upon past trends determine an impairment allowance for loss on receivables outstanding for more than 180 days past due.

Majority of trade receivables are from domestic customers, which are fragmented and are not concentrated to individual customers. Trade receivables as at year end primarily includes Rs. 730.62 (31 March 2016: Rs. 1,037.25 1 April 2015: Rs. 600.98) relating to revenue generated from passenger services and Rs. 920.36 (31 March 2016: Rs. 598.23, 1 April 2015: Rs. 514.63) relating to revenue generated from cargo services.

The Company's exposure to credit risk for trade receivables is as follows:

	Gross carrying amount		
Particulars	**As at 31 March 2017**	**As at 31 March 2016**	**As at 1 April 2015**
1-90 days past due *	1,268.62	1,461.79	927.20
91 to 180 days past due	191.26	81.41	76.67
More than 180 days past due #	198.59	99.39	113.08
	1,658.47	**1,642.59**	**1,116.95**

* The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour.
# The Company based upon past trends determine an impairment allowance for loss on receivables outstanding for more than 180 days past due.
# Receivables more than 180 days past due primarily comprises receivables from government departments, which are fully realisable on historical payment behaviour and hence no loss allowance has been recognised and from agents for which the impairment allowance has already been recognised on specific credit risk factor.
The allowance for lifetime expected credit loss on customer balances for the year ended 31 March 2017 and 31 March 2016 is insignificant and hence the same has not been recognised. The reversal for lifetime expected credit loss on customer balances for the year ended 31 Mach 2017 is Rs. Nil (31 March 2016: Rs. Nil.)

Movement in the allowance for impairment in respect of trade receivables

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Balance at the beginning of the year	71.45	71.45
Impairment loss recognised / (reversed)	-	-
Amount written off	-	-
Balance at the end of the year	71.45	71.45

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. The Company's approach to manage liquidity is to have sufficient liquidity to meet it's liabilties when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.
The Company believes that its liquidity position, including total cash (including bank deposits under lien and excluding interest accrued but not due) and short-term investments of Rs. 93,431.85 as at 31 March 2017 (31 March 2016: Rs. 60,587.94, 1 April 2015: Rs. 40,305.38) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of Rs. 46,271.25 (31 March 2016: Rs. 34,013.80, 1 April 2015 Rs. 25,261.58) will enable it to meet its future known obligations in the ordinary course of business. However, if a liquidity needs were to arise, the Company believes it has access to financing arrangements, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and other liquidity requirements. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.
The Company's liquidity management process as monitored by management, includes the following:
- Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining rolling forecasts of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

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29 b. Financial risk management (continued)

Exposure to liquity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual cash flow amounts are gross and undiscounted, and includes interest accrued but not due on borrowings.

As at 31 March 2017	Carrying amount	Contractual cash flows				
		Less than six months	Between six months and one year	Between one and five years	More than 5 years	Total
Foreign currency term loans from others	4,604.00	-	-	-	4,604.00	4,604.00
Finance lease obligations (including current maturities)	21,357.74	1,160.69	1,176.80	10,075.02	10,671.40	23,083.91
Interest accrued but not due on borrowings	112.57	100.88	-	-	-	100.88
Supplementary rentals	31,933.85	3,011.94	6,637.71	26,201.14	178.96	36,029.75
Maintenance advance	2,956.93	1,744.33	1,212.60	-	-	2,956.93
Trade payables	7,745.94	7,745.94	-	-	-	7,745.94
Total	**68,711.03**	**13,763.78**	**9,027.11**	**36,276.16**	**15,454.36**	**74,521.41**

As at 31 March 2016	Carrying amount	Contractual cash flows				
		Less than six months	Between six months and one year	Between one and five years	More than 5 years	Total
Foreign currency term loans from others	4,035.46	-	-	-	4,035.46	4,035.46
Finance lease obligations (including current maturities)	28,410.83	1,403.63	1,423.14	12,160.68	15,999.63	30,987.08
Interest accrued but not due on borrowings	115.61	95.92	-	-	-	95.92
Supplementary rentals	23,673.57	4,063.24	1,975.44	19,732.37	993.01	26,764.06
Trade payables	7,412.28	7,412.28	-	-	-	7,412.28
Total	**63,647.75**	**12,975.07**	**3,398.58**	**31,893.05**	**21,028.10**	**69,294.80**

As at 1 April 2015	Carrying amount	Contractual cash flows				
		Less than six months	Between six months and one year	Between one and five years	More than 5 years	Total
Foreign currency term loans from others	3,000.24	-	-	-	3,000.24	3,000.24
Finance lease obligations (including current maturities)	36,514.87	1,830.81	1,846.16	17,100.94	18,626.32	39,404.23
Interest accrued but not due on borrowings	97.33	75.08	-	-	-	75.08
Supplementary rentals	17,212.42	1,714.91	3,257.62	11,546.20	3,578.76	20,097.49
Trade payables	4,754.75	4,754.75	-	-	-	4,754.75
Total	**61,579.61**	**8,375.55**	**5,103.78**	**28,647.14**	**25,205.32**	**67,331.79**

(iii) Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

A. Interest rate risk

Interest rate risk is the risk that the 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 borrowings with floating interest rates.

Exposure to interest rate risk

The Company's interest rate risk arises majorly from the foreign currency term loan and finance lease obligations carrying floating rate of interest. These obligations exposes the Company to cash flow interest rate risk. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Variable-rate instruments	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Foreign currency term loan- from others	4,604.00	4,035.46	3,000.24
Finance lease obligations (including current maturities)	21,357.74	28,410.83	36,514.87
Total	**25,961.74**	**32,446.29**	**39,515.11**

Interest rate sensitivity analysis

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the proft or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Statement of Profit and Loss	
	Increase by 0.50 %	Decrease by 0.50 %
Increase/ (decrease) in interest on foreign currency term loans-from others and on finance lease obligations		
For the year ended 31 March 2017	128.43	(128.43)
For the year ended 31 March 2016	160.08	(160.08)

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Notes forming part of the financial statements for the year ended 31 March 2017
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29 b. Financial risk management (continued)

B. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the effects of fluctuation in the prevailing foreign currency exchange rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuations between the functional currency and other currencies from the Company's operating, investing and financing activities.

Exposure to foreign currency risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2017, 31 March 2016 and 1 April 2015 are as below:

As at 31 March 2017

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial assets											
Trade receivables	0.20	2.15	-	161.34	9.92	44.58	2.44	1.00	-	-	-
Cash and cash equivalents	-	-	-	39.97	5.12	5.86	8.79	11.89	-	-	-
Loans	5,038.97	-	-	0.13	5.94	-	0.52	0.24	-	-	-
Other financial assets	1,179.76	-	-	37.67	-	-	2.06	0.63	-	-	-
Total financial assets	**6,218.93**	**2.15**	**-**	**239.11**	**20.98**	**50.44**	**13.81**	**13.76**	**-**	**-**	**-**
Financial liabilities											
Borrowings	25,961.74	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	35,003.35	-	-	-	-	-	-	-	-	-	-
Trade payables	2,145.14	80.46	16.28	267.62	18.02	44.71	15.74	14.70	9.10	2.48	-
Total financial liabilities	**63,110.23**	**80.46**	**16.28**	**267.62**	**18.02**	**44.71**	**15.74**	**14.70**	**9.10**	**2.48**	**-**

As at 31 March 2016

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial assets											
Trade receivables	1.39	2.82	0.55	245.03	5.96	18.21	4.58	2.00	-	-	-
Cash and cash equivalents	0.27	-	-	154.35	33.94	6.04	8.63	10.22	-	-	-
Loans	3,884.16	-	-	0.13	5.93	-	0.62	0.38	-	-	-
Other financial assets	859.37	-	-	32.34	-	-	2.02	0.65	-	-	-
Total financial assets	**4,745.19**	**2.82**	**0.55**	**431.85**	**45.83**	**24.25**	**15.85**	**13.25**	**-**	**-**	**-**
Financial liabilities											
Borrowings	32,446.29	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	23,789.19	-	-	-	-	-	-	-	-	-	-
Trade payables	1,615.97	37.04	18.64	150.11	18.91	19.48	10.07	15.95	8.61	-	-
Total financial liabilities	**57,851.45**	**37.04**	**18.64**	**150.11**	**18.91**	**19.48**	**10.07**	**15.95**	**8.61**	**-**	**-**

As at 1 April 2015

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial assets											
Trade receivables	89.11	2.08	-	678.62	7.85	45.15	123.25	37.89	-	-	-
Cash and cash equivalents	-	-	-	168.12	7.87	28.66	7.93	29.73	-	-	-
Loans	2,848.28	-	-	0.12	5.88	-	0.57	0.18	-	-	-
Other financial assets	831.60	-	-	23.92	-	-	1.76	0.33	-	-	-
Total financial assets	**3,768.99**	**2.08**	**-**	**870.78**	**21.60**	**73.81**	**133.51**	**68.13**	**-**	**-**	**-**
Financial liabilities											
Borrowings	39,515.11	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	17,309.69	-	-	-	-	-	-	-	-	-	-
Trade payables	1,179.67	11.31	74.13	118.47	18.83	11.38	14.10	7.47	7.36	-	0.90
Total financial liabilities	**58,004.47**	**11.31**	**74.13**	**118.47**	**18.83**	**11.38**	**14.10**	**7.47**	**7.36**	**-**	**0.90**

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29 b. Financial risk management (continued)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against below currencies at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in foreign currency and affected Statement of Profit and Loss by the amounts shown below. This analysis is peformed on foreign currency denominated monetary financial assets and financial liabilities outstanding as at the year end. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Particulars	Statement of Profit and Loss for the year ended 31 March 2017		Statement of Profit and Loss for the year ended 31 March 2016	
	Gain/ (loss) on appreciation	Gain/ (loss) on depreciation	Gain/ (loss) on appreciation	Gain/ (loss) on depreciation
1% depreciation / appreciation in Indian Rupees against following foreign currencies:				
AED	0.29	(0.29)	(2.82)	2.82
CHF	0.09	(0.09)	0.09	(0.09)
EUR	0.78	(0.78)	0.34	(0.34)
GBP	0.16	(0.16)	0.18	(0.18)
NPR	(0.03)	0.03	(0.27)	0.27
OMR	(0.06)	0.06	(0.05)	0.05
SGD	0.02	(0.02)	(0.06)	0.06
THB	0.01	(0.01)	0.03	(0.03)
QAR	0.02	(0.02)	-	-
USD*	355.34	(355.34)	246.95	(246.95)
Total	**356.62**	**(356.62)**	**244.39**	**(244.39)**

USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, NPR: Nepalese Rupees, OMR: Omani Rials , THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, AUD: Australian Dollar, QAR: Qatari Riyal.

*The sensitivity analysis to foreign currency risk excludes an exposure to foreign exchange fluctuations on long term foreign currency loans that have been capitalised in the cost of the related property plant and equipment. For the year ended 31 March 2017 and 31 March 2016, 1% depreciation / appreciation in Indian Rupees against USD, affects the adjustment to leased asset (aircraft taken on finance lease) by Rs. 213.58 (31 March 2016: Rs. 284.11). It is expected to impact the Statement of Profit and Loss over the remaining life of the property, plant and equipment as an adjustment to depreciation charge.

30 Capital Management

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. Management also monitors the return on equity.

The Board of directors regularly review the Company's capital structure in light of the economic conditions, business strategies and future commitments.

For the purpose of the Company's capital management, capital includes issued share capital, convertible preference share capital, securites premium and all other equity reserves. Debt includes, foreign currency term loan and finance lease obligations.

During the financial year ended 31 March 2017, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

Debt equity ratio:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Foreign currency term loan- from others	4,604.00	4,035.46	3,000.24
Finance lease obligations	21,357.74	28,410.83	36,514.87
Total Debt (A)	**25,961.74**	**32,446.29**	**39,515.11**
Equity share capital	3,614.68	3,603.57	307.00
Other equity	34,177.49	23,628.27	7,495.23
Total Equity (B)	**37,792.17**	**27,231.84**	**7,802.23**
Debt equity ratio (C = A/B)	**0.69**	**1.19**	**5.06**

Return on equity:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after tax	**16,591.88**	**19,861.61**
Equity share capital	3,614.68	3,603.57
Other equity	34,177.49	23,628.27
Total equity	**37,792.17**	**27,231.84**
Return on equity Ratio (%)	**44%**	**73%**

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31 Contingent liabilities (to the extent not provided for)

The Company is a party to various taxation disputes and legal claims, which are not acknowledged as debts as detailed below. Significant management judgement is required to ascertain that it,is not probable that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claims.

(i) Income tax

The income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. The Company has received favourable order from the final fact finding authority, Income Tax Appellate Tribunal ("ITAT") for three years i.e. Assessment Year ('AY') 2007-08, AY 2008-09 and AY 2009-10 against such disallowance and/or adjustments made by tax authorities. However, the tax authorities have filed an appeal before the High Court against the order of the ITAT. The Company believes, based on advice from counsels/experts, that the views taken by the ITAT are sustainable in higher courts and accordingly no provision is required to be recorded in the books of account. The tax exposure estimated by the Company pertaining to these cases amounts to Rs. 4,177.82 as at 31 March 2017 (31 March 2016: Rs. 972.71, 1 April 2015: Rs. 972.71). This exposure (excluding interest and penalty) is net of Rs. 1,017.21, (31 March 2016 : Rs. 1,602.03, 1 April 2015 : Rs. 1,602.03) which represents minimum alternate tax recoverable written off in the earlier years.

(ii) The Company is in legal proceedings for various disputed legal matters related to Customs, Octroi, Service Tax and Value Added Tax (VAT). The amounts involved in these proceedings, not acknowledged as debt, are:
(1) Customs- Rs. Nil (31 March 2016: Rs. Nil, 1 April 2015: Rs. 24.05),
(2) Service Tax- Rs. 145.68 (31 March 2016: Rs. 145.68, 1 April 2015: Rs. 56.04),
(3) Value Added Tax - Rs. 7.85 (31 March 2016: Rs. Nil, 1 April 2015: Rs. 10.28) and
(4) Octroi - Rs. 74.45 (31 March 2016: Rs. Nil, 1 April 2015: Rs. Nil).

The Company believes, based on advice from counsels/experts, that the views taken by authorities are not sustainable and accordingly no provision is required to be recorded in the books of account.

(iii) Other legal cases

1) Claims by supplier amounting to Rs. Nil (31 March 2016: Rs. 244.09, 1 April 2015: Rs. 179.32) on account of certain disputed matters.

2) As per the notification dated 1 January 2016, The Payment of Bonus (Amendment) Act, 2015 is applicable retrospectively w.e.f 1 April 2014. While the Company has considered the impact of this amendment for the current and previous financial year, in view of the partial stay granted by Karnataka and Kerala High Court, the impact of this amendment for the period 1 April 2014 till 31 March 2015 amounting to Rs. 19.47 has not been acknowledged as debt.

3) Ministry of Civil Aviation, Government of India, vide their Order No. AV 13011/3/2016 dated 9 November 2016 stated that Regional Connectivity Fund Levy will be imposed on scheduled flights being operated within India to fund the Regional Connectivity Fund (RCF). Pursuant to the above order, Airport Authority of India has raised invoice amounting to Rs. 646.71 on the Company for the period ended as on 31 March 2017. Federation of Indian Airlines has filed a writ petition before High Court of Delhi to challenge these RCF Levy. The matter is currently pending with the High Court of Delhi. Moreover, the Company, based on advice received from experts, believes that the levy to fund the RCF is not tenable and accordingly no provision is required to be recorded in the books of account.

(iv) Other legal proceedings for which the Company is contingently liable

The Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial statements and hence no provision has been set-up against the same.

Notes:

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements / decisions pending with various forums/ authorities. Accordingly, the above mentioned contingent liabilities are disclosed at undiscounted amount.

32 Commitments

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a. Estimated amount of contracts remaining to be executed on capital account and other commitments, and not provided for in the books of account [net of advances Rs. 119.65 (31 March 2016: Rs. 136.34, 1 April 2015: Rs. 51.07)]	1,430,211.59	1,487,878.36	586,812.64
	1,430,211.59	**1,487,878.36**	**586,812.64**

For non-cancellable operating and finance leases commitments Refer to Note 27 and Note 15 a..

33 Employee benefits

The Company contributes to the following post-employment benefit plans in India.

Defined contribution plan

The Company pays provident fund contributions to the appropriate government authorties at rate specified as per regulations.

An amount of Rs. 362.55 (31 March 2016: Rs. 299.64) has been recognised as an expense in respect of the Company's contribution to Provident Fund deposited with the relevant authorities and has been shown under Employee benefits expense in the Statement of Profit and Loss.

Defined benefit plan

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

The following table sets out the status of the defined benefit plan as required under Ind-AS 19 - Employee Benefits:

a. Passenger services

(i) Changes in present value of defined benefit obligation:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Present value of obligation at the beginning of the year	364.18	266.06
Interest cost	30.15	22.14
Current service cost	99.78	70.84
Benefits paid	(46.15)	(13.45)
Remeasurements - experience adjustments	1.13	18.36
Remeasurements - actuarial loss/ (gain) from changes in assumptions	30.41	0.23
Present value of obligation the end of the year	479.50	364.18

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(Rupees in millions, except for share data and if otherwise stated)

33 Employee benefits (continued)

(ii) Assumptions:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Economic assumptions			
Discount rate	7.11%	7.79%	7.98%
Rate of increase in compensation levels	Non crew 10.75%	Non crew 10.75%	Non crew 10.75%
	Crew 5.75%	Crew 5.75%	Crew 5.75%
Demographic assumptions:			
Retirement age	Pilot : 65 years	Pilot : 65 years	Pilot : 65 years
	Cabin Crew : 40 years	Cabin Crew : 40 years	Cabin Crew : 40 years
	Non Crew : 60 years	Non Crew : 60 years	Non Crew : 60 years
Mortality table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Withdrawal	18%	18%	18%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

(iii) Sensitivity analysis

Defined benefit obligation

Change in assumptions	As at 31 March 2017		As at 31 March 2016	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/ (decrease) in obligation with 1% movement in discount rate	(34.97)	35.58	(28.94)	29.19
Increase/ (decrease) in obligation with 1% movement in future rate of increase in compensation levels	49.54	(48.92)	41.32	(40.77)

The sensitivity analysis are based on a change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied, as has been applied when calculating the provision for defined benefit plan recognised in the Balance Sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Risk exposure:
The defined benefit plan is exposed to a number of risks, the most significant of which are detailed below:
Change in discount rates: A decrease in discount yield will increase plan liabilities.
Mortality table: The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

(iv) Defined benefit liability and employer contribution

The expected maturity analysis of undiscounted defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
As at 31 March 2017	75.21	74.70	207.28	301.87	659.06
As at 31 March 2016	56.62	59.36	185.03	280.46	581.46

b. Cargo services

(i) Changes in present value of defined benefit obligation:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Present value of obligation at the beginning of the year	11.35	8.49
Interest cost	0.89	0.68
Current service cost	1.81	1.52
Benefits paid	(0.27)	(0.14)
Remeasurements - experience adjustments	0.83	0.80
Remeasurements - actuarial loss/ (gain) from changes in assumptions	0.85	-
Present value of obligation at the end of the year	15.46	11.35

(ii) Assumptions:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Economic assumptions:			
Discount rate	7.11%	7.79%	7.98%
Rate of increase in compensation levels	10.75%	10.75%	10.75%
Demographic assumptions:			
- Retirement age	60 years	60 years	60 years
- Mortality table	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
- Withdrawal	18%	18%	18%

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33 Employee benefits (continued)

(iii) Sensitivity analysis

Defined benefit obligation

Particulars	As at 31 March 2017		As at 31 March 2016	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Increase/ (decrease) in obligation with 1% movement in discount rate	(1.07)	1.09	(0.91)	0.92
Increase/ (decrease) in obligation with 1% movement in future rate of increase in compensation levels	1.37	(1.34)	1.29	(1.28)

The sensitivity analysis are based on a change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied, as has been applied when calculating the provision for defined benefit plan recognised in the Balance Sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Risk exposure:
The defined benefit plan is exposed to a number of risks, the most significant of which are detailed below:
Change in discount rates: A decrease in discount yield will increase plan liabilities.
Mortality table: The gratuity plan obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in plan liabilities.

(iv) Defined benefit liability and employer contribution

The expected maturity analysis of undiscounted defined benefit liability is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
For the year ended 31 March 2017	2.14	2.17	5.82	9.62	19.75
For the year ended 31 March 2016	1.61	1.69	5.34	9.47	18.12

c. Bifurcation of provision for defined benefit plan at the end of year:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for defined benefit plans			
Passenger services			
- Current	72.68	54.13	33.56
- Non-current	406.82	310.05	232.50
Cargo services			
- Current	2.07	1.56	1.00
- Non-current	13.39	9.79	7.49
Total	**494.96**	**375.53**	**274.55**

34 Segment reporting

A. Basis for Segment reporting

Factors used to identify the entity's reportable segments, including the basis of organisation
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.
The principal activities of the Company comprises Air Transportation, in respect of which it operates in Domestic and International sectors. Accordingly, the Company has two reportable segments as follows:
• Domestic (air transportation within India)
• International (air transportation outside India)

Segment revenue and expenses:
Segment revenue and expenses represents revenue and expenses that are either directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of the revenue and expenses are categorized as unallocated which mainly comprises finance costs and other operating expenses and certain other income since the underlying assets/liabilities/services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to these unallocated revenue and expenses, and accordingly these are separately disclosed as "unallocated".

Segment assets and liabilities:
Segment assets includes all operating assets used by a segment which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. Segment liabilities include all operating liabilities which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of assets and liabilities are categorized as unallocated, since the Company believes that it is not practical to allocate the same over reportable segments on a reasonable basis.

B. Information about reportable segments

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Segment Revenue		
Domestic	170,640.87	146,893.36
International	15,585.79	14,697.26
Total	**186,226.66**	**161,590.62**

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34 **Segment reporting (continued)**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Segment results		
Domestic	22,672.53	30,208.92
International	2,851.09	3,883.91
Total	**25,523.62**	**34,092.83**
Add:		
Unallocable revenue	7,469.04	4,959.68
	7,469.04	4,959.68
Less:		
Finance costs	3,307.80	3,041.16
Unallocable depreciation and amortisation expense	570.14	394.65
Unallocable expenses	7,671.32	7,381.63
Profit before tax	**21,443.40**	**28,235.07**
Less:		
Income tax expense	4,851.52	8,373.46
Net Profit after tax	**16,591.88**	**19,861.61**
Depreciation and amortisation expense		
Domestic	3,671.89	4,255.28
International	330.50	404.75
Un-allocable depreciation and amortisation expense	570.14	394.65
Total	**4,572.53**	**5,054.68**
Material non-cash (income) / expenses other than depreciation and amortisation expense	**(1,408.90)**	**3,243.06**
Other disclosures		
Capital expenditure		
Domestic	1,504.18	1,322.64
International	135.39	125.80
Un-allocable capital expenditure	748.60	1,198.25
Total	**2,388.17**	**2,646.69**

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Segment assets			
Domestic	38,604.99	47,645.60	48,069.79
International	3,411.15	4,541.34	4,306.86
Unallocable assets	110,081.46	73,999.96	50,981.23
Total	**152,097.60**	**126,186.90**	**103,357.88**
Segment liabilities			
Domestic	38,800.23	28,667.12	30,535.14
International	3,509.71	2,800.68	2,810.19
Unallocable liabilities	71,995.49	67,487.26	62,210.32
Total	**114,305.43**	**98,955.06**	**95,555.65**

35 **Related party disclosures**

a. **List of related parties and nature of relationship where control exists:**

(i) **Parent and Ultimate Controlling Party**

InterGlobe Enterprises Limited (Parent till 9 November 2015)
Mr. Rahul Bhatia (Ultimate Controlling Party till 9 November 2015)

(ii) **Subsidiaries**

Agile Airport Services Private Limited (Incorporated on 14 February 2017)

b. **List of related parties and nature of relationship with whom transactions have taken place during the current/ previous year**

(i) **Parent and Ultimate Controlling Party**

InterGlobe Enterprises Limited (Parent till 9 November 2015)
Mr. Rahul Bhatia (Ultimate Controlling Party till 9 November 2015)

(ii) **Entity/ person with direct or indirect significant influence over the Company**

InterGlobe Enterprises Limited (with effect from 10 November 2015)
Ms. Shobha Gangwal - Wife of Mr. Rakesh Gangwal (Related party with effect from 25 April 2015)

(iii) **Subsidiaries**

Agile Airport Services Private Limited (Incorporated on 14 February 2017)

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35 Related party disclosures (continued)

(iv) Key managerial personnel of the Company or its parent and their close family members

Mr. Aditya Ghosh – President and Whole Time Director
Mr. Kapil Bhatia – Father of Mr. Rahul Bhatia (Director till 23 June 2015)
Mr. Rahul Bhatia – Director (Managing Director till 23 June 2015)
Ms. Rohini Bhatia – Director
Mr. Rakesh Gangwal - Director (with effect from 25 June 2015)
Ms. Shobha Gangwal - Wife of Mr. Rakesh Gangwal
Dr. Asha Mukherjee - Sister of Mr. Rakesh Gangwal
Mr. Devadas Mallya Mangalore - Independent Director
Dr. Anupam Khanna - Independent Director
Mr. Alok Mehta - Brother of Ms. Rohini Bhatia
Mr. Rohit Philip - Chief Financial Officer (with effect from 18 July 2016)
Mr. Pankaj Madan - Chief Financial Officer (till 17 July 2016)
Mr. Sanjay Gupta - Company Secretary and Chief Compliance Officer (with effect from 18 August 2016)
Mr. Suresh Kumar Bhutani - Company Secretary (till 15 July 2016)

(v) Other related parties - Entities which are joint ventures or subsidiaries or where control/ significant influence exists of parties as given in (a) or (b) above

InterGlobe Air Transport Limited (Fellow subsidiary till 9 November 2015)
InterGlobe Foundation (Fellow subsidiary till 9 November 2015)
InterGlobe Technologies Private Limited
Acquire Services Private Limited (Related party till 9 November 2015)
InterGlobe Hotels Private Limited
CAE Simulation Training Private Limited
The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)
Caddie Hotels Private Limited
IGE (Mauritius) Private Limited (Fellow subsidiary till 9 November 2015)
Pegasus Buildtech Private Limited
Pegasus Utility Maintenance & Services Private Limited
Techpark Hotels Private Limited

c. Transactions with related parties during the current / previous year:

S. No.	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(i)	**Rent expense**		
	InterGlobe Enterprises Limted	43.05	40.22
	Acquire Services Private Limited	-	37.77
	InterGlobe Air Transport Limited	2.03	-
	Pegasus Buildtech Private Limited	4.89	-
(ii)	**Commission expense**		
	InterGlobe Air Transport Limited	367.79	935.18
(iii)	**Reservation cost**		
	InterGlobe Technologies Private Limited	294.56	222.96
(iv)	**Legal and professional expense**		
	InterGlobe Enterprises Limited	161.78	146.21
(v)	**Crew accommodation and transportation expense**		
	InterGlobe Hotels Private Limited	79.34	69.08
	Techpark Hotels Private Limited	-	0.37
	Caddie Hotels Private Limited	94.22	19.19
(vi)	**Training expense**		
	CAE Simulation Training Private Limited	635.72	393.08
(vii)	**Operating cost of software**		
	InterGlobe Enterprises Limited	319.61	146.53
	InterGlobe Technologies Private Limited	23.54	33.91
(viii)	**Repairs and maintenance**		
	InterGlobe Enterprises Limited	23.46	8.88
	Acquire Services Private Limited	-	8.85
	InterGlobe Air Transport Limited	1.58	-
	Pegasus Utility Maintenance & Services Private Limited	1.16	-

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(Rupees in millions, except for share data and if otherwise stated)

35 Related party disclosures (continued)

S. No.	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(ix)	**Corporate social responsibility expenses**		
	InterGlobe Foundation	-	28.00
(x)	**Miscellaneous income**		
	InterGlobe Technologies Private Limited	-	0.54
	InterGlobe Hotels Private Limited	0.20	-
(xi)	**Miscellaneous expenses**		
	InterGlobe Hotels Private Limited	0.47	0.25
	Caddie Hotels Private Limited	5.78	1.93
	InterGlobe Enterprises Limited	12.90	5.55
	Acquire Services Private Limited	-	4.59
	InterGlobe Air Transport Limited	0.35	-
	Pegasus Buildtech Private Limited	0.07	-
	Pegasus Utility Maintenance & Services Private Limited	0.77	-
(xii)	**Purchase of Property, plant and equipment**		
	InterGlobe Air Transport Limited	3.88	-
(xiii)	**Vehicle security received**		
	Mr. Rohit Philip	2.37	-
	Mr. Sanjay Gupta	0.31	-
(xiv)	**Compensation to key managerial personnel**		
	Short-term employee benefits	189.82	301.00
	Post-employment benefits	3.49	3.16
	Share-based payment	221.57	118.28
	Other long-term benefits	60.17	3.62
(xv)	**Sitting fees***		
	Mr. Rahul Bhatia	0.15	0.15
	Ms. Rohini Bhatia	0.35	0.40
	Mr. Rakesh Gangwal	0.20	0.05
	Mr. Devadas Mallya Mangalore	0.65	0.85
	Dr. Anupam Khanna	0.60	0.60
	* *Excludes service tax*		
(xvi)	**Interim dividend** (Refer to Note 14 b.)		
	InterGlobe Enterprises Limited	-	5,637.16
	Mr. Kapil Bhatia	-	1.79
	Mr. Rahul Bhatia	-	1.44
	Ms. Rohini Bhatia	-	0.36
	Mr. Rakesh Gangwal	-	2,111.91
	Ms. Shobha Gangwal	-	1,108.07
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	-	2,111.91
(xvii)	**Final dividend** (Refer to Note 14 b.)		
	InterGlobe Enterprises Limited	2,304.74	-
	Mr. Kapil Bhatia	0.75	-
	Mr. Rahul Bhatia	0.60	-
	Ms. Rohini Bhatia	0.15	-
	Mr. Rakesh Gangwal	912.91	-
	Ms. Shobha Gangwal	522.79	-
	Dr. Asha Mukherjee	20.24	-
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	845.64	-
	IGE (Mauritius) Private Limited	48.60	-
	Mr. Alok Mehta	0.00	-
(xviii)	**Conversion of convertible preference shares into equity shares** (Refer to Note 14 a.)		
	Mr. Rahul Bhatia	-	3.01
	Ms. Shobha Gangwal	-	3.01
	Mr. Rakesh Gangwal	-	2.00

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(Rupees in millions, except for share data and if otherwise stated)

35 Related party disclosures (continued)

S. No.	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
(xix)	**Bonus shares - Issued during the year** (Refer to Note 13)		
	InterGlobe Enterprises Limited	-	1,412.46
	Acquire Services Private Limited	-	0.09
	Mr. Kapil Bhatia	-	0.45
	Mr. Rahul Bhatia	-	27.41
	Ms. Rohini Bhatia	-	0.09
	Mr. Rakesh Gangwal	-	547.24
	Ms. Shobha Gangwal	-	304.71
	Dr. Asha Mukherjee	-	13.49
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	-	529.20
(xx)	**Investment in equity shares of subsidiary**		
	Agile Airport Services Private Limited	0.10	-
(xxi)	**Advances given for expenses**		
	Agile Airport Services Private Limited	0.24	-

d. Outstanding balances

S. No.	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(i)	**Payables**			
	InterGlobe Enterprises Limited	55.35	41.96	4.52
	InterGlobe Air Transport Limited	1.12	78.96	83.39
	InterGlobe Technologies Private Limited	103.15	95.55	124.74
	InterGlobe Hotels Private Limited	7.25	4.86	5.82
	Caddie Hotels Private Limited	16.84	10.51	-
	Acquire Services Private Limited	-	0.85	6.16
	CAE Simulation Training Private Limited	21.32	57.84	8.05
	Pegasus Buildtech Private Limited	0.45	-	-
	Pegasus Utility Maintenance & Services Private Limited	0.31	-	-
	Key managerial personnel	92.47	14.67	2.31
(ii)	**Advance for expenses**			
	Agile Airport Services Private Limited	0.24	-	-
(iii)	**Investment in equity shares of subsidiary**			
	Agile Airport Services Private Limited	0.10	-	-

e. Terms and Conditions

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions and within the ordinary course of business. Outstanding balances at the year end are unsecured and settlement occurs in cash. Transactions relating to dividend, subscriptions for new equity shares are on the same terms and conditions that are offered to other shareholders.

36 Earnings per share (EPS)

a. Profit attributable to eqdity share holders

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit attributable to equity share holders:		
Profit attributable to equity share holders for basic earnings	16,591.88	19,861.61
Profit attributable to equity share holders adjusted for the effect of dilution	**16,591.88**	**19,861.61**

b. Weighted average number of equity shares

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Weighted average number of equity shares		
- For basic earnings per share	361,156,673	342,073,191
Dilutive effect of stock options and convertible preference shares *	706,140	10,133,924
	361,862,813	**352,207,115**
Basic earnings per share (Rs.)	45.94	58.06
Diluted earnings per share (Rs.)	45.85	56.39
Nominal value per share (Rs.)	10	10

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36 **Earnings per share (EPS) (continued)**

* Includes 706,140 (31 March 2016: 797,990) of stock options granted to employees under the employee stock option schemes are considered to be potential equity shares. They have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

307,411 (31 March 2016: 1,113,756) of the stock options granted to employees under the existing employee share option schemes have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the current and previous year presented.

Convertible preference shares are considered to be potential equity shares and have been included in the determination of diluted earnings per share from their date of issue.

Note: Earnings per share calculations are done in accordance with Ind AS 33 'Earnings Per Share' as notified under section 133 of the Companies Act 2013. As required by Ind AS 33, if the number of equity or potential equity shares outstanding increases as a result of a bonus issue or share split or decreases as a result of a reverse share split (consolidation of shares), the calculation of basic and diluted earnings per share should be adjusted for all the periods presented. As stated in Note 13 'Share Capital', the number of shares, during the year ended 31 March 2016, have increased on account of issue of bonus shares and split of shares. Accordingly, the bonus shares and share split have been considered while computing the basic and diluted earnings per share for the year ended 31 March 2016

37 **Corporate social responsibility**

Under Section 135 of the Companies Act, 2013, the Company is required to spend, in every financial year, atleast 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility (CSR), pursuant to its policy in this regard.

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a) Gross amount required to be spent by the Company during the year	312.60	189.47
b) Amount spent and paid during the year	215.81	85.08
Particulars of amount spent and paid during the year:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	215.81	85.08
	215.81	**85.08**

38 **Share-based payment arrangements:**

a. **Description of share-based payment arrangements**

(i) **InterGlobe Aviation Limited Tenured Employees Stock Option Scheme - 2015 (ESOS 2015 - I)**

On 23 June 2015, the Board of Directors approved the InterGlobe Aviation Limited Tenured Employees Stock Option Scheme - 2015 (the "ESOS 2015 - I"), which was subsequently approved in the Extraordinary General Meeting held on 25 June 2015. ESOS 2015 - I comprises 1,111,819 options, granted to eligible employees determined by Compensation Committee, which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the scheme. Upon vesting, the employees can acquire one common equity share of the Company for every option granted. The options were granted on 25 June 2015.

Vesting of the Options granted under the ESOS 2015 – I shall be one year from the Grant Date or completion of the listing of the shares of the Company on a recognized stock exchange in India in an initial public offering, whichever is later. In case the listing is not completed within two years from the date of Grant, the Options shall automatically lapse on the expiry of such two year period.

S No.	Grant Date	Number of Options	Exercise Price (Rs.)	Vesting Conditions	Vesting Period	Contractual period
a.	25-Jun-15	1,111,819	10	1 year from the Grant Date or completion of listing, whichever is later. If listing is not completed for a period of 2 years from grant date, the options shall lapse on expiry of 2 years.	1 year from the Grant Date or completion of listing, whichever is later.	2 years

During the year ended 31 March 2017, all the options granted under ESOS 2015 - I were exercised and consequently equity share capital has been increased by Rs. 11.11.

(ii) **InterGlobe Aviation Limited Employees Stock Option Scheme - 2015 (ESOS 2015 - II)**

On 23 June 2015, the Board of Directors approved the InterGlobe Aviation Limited Employees Stock Option Scheme - 2015 (the "ESOS 2015 - II"), which was subsequently approved in the Extraordinary General Meeting held on 25 June 2015. ESOS 2015 - II, comprises 3,107,674 options, which are granted to eligible employees of the Company determined by Compensation Committee, which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the scheme. Upon vesting, the employees can acquire one common equity share of the Company for every option. The options were granted on the dates as mentioned in table below.

S No.	Grant date	Number of options	Exercise price (Rs.)	Vesting conditions	Vesting Period	Contractual period
(i)	30-Oct-15	420,530	10	Graded vesting to President and Whole Time Director of the Company, can be exercised within 1 year from the respective vesting dates.	4 years	2 years to 5 years
(ii)	30-Oct-15	1,514,587	765	Graded vesting to other employees of the Company, can be exercised within 4 years from the respective vesting dates.	4 years	5 years to 8 years
(iii)	30-Oct-15	332,026	765	Subject to market condition being met, the options granted to President and Whole Time Director of the Company, can be exercised within 4 years of vesting.	After 4.5 years	8.5 years
(iv)	16-Sep-16	353,299	10	Graded vesting to other employees of the Company, can be exercised within 15 March of the calender year following the calender year in which the applicable vesting occurs, but in any event no Option will be Exercised later than 7 (seven) years after the Date of Grant or 3 (three) months after termination of employment of the Optionee.	4 years	1.5 years to 7 years

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(Rupees in millions, except for share data and if otherwise stated)

38 Share-based payment arrangements (continued)

b. Measurement of fair values

The weighted average fair value of stock options as on grant date

Particulars	Method of Valuation	Weighted average fair value as on the grant date (Rs.)
ESOS 2015 - I	Black Scholes option pricing model	569
ESOS 2015 - II		
- Employees other than President and whole time director covered in (ii) above	Black Scholes option pricing model	360-488
- President and whole time director covered in (i) above	Black Scholes option pricing model and Monte Carlo Stimulation	756-758
- President and whole time director covered in (iii) above	Black Scholes option pricing model	620
- Employees other than President and whole time director covered in (iv) above	Black Scholes option pricing model	737-820

The inputs used in the measurement of grant date fair value are as follows:

Particulars	Share Price (Rs.)	Exercise Price (Rs.)	Expected Volatility	Expected Life (in years)	Expected Dividend	Risk free Interest Rate
ESOS 2015 - I	578	10	57.0%	1	0.0%	7.5%
ESOS 2015 - II						
- Employees other than President and whole time director covered in (ii) above	765	765	60.0% - 61.1%	3 - 6	0.0%	7.5%
- President and whole time director covered in (i) above	765	10	60.5% - 66.7%	1.5 - 4.5	0.0%	7.5%
- President and whole time director covered in (iii) above	765	765	62.4%	2	0.0%	7.5%
- Employees other than President and whole time director covered in (iv) above	868	10	52.7%	1.25 - 4.25	3.62%	7.5%

The risk-free interest rates are determined based on current yield to maturity of Government Bonds with 10 years residual maturity. Expected volatility calculation is based on historical daily closing stock prices of competitors / Company using standard deviation of daily change in stock price. The minimum life of stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised. The expected life has been considered based on average sum of maximum life and minimum life and may not necessarily indicative of exercise patterns that may occur. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date. For the measurement of grant date fair value certain market conditions were considered in the method of valuation.

c. Effect of empoyee stock option scheme on the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Employee stock option scheme expense	504.89	677.07
Total	**504.89**	**677.07**

d. Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the share option programmes were as follows

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Options outstanding as at the beginning of the year	3,378,962	422.61	-	-
Add: Options granted during the year	353,299	10	3,378,962	422.61
Less: Options forfeited and expired during the year	307,970	765	-	-
Less: Options exercised during the year*	1,111,819	10	-	-
Options outstanding as at the year end	**2,312,472**	**512.35**	**3,378,962**	**422.61**
Exercisable at the end of the period	247,432	572.52	-	-

Particulars	As at 31 March 2017	As at 31 March 2016
Weighted average remaining life of options outstanding at the end of the year	5.28	4.95

*The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2017 was Rs. 944.10.

39 During the year ended 31 March 2016, the Company had completed the initial public offer (IPO). The proceeds from IPO was Rs. 12,091 (net of fresh issue related expenses (including Service Tax))

Details of utilization of IPO proceeds are as follows:

Objects of the issue	Proceeds from the issue as per the prospectus	Utilized amount upto 31 March 2017	Unutilized amount as at 31 March 2017
Retirement of certain outstanding finance lease liabilities and consequent acquisition of aircraft	11,656.63	11,656.63	-
Purchase of ground support equipment for airline operations	342.58	342.58	-
General corporate purposes	91.79	91.79	-
Total	**12,091.00**	**12,091.00**	-

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(Rupees in millions, except for share data and if otherwise stated)

40 **Disclosure on specified bank notes**

During the year, the Company had Specified Bank Notes (SBN) or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of SBN held and transacted during the period from 8 November 2016 to 30 December 2016, the details of SBNs and other denomiation notes as per the notification is given below:

(In Indian Rupees)

Particulars	Specified Bank Notes*	Other denomination Notes**	Total
Closing cash on hand as on 8 November 2016	7,162,000	5,640,505	12,802,505
Add: Permitted receipts	373,032,500	603,690,917	976,723,417
Less: Permitted payments	-	4,654,537	4,654,537
Less: Amount deposited in Banks	380,194,500	594,454,425	974,648,925
Closing cash on hand as on 30 December 2016	-	**10,222,460**	**10,222,460**

* For the purposes of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

** excluding foreign currency notes.

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

42 **Scheme of arrangement:**

Amalgamation of the Company with Caelum Investment, LLC

A scheme of amalgamation between Caelum Investment LLC ("Transferor Company") and InterGlobe Aviation Limited (the "Company" or "Transferee Company") and their respective shareholders/members and creditors ("Scheme") was sanctioned by the High Court of Delhi vide its order dated 22 December 2014 ("Order") under Sections 391 to 394 and all other applicable provisions of the Companies Act, 1956 in Company Petition No. 599/2014 connected with Company Application (M) No. 107/2014 and in respect of which the certified copy of the formal Order was obtained on 27 March 2015 and was subsequently filed with the Registrar of Companies on 24 April 2015. Further, in relation to the Scheme, the Company has received a certificate of merger dated 24 April 2015 from the Secretary of State, Division of Corporations, State of Delaware, United States of America giving effect to the merger of the Transferor Company with the Company. Accordingly, in terms of the Scheme, the Scheme came into effect from 24 April 2015 ("Effective Date"). The applicable date and the effective date of the scheme is 24 April 2015.

Transferor Company was an investment Company.

In relation to the Scheme, the Foreign Investment Promotion Board vide its letter (No. 69(2014)/90(2014) dated 10 September 2014 had granted its approval to the Company to issue and allot upto 147,000 equity shares having face value of Rs. 1,000 each constituting 47.88% of the issued, paid-up equity share capital to the members of the Transferor Company in the proportion of the voting units held by such members in the Transferor Company pursuant to the Scheme. Further, the Competition Commission of India vide its order dated 30 July 2014 stated that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, approved the same under Section 31(1) of the Competition Act, 2002.

As on the Effective Date, the only assets of the Transferor Company represents 147,000 equity shares having face value of Rs. 1,000 ("Equity Shares") in the Transferee Company.

In accordance with the terms of the Scheme, the Company at its board meeting held on 25 April 2015, cancelled the equity shares held by the Transferor Company in the Company and issued and allotted 147,000 fresh fully paid-up equity shares of Rs. 1,000 each to the members of Transferor Company in the manner mentioned below, constituting 47.88% of the post issue paid-up equity share capital of the Company on the date of issue of the aforesaid 147,000 equity shares. In terms of the Scheme, the 147,000 fresh equity shares were issued to the members of the Transferor Company in the proportion to the voting units held by the members of the Transferor Company in the Transferor Company and whose names appear in the books and records of the Transferor Company as on 23 April 2015 i.e. the 'Record Date', as defined in the Scheme:

S. No.	Name of Shareholder	Number of equity shares
1.	Mr. Rakesh Gangwal	58,800
2.	Ms. Shobha Gangwal	29,400
3.	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P Morgan Trust Company of Delaware)	58,800
	Total	**147,000**

As per the scheme, 147,000 equity shares of Rs. 1,000 each held by the Transferor Company in the Transferee Company were extinguished and proportionate number of fresh fully paid-up equity shares of Rs. 1,000 each of the Transferee Company were issued to the members of the Transferor Company.

43 Subsequent to year ended 31 March 2017, the Company has signed a term sheet with Avions de Transport Regional G.I.E. (ATR) for the purchase of 50 ATR 72-600 aircraft with the flexibility to reduce the number of aircraft deliveries based on certain conditions. This term sheet is subject to reaching a mutually satisfactory final purchase agreement with ATR and the engine manufacturer.

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44 The public shareholding as at 31 March 2017 is 14.12% of the Company. The Company will comply with the minimum public shareholding requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulations) Rules, 1957 within the stipulated period of three years from the date of listing of equity shares of the Company, as allowed under Rule 19(2)(b)(ii) of Securities Contracts (Regulations) Rules, 1957.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 9 May 2017

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

Rohini Bhatia
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Rohit Philip
Chief Financial Officer

Sanjay Gupta
Company Secretary and Chief Compliance Officer

Place: Gurgaon
Date: 9 May 2017

B S R & Co. LLP
Chartered Accountants

Building No.10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurgaon - 122 002, India

Telephone: + 91 124 2358 610
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Independent Auditor's Report

To the Members of InterGlobe Aviation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of InterGlobe Aviation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
5th Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2016, and its profit and its cash flows 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 enclose in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of said 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, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) On the basis of written representations received from the directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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 B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.28 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership number: 092894

Place: Gurgaon
Date: 29 April 2016

Annexure A referred to in our Independent Auditor's Report to the members of InterGlobe Aviation Limited on the financial statements for the year ended 31 March 2016

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years except for aircraft and spare engines, which are verified on an annual basis. In our opinion, this periodicity of physical verification by management is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified during the year. As informed to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.

(ii) Inventories, except for goods-in-transit and stocks lying with third parties have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained. According to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loan, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.

(v) As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, para 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, for any of the services rendered by the Company. Accordingly, para 3(vi) of the Order is not applicable.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added taxes, cess and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

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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, service tax, duty of customs, value added taxes, cess and other statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, service tax, sales tax, value added tax and duty of customs which have not been deposited by the Company with the appropriate authorities on account of any dispute as at 31 March 2016, other than those mentioned as follows:

Statement of Disputed Tax Dues

Name of the Statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Revision to the taxable income on account of: a) Tax treatment of certain incentives received by the Company from manufacturers with the acquisition of aircraft and engine. b) Disallowance of certain expenses / adjustments.	1,180.34	A.Y 2007-08 [1] AY 2009-10 [2] AY 2010-11 [3]	Income Tax Appellate Tribunal (ITAT), Commissioner of Income Tax, Appeals [CIT(A)]
Income-tax Act, 1961	Revision to taxable income on account of : a) Disallowances of certain expenses/adjustments; and b) Tax treatment of certain incentives received by the Company from the manufacturers with the acquisition of aircraft and engine.	993.21	AY 2008-09 [4]	ITAT
Income-tax Act, 1961	Revision to taxable income on account of : a) Disallowances of certain expenses; and b) Tax treatment of certain incentives received by the Company from the manufacturers with the acquisition of aircraft and engine.	-	AY 2012-13 [5]	CIT(A)
Income-tax Act, 1961	Tax deducted at source	1.02	AY 2007-08	Assessing officer (AO)
Income-tax Act, 1961	Tax deducted at source (Rs.7.84 million deposited under dispute)	142.48	AY 2010-11	ITAT, CIT(A)
Income-tax Act, 1961	Tax deducted at source (Rs.5.07 million deposited under dispute)	20.99	AY 2011-12	ITAT
Income-tax Act, 1961	Tax deducted at source (Rs.4.20 million deposited under dispute for AY 2013-14)	0.19	AY 2013-14	CIT(A), AO
Income-tax Act, 1961	Tax deducted at source (Rs.11.41 million deposited under dispute)	22.78	AY 2012-13	CIT(A)
Income-tax Act, 1961	Tax deducted at source	12.00	AY 2013-14, AY 2014-15 AY 2015-16	ITAT, CIT(A), AO

Name of the Statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (Service tax)	Service tax and penalty on excess baggage charges, services received from overseas vendors and denial of CENVAT Credit	111.21	FY 2006-07 to FY 2010-11	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Chandigarh
Finance Act, 1994 (Service tax)	Service tax and penalty on services received from overseas vendors	2.96	FY 2005-06 to FY 2009-10 and FY 2010-11	CESTAT, Chandigarh
Finance Act, 1994 (Service tax)	Penalty for late payment of Service tax on various expenses incurred on ECB (Rs. 89.64 million deposited under protest)	358.56	FY 2012-13 to FY 2013-14	CESTAT, Chandigarh
The Customs Act, 1962	Customs duty and penalty on import of aircraft engines	531.20	FY 2011-12 and FY 2012-13	CESTAT, Bangalore
The Customs Act, 1962	Custom duty and penalty demanded on notional freight charges added to the value of Aviation turbine fuel left in the tank of an aircraft	6.78	August 2012 to May 2015	CESTAT, Chennai
Kerala Value Added Tax Act, 2003	Value Added Tax on sale of goods in International flights	3.07	FY 2012-13 to FY 2013-14	Assistant Commissioner (Appeals), Kerala

[1] The proposed addition to taxable income amounting to Rs. 1,874.63 million for AY 2007-08, will result in reduction of business loss and depreciation of the respective assessment year.

[2] The proposed revision to taxable income resulted in additional taxable income amounting to Rs. 3,830.83 million for AY 2009-10. This resulted in reduction of the returned business loss and depreciation. During the current year, CIT (A) has passed an order dated 20 January 2016 which further proposed additional taxable income amounting of Rs. 333.71 million and raised the aforesaid demand. The ITAT has granted stay against the outstanding demand.

[3] The additional taxable income amounting to Rs.3,569.11 million for AY 2010-11 was proposed vide order dated 15 March 2013 and during the current year, CIT(A) has passed an order dated 20 January 2016 proposing additions to the tune of Rs. 726.60 million. However, the Company is in appeal before the ITAT against the additions made by CIT(A). Further, addition of Rs. 50.97 million was proposed vide re-assessment order dated 27 January 2016 and accordingly, above mentioned demand has arisen.

[4] The additional taxable income amounting to Rs. 1,655.78 million for AY 2008-09 was proposed, which reduced the returned business loss and depreciation. During the current year, CIT(A) has passed an order dated 8 January 2016 which further proposed additional taxable income amounting of Rs. 3,033.94 million. Due to this addition, above mentioned demand has arisen. The ITAT has granted stay against the outstanding demand.

[5] The tax liability on the revised taxable income, after the adjustments/disallowances by the tax authority of Rs. 6,070.11 million, was more than the minimum alternate tax paid by the Company on book profits as assessed under section 115 JB of Income Tax Act, 1961. Accordingly, an assessed tax demand of Rs. 1,543.30 million was raised on the Company. During the current year, the entire tax demand has been deleted vide order u/s 154 dated 08 June 2015 on account of MAT credit adjusted against the total tax payable as per normal provisions of the Act.

Jc

(viii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to banks or financial institutions. Further, no loans or borrowings were taken from government and there were no debentures issued during the year or outstanding as at 31 March 2016.

(ix) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has utilized the money raised by way of initial public offer during the year, for the purposes for which they were raised, except for delay in utilisation of Rs. 4,925.31 million due to obtaining requisite approvals, which as informed to us by management will be received in the first quarter of the next financial year. Moreover, the term loans taken by the Company have been applied for the purposes for which they were raised.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) According to information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been provided and paid by the Company in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements as required by the accounting standards.

(xiv) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership number: 092894

Place: Gurgaon
Date: 29 April 2016

Annexure B to the Independent Auditor's Report of even date on the financial statements of InterGlobe Aviation 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 InterGlobe Aviation Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 31 March 2016, 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 **B S R & Co. LLP**
Chartered Accountants
Firm registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 29 April 2016

InterGlobe Aviation Limited
Balance Sheet as at 31 March 2016
(Rupees in millions, except for share data and if otherwise stated)

	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	3,603.57	343.72
Reserves and surplus	2.2	14,739.20	3,863.23
		18,342.77	**4,206.95**
Non-current liabilities			
Long-term borrowings	2.3	29,498.61	35,884.02
Deferred tax liability (net)	2.10	5,179.72	4,091.35
Other long-term liabilities	2.4	24,722.47	20,169.51
Long-term provisions	2.5	810.64	522.91
Deferred incentives		11,778.16	13,317.44
		71,989.60	**73,985.23**
Current liabilities			
Trade payables	2.6		
Total outstanding dues of micro enterprises and small enterprises		15.89	17.75
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,396.39	4,737.00
Other current liabilities	2.7	21,509.21	19,007.99
Short-term provisions	2.8	6,883.18	1,528.51
Deferred incentives		4,054.07	4,199.02
		39,858.74	**29,490.27**
TOTAL		**130,191.11**	**107,682.45**
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	2.9	46,755.15	48,664.02
Intangible fixed assets	2.9	199.74	96.37
Capital work-in-progress		237.34	4.53
Intangible assets under development		82.31	-
		47,274.54	**48,764.92**
Non-current investments	2.11	0.25	0.46
Long-term loans and advances	2.12	11,930.62	11,181.34
Other non-current assets	2.13	14,977.84	16,055.60
		74,183.25	**76,002.32**
Current assets			
Current investments	2.14	9,741.20	5,167.52
Inventories	2.15	1,267.20	1,305.54
Trade receivables	2.16	1,571.14	1,045.50
Cash and bank balances	2.17	37,186.70	19,993.80
Short-term loans and advances	2.18	2,248.75	1,555.61
Other current assets	2.19	3,992.87	2,612.16
		56,007.86	**31,680.13**
TOTAL		**130,191.11**	**107,682.45**

Significant accounting policies 1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W/ W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 29 April 2016

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

ROHINI BHATIA
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 29 April 2016

InterGlobe Aviation Limited
Statement of Profit and Loss for the year ended 31 March 2016
(Rupees in millions, except for share data and if otherwise stated)

	Notes	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue			
Revenue from operations	2.20	161,399.09	139,253.36
Other income	2.21	4,613.93	3,945.83
		166,013.02	**143,199.19**
Expenses			
Aircraft fuel expenses		47,793.24	57,484.86
Aircraft and engine rentals (net of cash and non cash incentives Rs. 3,565.96 (previous year Rs. 3,553.12) (Refer to Note 2.27)		26,121.52	19,522.38
Purchase of stock in trade	2.22	1,147.82	817.10
Changes in inventories of stock in trade	2.23	(11.32)	(31.72)
Employee benefits expense	2.24	17,899.23	11,886.91
Finance costs	2.25	1,348.53	1,155.32
Depreciation and amortisation expense	2.26	5,030.79	3,022.14
Other expenses	2.27	38,393.71	30,876.97
		137,723.52	**124,733.96**
Profit before tax (charge)/benefit		**28,289.50**	**18,465.23**
Tax (charge)/benefit			
Current Tax			
- Current period		(7,303.93)	-
Minimum Alternative Tax ('MAT')			
- Current period		-	(3,889.77)
Less: MAT credit entitlement		-	2,014.85
Deferred tax credit / (charge)		(1,088.37)	(3,548.59)
Profit for the year		**19,897.20**	**13,041.72**
Earnings per equity share [par value of share Rs. 10]	2.39		
Basic	2.39	**58.17**	**42.48**
Diluted	2.39	**56.49**	**37.94**
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 29 April 2016

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

ROHINI BHATIA
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 29 April 2016

InterGlobe Aviation Limited
Cash Flow Statement for the year ended 31 March 2016
(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flows from operating activities		
Profit before tax	28,289.50	18,465.23
Adjustments for:		
Depreciation and amortisation expense	5,030.79	3,022.14
Provision for redelivery cost (adjusted for provision utilized / reversed during the year)	82.48	63.37
Liabilities written back no longer required	(69.34)	(107.78)
Provision for doubtful debts and loans and advances	-	71.45
Provision for inventory obsolescence (net)	31.62	21.34
(Profit) / Loss on sale of fixed asset (net)	(0.40)	0.13
Non cash incentives, net	51.72	(1.12)
Advances written off	2.10	0.90
Assets written off	4.26	0.18
Unrealised foreign exchange loss (net)	2,057.93	1,192.08
Interest expense	137.99	107.29
Finance lease charges	1,019.02	929.36
Employee stock compensation cost	677.07	-
Interest income on fixed deposits	(3,687.41)	(2,703.77)
Net gain on sale of current investments	(372.31)	(1,035.88)
Operating profit before working capital changes	**33,255.02**	**20,024.92**
Adjustment for:		
(Increase)/decrease in trade receivables	(530.72)	(224.56)
(Increase)/decrease in inventories	6.72	(654.02)
(Increase)/decrease in loans and advances and other assets	(3,013.81)	2.01
Increase/(decrease) in trade payables, other liabilities and provisions	8,842.66	8,607.22
Increase/(decrease) in deferred incentives	(1,807.96)	34.51
Cash generated from operating activities	**36,751.91**	**27,790.08**
Taxes paid	(5,761.16)	(3,951.24)
Net cash generated from operating activities	**30,990.75**	**23,838.84**
B. Cash flows from investing activities		
Purchase of fixed assets (including capital advances), net of cash incentives	(2,319.90)	(10,171.15)
Proceeds from sale of fixed assets	1.62	1.63
Deposits made with banks due to mature within 12 months from the reporting date (net) [deposits under lien Rs. 24,961.08 (previous year : Rs. 15,004.03)]	(11,606.71)	(7,617.43)
Deposits made with banks due to mature after 12 months from the reporting date (net) [deposits under lien Rs. 12,883.85 (previous year : Rs. 13,649.11)]	1,578.62	(1,504.44)
Purchase of mutual funds / shares	(59,387.98)	(65,074.52)
Proceeds from sale of mutual funds / shares	55,186.61	73,657.73
Interest received	3,285.80	1,303.12
Net cash generated from / (used in) investing activities	**(13,261.94)**	**(9,405.06)**
C. Cash flows from financing activities		
Proceeds from secured loans	843.70	8,137.45
Repayment of secured loans	(11,084.90)	(4,320.32)
Interest paid	(123.76)	(100.46)
Finance lease charges paid	(701.57)	(669.67)
Proceeds from public issue of shares	166.41	-
Proceeds from securities premium (net)	11,971.74	-
Dividend paid	(11,026.49)	(13,575.30)
Tax paid on dividends	(2,244.77)	(2,552.83)
Net cash generated from / (used in) financing activities	**(12,199.64)**	**(13,081.13)**

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InterGlobe Aviation Limited
Cash Flow Statement for the year ended 31 March 2016
(Rupees in millions, except for share data and if otherwise stated)

		For the year ended 31 March 2016	For the year ended 31 March 2015
	Net Increase in cash and cash equivalents during the year (A+B+C)	**5,529.17**	**1,352.65**
	Effect of exchange rate changes on cash and cash equivalent held in foreign currency	57.02	8.40
D	**Cash and cash equivalents at the beginning of the year**		
	Cash on hand	21.42	16.50
	Cheques on hand	0.09	1.00
	Balance with banks:		
	- On current accounts	2,098.48	838.94
	- On deposit accounts (with original maturity of three months or less)	347.50	250.00
		2,467.49	**1,106.44**
E	**Cash and cash equivalents as at the end of the year**		
	Cash on hand	30.83	21.42
	Cheques on hand	-	0.09
	Balance with banks:		
	- On current accounts	2,664.02	2,098.48
	- On deposit accounts (with original maturity of three months or less)	5,358.83	347.50
		8,053.68	**2,467.49**

Notes:

1. The cash flow statement has been prepared in accordance with 'Indirect method' as set out in the Accounting Standard (AS) - 3 on 'Cash Flow Statements', as notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014.

2. Current account balance with banks includes Rs. 211.45 (previous year Rs. 222.36) held in foreign currency which are freely remissible to the Company.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W /W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 29 April 2016

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

ROHINI BHATIA
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 29 April 2016

InterGlobe Aviation Limited
Notes forming part of the financial statements for the year ended 31 March 2016
(Rupees in millions, except for share data and if otherwise stated)

1: Significant accounting policies

Background

InterGlobe Aviation Limited ('the Company') was incorporated on 13 January 2004 as a private limited company. Subsequently, the Company changed its legal status from a private company to a public company on 11 August 2006. The Company is in the low cost carrier (LCC) segment of the airline industry in India. The Company had commenced international operations during the year ended 31 March 2012. The Company got listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 10 November 2015.

Significant accounting policies

(i) ***Basis of accounting and presentation***

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles in India ('GAAP'), mandatory accounting standards as notified under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014, and the relevant provisions of Companies Act, 2013. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis. The financial statements have been presented based on Schedule III to the Companies Act, 2013.

(ii) ***Use of estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and reported amounts of income and expenses during the reporting period. Examples of estimates include useful life of fixed assets, retirement benefits, provision for inventory obsolescence, provision for redelivery costs, provision for doubtful trade receivables and loans and advances. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

(iii) ***Fixed assets, capital work-in-progress and depreciation and amortisation***

Tangible fixed assets

Owned tangible fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation, less accumulated depreciation and impairment losses, if any.

The cost of improvements to aircraft have been capitalised and disclosed separately as leasehold improvement - aircraft.

Capital work-in-progress

Cost of tangible assets not ready for use as at the balance sheet date are disclosed as capital work-in-progress.

Intangible fixed assets

Intangible fixed assets are recognised only if acquired and it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of assets can be measured reliably. The intangible fixed assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Intangible fixed assets under development

Cost of intangible assets under development as at the balance sheet date are disclosed as intangible fixed assets under development.

Leased assets

Leased assets under which the Company assumes substantially all risks and benefits of ownership are classified as finance lease. Other leases are classified as operating leases.

Finance lease: Assets taken on finance lease are capitalized at the lower of the fair value of the assets and the present value of the minimum lease rentals (which includes initial amount paid by the Company to the lessors) with the corresponding amount payable by the Company shown as lease liability. The principal component of the lease rentals is adjusted against the lease liability and interest component is charged to the Statement of Profit and Loss.

Operating lease: Lease rentals in respect of assets taken on operating lease are charged to the Statement of Profit and Loss with reference to the lease term and other considerations.

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(Rupees in millions, except for share data and if otherwise stated)

Depreciation and amortisation

Depreciation on fixed assets, except aircraft and spare engine, leasehold improvements - leased aircraft, leasehold improvements and intangible assets, is provided on written down value method at the rates and in the manner provided in Schedule II of the Companies Act, 2013. Depreciation on aircraft (including aircraft taken on finance lease) and spare engine is provided on the straight line method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013.

Intangible assets are amortised on a straight line basis over their estimated useful life of 3 years.

Major inspection costs relating to engine and airframe overhauls and other heavy maintenance are identified as separate components for owned and leased aircraft and are depreciated over the expected lives between major overhauls, estimated to be 4 - 12 years.

Depreciation has been charged based on the following useful lives:

Asset Head	Useful life in years
Owned and leased Aircraft and Spare Engines	
-Aircraft and engine components including spare engines	20
-Major inspection and overhaul costs*	4 - 12
Furniture and fixtures	10
Computer	
-End user Devices	3
-Server and Networks	6
Office equipment	
-Office Equipment	5
-Electrical Equipment	10
Ground support equipment	15
Ground support vehicles	
-Motor Vehicles(Ground Support Equipment)	8
-Motor Vehicles (Commercial)	8

* separate component recognised with effect from 1 April 2015

Expenditure incurred on improvements to aircraft (leasehold improvements on leased aircraft) is depreciated on a straight line basis over the remaining period of the lease of the aircraft or 5 years, whichever is lower.

Leasehold improvements are depreciated on a straight line basis over the period of the initial lease.

The useful lives are based on an internal technical evaluation performed by management and are determined after considering following factors:

- Expected usage of the asset
- Expected physical wear and tear
- Technical and commercial obsolescence
- Understanding of past practices and general industry experience

The above mentioned lives and method of depreciation/ amortisation are in line with the estimated useful lives, as determined by management.

Depreciation and amortisation is calculated on a pro-rata basis for assets purchased/sold during the year.

The appropriateness of depreciation/amortisation period and depreciation/amortisation method is reviewed by the management each financial year.

Pursuant to identification of major inspection and overhaul costs as separate components as required by Schedule II of the Companies Act, 2013 with effect from 1 April 2015, the depreciation charge for the year ended 31 March 2016 is higher by Rs. 1,568.31.

(iv) ***Sale and lease back transactions***

Profit or loss on sale and lease back transactions resulting in operating leases are recognised immediately in case the transaction is established at fair value, else the excess of sale price over the fair value is deferred and amortised over the period for which the asset is expected to be used.

Any excess or deficiency of sales proceeds over the carrying amount in case a sale and leaseback transaction results in a finance lease, is deferred and amortised over the lease term in proportion to the depreciation of the leased asset.

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(v) ***Incentives –non-refundable***

Cash incentives

The Company receives non-refundable incentives in connection with the acquisition of aircraft and engines. In case of owned aircraft or aircraft under finance lease, incentives are recorded as a reduction to the cost of related aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the period of the related lease. In case of return of an aircraft before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Statement of Profit and Loss.

The Company also receives non-refundable milestone incentives from the engine manufacturer on achievement of certain milestones relating to delivery of aircraft. These milestone incentives are recorded as reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining lease period of the related lease. Where the aircraft is held under finance lease, the incentives are deferred and recognised under the head 'Other operating revenue' in the Statement of Profit and Loss, on a straight line basis over the remaining lease period of the related lease.

Non-cash incentives

Non-cash incentives are recorded as and when due to the Company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned assets and aircraft held under finance lease. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives.

The deferred asset explained above is reduced on the basis of utilization of incentives against purchase of goods and services.

(vi) ***Investments***

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is presented under current assets as "current portion of long term investments" in consonance with the current /non- current classification scheme of Schedule III of Companies Act, 2013.

Long–term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each category of investments.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed of.

(vii) ***Revenue recognition***

Passenger and Cargo revenue

Passenger revenue is recognised on flown basis, i.e. when the service is rendered, net of airport charges and discounts, if any. Cargo revenue is recognised when service is rendered, i.e. goods are transported, net of airport charges.

The sale of tickets not yet flown is credited to unearned revenue, i.e. 'Forward Sales' disclosed under current liabilities. Fees charged for any changes to flight tickets and towards special service requests are recognised as revenue immediately on rendering of services.

The unutilized balance in Forward Sales for more than a year is recognised as revenue based on historical statistics, data and management estimates, and considering the Company's cancellation policy.

In flight sales

Revenue from sale of merchandise is recognised on transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognised on sale of goods to the passenger.

Dividend income

Dividend is recognised as and when the right to receive such income is established.

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Tours and packages

Income and related expense from the sale of tours and packages are recognised upon services being rendered and where applicable, are stated net of discounts. The income and expense is stated on gross basis.

Passenger revenue earned from sale of tours and packages is recognised on flown basis and disclosed under tours and packages.

The sale of tours and packages not yet serviced is credited to unearned revenue, i.e. 'Forward Sales' disclosed under current liabilities.

Interest income

Interest income is recognised on a time proportion basis.

Commission and advertisement income

Commission and advertisement income is recognised on an accrual basis and in accordance with the terms of specific contracts, provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised is net of applicable taxes.

(viii) ***Commission***

The commission paid / payable on sales is recognised on sale of ticket and in accordance with the terms of contracts with agents.

(ix) ***Borrowing costs***

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(x) ***Foreign currency transactions and translations***

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities (except for gains/(losses) arising on translation of foreign currency loans used for purchase of fixed assets) are recognised in the Statement of Profit and Loss. Gains/ (losses) arising on translation of foreign currency loans used for purchase of fixed assets are adjusted in the cost of fixed assets.

(xi) **Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit. Income taxes are accrued in the same period the related revenues and expenses arise.

The differences that result between the profit / (loss) considered for income taxes and the profit / (loss) as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on tax rates that have been enacted or substantially enacted by the Balance Sheet date.

Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each Balance Sheet date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability.

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GURGAON
Chartered Accountants

(xii) ***Employee benefits***

Short – term employee benefits

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

Defined benefit plans

Defined benefit plans of the Company comprise of gratuity.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

The liability in respect of defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. The gratuity plan of the Company is unfunded.

Defined contribution plans

Under the provident fund, a defined contribution plan, the Company pays fixed contributions to the appropriate government authorities and has no obligation to pay further amounts. Such fixed contributions are recognised in the Statement of Profit and Loss on accrual basis in the financial year to which they relate.

Other employee benefits

Till previous year ended 31 March 2015, benefits under compensated absences constitute short term employee benefits, since the employees were required to avail the leave within one year from the year end. These are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

In the current year, the Company has amended its leave policy. Accordingly the accumulated leaves, which are expected to be availed or encashed beyond 12 months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Project Unit Credit method) at the end of the year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(xiii) ***Provisions, contingent liabilities and contingent assets***

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

(xiv) ***Contingencies***

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

(xv) ***Impairment of assets***

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount and is recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

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(xvi) ***Inventories***

Inventories primarily include fuel, tools and engineering stores, which include rotables, consumables and non-aircraft equipments. Inventories are valued at lower of cost and net realisable value ('NRV'). Cost of inventories comprise of all costs of purchase and incidental costs incurred in bringing the inventories to their present location and condition. Cost is determined on the weighted average cost basis. In arriving at NRV, due allowance is made for all damaged, obsolete and slow moving items. The comparison of cost and net realizable value is made on an item by item basis.

In respect of reusable items such as rotables, non-aircraft equipments and tools, NRV takes into consideration provision for obsolescence and wear and tear and also provision for non-moving/slow moving items, if any.

(xvii) ***Aircraft maintenance and repair cost***

Aircraft maintenance, Auxiliary Power Unit (APU), and Engine maintenance and repair costs are expensed as incurred except where such overhaul costs in respect of engines/APU are covered by third party maintenance agreements, which are accounted in accordance with terms of the agreements and charged to the Statement of Profit and Loss. The Company receives non-refundable incentives in connection with aircraft and engines from Original Equipment Manufacturers (OEM). These incentives are deferred on a straight line basis over the period of the contract. Moreover, the Company also receives non-cash incentives in connection with aircraft and engines from OEM. These are recorded as and when due to the Company by setting up a deferred asset and a corresponding deferred incentive. The deferred incentives are deferred and recognized on a straight line basis over the period of the contract. The deferred asset as explained above is reduced on the basis of utilization of incentives against purchase of goods and services.

(xviii) ***Redelivery cost***

The Company has in its fleet aircraft on operating lease. As contractually agreed under the lease agreements, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated technical conditions. Such redelivery conditions entail costs for technical inspection, maintenance checks, repainting costs prior to its redelivery and the cost of ferrying the aircraft to the location as stipulated under the lease agreement. These costs are estimated by management based on historical trends and data, and recorded in the financial statements in proportion to the expired lease period.

(xix) ***Earnings per share***

Basic earnings per share are computed using the weighted average number of the equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

(xx) ***Expenditure***

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(xxi) ***Employee stock compensation cost***

In accordance with the Guidance Note on Accounting for Employee Share-based Payments as issued by the Institute of Chartered Accountants of India, the Company has recognised cost of equity settled stock options using the fair value method. The Company recognizes the fair value of the stock options granted under the Employee Stock Option Scheme (ESOS) as employee stock compensation cost which is amortized over the vesting period. Fair value of stock options granted under the ESOS is determined at the grant date using valuation techniques consistent with the generally accepted valuation methodologies for pricing financial instruments.
The grant date fair value of equity settled stock options granted to employees is recognized as employee benefit expense with a credit to employee stock option outstanding account, over the period that the employees unconditionally become entitled to the options. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of stock options that will ultimately vest.

(xxii) ***Current–non-current classification***

All assets and liabilities are classified into current and non-current.

Assets
An asset is classified as current when it satisfies any of the following criteria:

• it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
• it is held primarily for the purpose of being traded;
• it is expected to be realised within 12 months after the reporting date; or
• it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

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Liabilities

A liability is classified as current when it satisfies any of the following criteria:
• it is expected to be settled in the Company's normal operating cycle;
• it is held primarily for the purpose of being traded;
• it is due to be settled within 12 months after the reporting date; or
• the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of financial liabilities some part of which may be non-current. All other liabilities are classified as non-current.

Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for the purpose of classification of assets and liabilities as current and non- current.

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(Rupees in millions, except for share data and if otherwise stated)

2.1 Share capital

Particulars	As at 31 March 2016	As at 31 March 2015
Authorized*		
750,000,000 equity shares of Rs. 10 each (previous year 500,000 equity shares of Rs. 1,000 each)	7,500.00	500.00
Nil (previous year 1,600,000 0.00% non-cumulative redeemable preference shares of Rs. 1,000 each)	-	1,600.00
Nil (previous year 100,000 0.00% convertible preference shares of Rs. 1,000 each)	-	100.00
Total	**7,500.00**	**2,200.00**
Issued, subscribed and paid up*		
360,356,544 equity shares of Rs. 10 each fully paid up (previous year 307,000 equity shares of Rs. 1,000 each fully paid up)	3,603.57	307.00
Nil (previous year 36,716 0.00% convertible preference shares of Rs. 1,000 each fully paid up)	-	36.72
Total	**3,603.57**	**343.72**

* Refer to Note 2.1 (h)

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
1. Equity shares issued, subscribed and paid up				
Shares at the beginning of the year	307,000	307.00	307,000	307.00
- Increase due to conversion of 0.00% convertible preference shares of Rs. 1,000 each in equity shares of Rs. 1,000 each. (Refer to Note 2.1 (b)(2))	36,716	36.72	-	-
- Increase due to sub-division of equity shares (Refer to Note 2.1 (h)(i))	34,027,884	-	-	-
- Issued during the year - Bonus shares of Rs. 10 each (Refer to Note 2.1 (h) (iii))	309,344,400	3,093.44	-	-
- Issued during the year - Initial public offer- fresh issue (Refer to Note 2.1 (h)(vi))	16,640,544	166.41	-	-
Shares at the end of the year	**360,356,544**	**3,603.57**	**307,000**	**307.00**
2. Preference shares issued, subscribed and paid up				
0.00% convertible preference shares				
Shares at the beginning of the year	36,716	36.72	36,716	36.72
Conversion of 0.00% convertible preference shares of Rs. 1,000 each to equity shares of Rs. 1,000 each (Refer to Note 2.1 (b)(2))	(36,716)	(36.72)	-	-
Shares at the end of the year	-	-	**36,716**	**36.72**

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b. Terms/ rights attached to each class of shares

1. Equity shares

The Company has only one class of equity share. The par value of the share at the beginning of the year under review was Rs. 1,000 per share. With the approval of the members at the Extraordinary General Meeting ('EGM') of the Company held on 25 June 2015 the par value of the share was changed to Rs. 10 per share (Refer to Note 2.1 (h)(i)). Each holder of the equity share is entitled to one vote per share and is entitled to dividend, declared if any. The paid up equity shares of the Company rank pari-pasu in all respects, including dividend. 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 the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

2. Convertible preference shares

The fully paid up convertible preference shares of Rs.1,000 each are issued at a premium ranging from Rs. 5,650 to Rs. 6,642 per share with 0.00% coupon rate and are convertible into equity shares of the Company in the ratio of 1:1 not earlier than (a) the initial public offer of the Company; or (b) a strategic sale of the Company. In the event of liquidation of the Company before conversion of preference shares, the preference shareholders have priority over the equity shares in the repayment of the capital. The holder of preference shares were entitled to one vote per share at any meeting of the Company on any resolutions of the Company directly affecting their rights.

During the year ended 31 March 2016, 36,716 fully paid up 0.00% convertible preference shares have been converted into equity shares of the Company on 23 June 2015 in the ratio of 1:1, vide resolution passed by the Board at the Board Meeting of the Company held on 23 June 2015.

c. Shares held by holding/ultimate holding company and /or their subsidiaries/ associates

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each [previous year Rs. 1,000 each], fully paid up held by:				
InterGlobe Enterprises Limited, holding and ultimate holding company upto 9 November 2015*	-	-	156,950	156.95
	-	**-**	**156,950**	**156.95**

* Post Initial Public Offer ('IPO'), InterGlobe Enterprises Limited ceases to be holding and ultimate holding company.

d. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	31 March 2016 Number of shares	31 March 2015 Number of shares
Equity shares allotted as fully paid bonus shares by capitalization of capital redemption reserve	155,400,000	-
Equity shares allotted as fully paid bonus shares by capitalization of general reserve	153,944,400	-
Total	**309,344,400**	**-**

The Company has issued 309,344,400 fully paid bonus shares (previous year Nil) during the period of five years immediately preceding the reporting date. The above shares were issued for Rs. 10 each. Refer to Note 2.1 (h) (iii).

e. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	31 March 2016 Number of shares	31 March 2015 Number of shares
Equity shares allotted pursuant to scheme of merger (Refer to Note 2.43)	147,000	-
Total	**147,000**	**-**

The Company in addition to the shares as stated in Note 2.1 (d) above has issued 147,000 fully paid shares for consideration other than cash (previous year Nil) during the period of five years immediately preceding the reporting date. The above shares were issued for Rs. 1,000 each, which were subsequently sub divided into equity share of Rs. 10 each. Refer to Note 2.1 (h)(i).

f. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option scheme (ESOS) of the Company, (Refer to Note 2.1.h (iv), (v) and Note 2.40)

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g. Details of each shareholder holding more than 5% shares in the Company

Name of Shareholders	Class of Share	As at 31 March 2016 Number of Shares	%*	As at 31 March 2015 Number of Shares	%*
InterGlobe Enterprises Limited	Equity shares	153,649,581	42.64%	156,950	51.12%
Caelum Investment LLC	Equity shares	-	-	147,000	47.88%
Rakesh Gangwal	Equity shares	60,860,713	16.89%	-	-
The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J P.Morgan Trust Company of Delaware)	Equity shares	56,375,730	15.64%	-	-
Shobha Gangwal	Equity shares	34,852,858	9.67%	-	-
Rahul Bhatia	Convertible preference shares	-	-	3,006	8.19%
Riyaz Haider Peer Mohamed	Convertible preference shares	-	-	5,110	13.92%
Steven Eugene Harfst	Convertible preference shares	-	-	3,607	9.82%
Newton Bruce Ashby	Convertible preference shares	-	-	6,012	16.37%
Kunal Chanana	Convertible preference shares	-	-	3,006	8.19%
Anil Chanana	Convertible preference shares	-	-	3,006	8.19%
IGT-InterGlobe Technologies Philippines Inc	Convertible preference shares	-	-	6,038	16.45%
Rakesh Gangwal	Convertible preference shares	-	-	2,004	5.46%
Shobha Gangwal	Convertible preference shares	-	-	3,006	8.19%

* Represents % of total shares in the respective class.

h. Other Notes

i. The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on 25 June 2015, approved the reclassification and sub-division of the authorized share capital of the Company aggregating to Rs. 2,200.00, comprising of 500,000 equity shares of Rs. 1,000 each aggregating to Rs. 500.00; 1,600,000 redeemable preference shares of Rs 1,000 each aggregating Rs. 1,600.00 and 100,000 convertible preference shares of Rs 1,000 each aggregating Rs 100.00 to 220,000,000 equity shares of Rs. 10 each aggregating to Rs. 2,200.00.

ii. The Shareholders' at the EGM of the Company held on 25 June 2015, approved increase in authorized share capital of the Company from Rs. 2,200.00 comprising of 220,000,000 equity shares of Rs. 10 each to Rs. 7,500.00 comprising of 750,000,000 equity shares of Rs. 10 each.

iii. The Shareholders' at the EGM of the Company held on 25 June 2015, approved capitalization of sum of Rs. 3,093.44, out of the balance in the Company's Capital Redemption Reserve / General Reserve and issued and allotted 309,344,400 equity shares of Rs. 10 each as bonus shares in the proportion of 9 fully paid equity shares of Rs. 10 each for every equity share of Rs. 10 held as on the record date which is 25 June 2015.

iv. The Shareholders' at the EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited-Tenured Employee Stock Option Scheme 2015 (ESOS 2015-I)" comprising 1,111,819 stock options which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the ESOS 2015-I. All options under ESOS 2015-I have been granted on 25 June 2015
Vesting of the Options granted under the ESOS 2015 – I shall be one year, from the Grant Date or completion of the listing of the shares of the Company on a recognized stock exchange in India in an initial public offering, whichever is later. In case the listing is not completed within two years from the date of Grant, the Options shall automatically lapse on the expiry of such two year period.

v. Further, the Shareholders' at the EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited-Employee Stock Option Scheme 2015 (ESOS 2015-II)" comprising 3,107,674 stock options which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the ESOS 2015-II scheme. Out of the above, 2,267,143 stock options under ESOS 2015-II have been granted on 30 October 2015.
Vesting period of the options granted under ESOS 2015–II shall be:
a) Over the period of four years (Graded Vesting) for, 420,530 options granted to the President and Whole Time Director of the Company and 1,514,587 options granted to other employees of the Company;
b) After four and a half years subject to market condition being met for 332,026 options granted to the President and Whole Time Director of the Company
The options granted under ESOS 2015–II can be exercised within four years from the date of vesting.

vi. During the year ended 31 March 2016, the Company has completed the initial public offer (IPO), pursuant to which 39,464,562 equity shares of Rs. 10 each were allotted, at an issue price of Rs. 765, consisting of fresh issue of 16,640,544 equity shares and an offer for sale of 22,824,018 equity shares by selling shareholders. Out of fresh issue of 16,640,544 equity shares, 104,790 equity shares were issued to eligible employees at a discount of 10% of issue price and the remaining 16,535,754 equity shares were issued to public.
The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID INDIGO and BSE Limited (BSE) via ID 539448 on 10 November 2015

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2.2 Reserves and surplus

Particulars	As at 31 March 2016	As at 31 March 2015
1. Capital redemption reserve		
Balance at the beginning of the year	1,554.00	1,554.00
Less: Utilised during the year for issuing bonus shares (Refer to Note 2.1 (h)(iii))	(1,554.00)	-
Balance at the end of year	-	**1,554.00**
2. Employee stock options outstanding		
Balance at the beginning of the year	-	-
Add: Options granted during the year (Refer to Note 2.40)	677.07	-
Balance at the end of year	**677.07**	-
3. Securities premium account		
Balance at the beginning of the year	-	-
Add: Premium received during the year on account of issue of shares (Refer to Note 2.1 (h)(vi))	12,555.59	-
Less: Utilized for share issue expenses*	(583.85)	-
Balance at the end of year	**11,971.74**	-
4. General reserve		
Balance at the beginning of the year	1,928.51	1,928.51
Less: Utilised during the year for issuing bonus shares (Refer to Note 2.1 (h)(iii))	(1,539.44)	-
Balance at the end of year	**389.07**	**1,928.51**
5. Surplus / (deficit) in Statement of Profit and Loss		
Balance at the beginning of the year	380.72	250.07
Add: Profit for the year	19,897.20	13,041.72
Amount available for appropriation	**20,277.92**	**13,291.79**
Less: Appropriations		
Interim dividend [Rs. 32,668.08 per share ** (previous year Rs. 35,169 per share)]	(10,029.10)	(10,796.89)
Proposed equity dividend [Rs. 15 per share *** (previous year Rs. Nil per share)]	(5,405.35)	-
Corporate dividend tax	(3,142.15)	(2,114.18)
Net surplus in the Statement of Profit and Loss	**1,701.32**	**380.72**
Total reserves and surplus	**14,739.20**	**3,863.23**

* Expenses incurred by the Company aggregating to Rs. 1,286.27 (including Service Tax) in connection with the IPO have been partly adjusted towards the securities premium account and partly recovered from the selling shareholders. The IPO expenses amounting to Rs. 1,286.27, excluding certain expenses which are directly attributable to the Company (such as legal counsel cost, auditor fee, Listing fee and stamp duty expenses) amounting to Rs. 152.68, have been allocated between the Company and each of the selling shareholders in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by the existing shareholders.

** On 19 June 2015, the Company has declared interim dividend of Rs. 32,668.08 per equity share on 307,000 shares of Rs. 1,000 each. The same was declared before the sub-division, conversion of equity shares and fresh issue of shares. Refer to Note 2.1 (h)

*** On 29 April 2016, the Board of Directors has recommended a final dividend of Rs. 15 per share (face value of Rs. 10 per share) for the financial year ended 31 March 2016, subject to approval of the shareholders in the upcoming Annual General Meeting.

2.3 Long-term borrowings

Particulars	As at 31 March 2016	As at 31 March 2015
Secured term loans:		
Foreign currency term loan		
- From others	4,035.46	3,000.24
Secured other loans:		
Finance lease obligations [net of borrowing cost associated with finance lease amounting to Rs. 2,697.17 (previous year Rs. 2,843.49)]	25,463.15	32,883.78
	29,498.61	**35,884.02**

Current maturities of foreign currency term loans and finance lease obligations amounting to Rs. Nil and Rs. 2,509.32 (previous year Rs. Nil and Rs. 3,377.61) respectively have been disclosed under "Other current liabilities".

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Term loans
As at 31 March 2016
Secured loans

Particulars	Disclosed under	As at 31 March 2016	Rate of Interest*	Period of maturity from the balance sheet date
Foreign currency term loan #	Long-term borrowings	4,035.46	USD LIBOR plus markup	94 months

* Markup for 275 basis points over 6 month USD LIBOR. The period of maturity from the date of origination is 137 months.
\# The above mentioned loan is repayable in twenty unequal installments ranging between USD 4 million to USD 6 million between the period September 2022 - December 2023.
There are no defaults as on balance sheet date in repayment of principal and interest.
Secured term loans are secured against the assignment of certain rights under aircraft purchase agreement signed with Airbus SAS.

As at 31 March 2015
Secured loans

Particulars	Disclosed under	As at 31 March 2015	Rate of Interest*	Period of maturity from the balance sheet date
Foreign currency term loan #	Long-term borrowings	3,000.24	USD LIBOR plus markup	106 months

* Markup ranges from 275 basis points over 6 month USD LIBOR. The period of maturity from the date of origination is 137 months.
\# The above mentioned loan is repayable in twenty unequal installments between the period September 2022 - December 2023.
There are no defaults as on balance sheet date in repayment of principal and interest.
Secured term loans are secured against the assignment of certain rights under aircraft purchase agreement signed with Airbus SAS.

Finance lease obligations
Certain aircraft and items of furniture and fixtures have been obtained on finance lease. The legal title to these items vests with the lessors and the security trustee. The lease term for aircraft ranges between maximum 10 - 12 years (previous year 10 - 12 years) and for furniture and fixtures is Nil (previous year 2.3 - 3 years) with monthly/ quarterly payments beginning from the month/ quarter subsequent to the commencement of the lease. The total future minimum lease payments as at the balance sheet date, element of interest included in such payments and present value of these minimum lease payments are as follows:

Particulars	Non-Current		Current	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
(a) Total future minimum lease payments	27,272.88*	35,151.14*	2,927.69**	3,979.75**
(b) Future interest included in (a) above	1,809.73	2,267.36	418.37	602.14
(c) Present value of future minimum lease payments [(a-b)]	25,463.15*	32,883.78*	2,509.32**	3,377.61**

* net of borrowing cost associated with finance lease amounting to Rs. 2,697.17 (previous year Rs. 2,843.49).
** net of borrowing cost associated with finance lease amounting to Rs. 317.44 (previous year Rs. 299.36).

The rate of interest for aircraft acquired on finance lease is less than 450 basis points over 1/3/6 months USD LIBOR (previous year less than 450 basis points over 1/3/6 months USD LIBOR) and for furniture and fixtures it is Nil (previous year 15.5%). Finance lease liability is secured against the respective aircraft - Rs. 27,972.47 (previous year Rs. 36,261.39) and furniture and fixtures Rs. Nil (previous year Rs. Nil).

The future minimum lease payments and their present value as at 31 March 2016 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year*	2,509.32	418.37	2,927.69
Later than one year and not later than five years**	10,890.98	1,258.40	12,149.38
Later than five years***	14,572.17	551.33	15,123.50
Total	**27,972.47**	**2,228.10**	**30,200.57**

* net of borrowing cost associated with finance lease amounting to Rs. 317.44.
** net of borrowing cost associated with finance lease amounting to Rs. 1,269.71.
*** net of borrowing cost associated with finance lease amounting to Rs. 1,427.46.

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The future minimum lease payments and their present value as at 31 March 2015 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year*	3,377.61	602.14	3,979.75
Later than one year and not later than five years**	15,903.52	1,678.88	17,582.40
Later than five years***	16,980.26	588.48	17,568.74
Total	**36,261.39**	**2,869.50**	**39,130.89**

* net of borrowing cost associated with finance lease amounting to Rs. 299.36.
** net of borrowing cost associated with finance lease amounting to Rs. 1,197.43.
*** net of borrowing cost associated with finance lease amounting to Rs. 1,646.06.

2.4 Other long-term liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
Others:		
- Supplementary rentals	24,493.00	19,907.68
- Employee related liabilities	229.47	261.83
	24,722.47	**20,169.51**

2.5 Long-term provisions

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for employee benefits:		
- Provision for gratuity (Refer to Note 2.31)	319.84	239.99
- Provision for compensated absences	137.38	-
Others:		
- Provision for redelivery cost (Refer to Note 2.8)	353.42	282.92
	810.64	**522.91**

2.6 Trade payables

Particulars	As at 31 March 2016	As at 31 March 2015
Trade Payables		
- Related parties (Refer to Note 2.30)	232.69	232.68
- Micro enterprises and small enterprises (Refer to Note below)	15.89	17.75
- Others	7,163.70	4,504.32
	7,412.28	**4,754.75**

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Dues to micro enterprises and small enterprises:

Particulars	**As at 31 March 2016**	**As at 31 March 2015**
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	15.89	17.75
- Interest	-	-
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

2.7 Other current liabilities

Particulars	**As at 31 March 2016**	**As at 31 March 2015**
Interest accrued but not due on borrowings	95.92	75.08
Advances from customers	2,130.40	1,925.22
Forward sales	12,445.78	11,984.19
Current maturities of finance lease obligations [net of borrowing cost associated with finance lease amounting to Rs. 317.44 (previous year Rs. 299.36)] (Refer to Note 2.3)	2,509.32	3,377.61
Other payables		
- Statutory dues	790.75	605.01
- Employee related liabilities	1,265.97	851.07
- Supplementary rentals	2,271.07	189.81
	21,509.21	**19,007.99**

2.8 Short-term provisions

Particulars	**As at 31 March 2016**	**As at 31 March 2015**
Provision for employee benefits		
- Provision for gratuity (Refer to Note 2.31)	55.69	34.56
- Provision for compensated absences	203.19	291.47
Others:		
- Provision for tax [net of advance tax of Rs. 7,361.67 (previous year Rs. 1,350.13)]	89.66	1.02
- Provision for wealth tax [net of advance tax of Rs. Nil (previous year Rs. Nil)]	-	1.03
- Interim dividend	-	997.38
- Proposed dividend	5,405.35	-
- Corporate dividend tax	1,100.42	203.05
- Provision for redelivery cost	28.87	-
	6,883.18	**1,528.51**

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(Rupees in millions, except for share data and if otherwise stated)

Provision for redelivery cost

The schedule of provision as required to be disclosed in compliance with Accounting Standard 29 on 'Provisions, Contingent Liabilities and Contingent Assets' is as under :

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Opening balance at the beginning of the year	282.92	208.91
Add: Provisions created during the year	82.48	63.37
Less: Impact of exchange loss on restatement of opening liability	(36.38)	(25.74)
Add: Exchange loss on restatement of closing liability	53.27	36.38
Closing balance at the end of the year	**382.29**	**282.92**
Closing balance at the end of the year – Non current	353.42	282.92
Closing balance at the end of the year – Current	28.87	-

Provision for redelivery cost represents provision set up for expenses to be incurred on redelivery of the aircraft that in the opinion of management could result in an outflow of funds depending upon the condition of the aircraft at the time of redelivery. During the current year ended 31 March 2016, the Company has redelivered Nil aircraft (previous year Nil aircraft) to lessors.

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2.9 Fixed assets

Fixed Assets as at 31 March 2016

Particulars	Gross block					Depreciation/ Amortisation					Net block
	As at 1 April 2015	Additions during the year	Deletions during the year	Adjustments during the year* /**/#	As at 31 March 2016	As at 1 April 2015	Depreciation/ Amortisation for the year	Depreciation/ Amortisation on deletions	Adjustments during the year#	As at 31 March 2016	As at 31 March 2016
Tangible fixed assets											
Owned aircraft and spare engines	-	476.76	-	11,444.10	11,920.86	-	126.15	-	4,880.25	5,006.40	6,914.46
Leased aircraft	52,342.49	168.53	243.06	(9,391.38)	42,876.58	5,806.87	4,008.59	243.06	(3,893.24)	5,679.16	37,197.42
Furniture and fixtures	71.05	132.94	6.24	-	197.75	45.62	22.14	4.99	-	62.77	134.98
Computer	433.34	186.36	8.55	-	611.15	301.66	127.83	8.32	-	421.17	189.98
Office equipment	92.67	37.04	3.30	-	126.41	58.41	20.38	2.72	-	76.07	50.34
Ground support equipment	1,139.16	402.49	12.18	-	1,529.47	439.78	165.79	11.43	-	594.14	935.33
Ground support vehicles	890.63	186.33	14.43	-	1,062.53	535.39	135.54	13.04	-	657.89	404.64
Leasehold improvements	387.41	306.44	67.81	-	626.04	245.06	107.32	66.51	-	285.87	340.17
Leasehold improvements - aircraft	983.74	47.84	-	-	1,031.58	243.68	200.07	-	-	443.75	587.83
Total tangible fixed assets	**56,340.49**	**1,944.73**	**355.57**	**2,052.72**	**59,982.37**	**7,676.47**	**4,913.81**	**350.07**	**987.01**	**13,227.22**	**46,755.15**
Intangible fixed assets											
Software	374.96	220.36	25.33	-	569.99	278.60	116.98	25.33	-	370.25	199.74
Total intangible fixed assets	**374.96**	**220.36**	**25.33**	-	**569.99**	**278.60**	**116.98**	**25.33**	-	**370.25**	**199.74**
Grand Total	**56,715.45**	**2,165.09**	**380.90**	**2,052.72**	**60,552.36**	**7,955.07**	**5,030.79**	**375.40**	**987.01**	**13,597.47**	**46,954.89**

Fixed Assets as at 31 March 2015

Particulars	Gross block					Depreciation/ Amortisation				Net block
	As at 1 April 2014	Additions during the year	Deletions during the year	Adjustments during the year* /**	As at 31 March 2015	As at 1 April 2014	Depreciation/ Amortisation for the year	Depreciation/ Amortisation on deletion	As at 31 March 2015	As at 31 March 2015
Tangible fixed assets										
Leased aircraft	41,059.20	9,859.51	-	1,423.78	52,342.49	3,521.92	2,284.95	-	5,806.87	46,535.62
Furniture and fixtures	60.15	12.98	2.08	-	71.05	34.69	12.68	1.75	45.62	25.43
Computer	308.52	124.91	0.09	-	433.34	188.68	113.06	0.08	301.66	131.68
Office equipment	77.52	16.45	1.30	-	92.67	30.83	28.65	1.07	58.41	34.26
Ground support equipment	897.99	243.22	2.05	-	1,139.16	310.10	131.06	1.38	439.78	699.38
Ground support vehicles	749.65	147.96	6.98	-	890.63	419.20	122.46	6.27	535.39	355.24
Leasehold improvements	287.81	101.02	1.42	-	387.41	171.91	74.57	1.42	245.06	142.35
Leasehold improvements - aircraft	713.28	270.46	-	-	983.74	69.59	174.09	-	243.68	740.06
Total tangible fixed assets	**44,154.12**	**10,776.51**	**13.92**	**1,423.78**	**56,340.49**	**4,746.92**	**2,941.52**	**11.97**	**7,676.47**	**48,664.02**
Intangible fixed assets										
Software	350.44	24.52	-	-	374.96	197.98	80.62	-	278.60	96.37
Total intangible fixed assets	**350.44**	**24.52**	-	-	**374.96**	**197.98**	**80.62**	-	**278.60**	**96.37**
Grand Total	**44,504.56**	**10,801.03**	**13.92**	**1,423.78**	**56,715.45**	**4,944.90**	**3,022.14**	**11.97**	**7,955.07**	**48,760.39**

* Pursuant to the notifications dated 31 March 2009 and 29 December 2011, issued by The Ministry of Corporate Affairs, the Company has capitalised foreign currency loss / (gain) amounting to Rs 2,296.48 (previous year Rs 1,521.87), arising on re-statement of long-term foreign currency monetary liabilities used for acquisition of a depreciable capital asset

** Adjustments also include adjustment for cash and non cash incentive amounting to Rs. Nil (previous year Rs 98.09)

During the current year, the Company has utilized its Initial Public Offer proceeds towards retirement of certain outstanding finance lease liabilities in foreign currency and consequent acquisition of aircraft The adjustment in the Gross Block of owned aircraft of Rs 11,444.10 represents the cost of the acquired finance leased aircraft as reduced by the outstanding deferred incentives amounting to Rs 243.76 in respect of these aircraft, as on the date of the acquisition The adjustment in the Accumulated Depreciation of owned aircraft of Rs 4,880.25 represents the accumulated depreciation of the acquired finance leased aircraft as increased by the outstanding provision for supplemental rentals amounting to Rs 987.01 in respect of these aircraft, as on the date of the acquisition
Consequently, the adjustment in the Gross Block of finance leased aircraft of Rs 11,687.86 represents the cost of the transferred finance leased aircraft to owned aircraft, as on the date of the acquisition Moreover, the adjustment in the Accumulated Depreciation of finance leased aircraft of Rs 3,893.24 represents the accumulated depreciation of the transferred finance leased aircraft to owned aircraft as on the date of the acquisition

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2.10 Deferred taxes (net)

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax liability		
- Assets acquired under finance lease and owned aircraft	5,446.54	4,223.23
- Difference between written down value of fixed assets as per books and as per Income Tax Act, 1961	180.01	277.00
- Others	99.80	51.59
Total deferred tax liability	**5,726.35**	**4,551.82**
Deferred tax asset		
- Provision for doubtful advances and receivables	26.09	26.09
- Disallowances made under section 43B of the Income Tax Act, 1961	387.88	336.66
- Provision for gratuity under section 40A(7) of the Income Tax Act, 1961	132.66	97.72
Total deferred tax asset	**546.63**	**460.47**
Net deferred tax liability	**5,179.72**	**4,091.35**

2.11 Non-current investments

Particulars	As at 31 March 2016	As at 31 March 2015
Trade investments *(unquoted and at cost)*		
* 1,653 equity shares (previous year 2,815) of Thai Baht (THB) 100 each, fully paid up, of Aeronautical Radio of Thailand, a state enterprise under the Ministry of Transport, Thailand.	0.25	0.46
	0.25	**0.46**

*The transfer of this investment is restricted to airline members flying in Thailand.
The investment mentioned above also represents long term investment within the meaning of Accounting Standard 13 "Accounting for Investments" as notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014.

2.12 Long-term loans and advances

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured, considered good, unless otherwise stated		
To parties other than related parties:		
Capital advances	136.34	51.07
Security deposits	8,139.57	6,051.32
Other loans and advances:		
- Advance to employees	35.76	5.87
- Minimum alternate tax recoverable	3,429.67	4,689.31
- Advance tax (net of provision for income tax Rs. 7,615.72 (previous year Rs. 7,671.61]).	189.28	383.77
	11,930.62	**11,181.34**

2.13 Other non-current assets

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured, considered good, unless otherwise stated		
Bank deposits [due for maturity after twelve months from the reporting date (Refer to Note 2.17)]*	13,539.93	15,118.55
Interest accrued but not due on fixed deposits	1,437.91	937.05
	14,977.84	**16,055.60**

*Bank deposits include Rs. 12,883.85 (previous year Rs. 13,649.11) as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

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2.14 Current investments

Particulars	As at 31 March 2016	As at 31 March 2015
Investments in mutual funds, non trade -unquoted		
(At the lower of cost and fair value)		
Nil (previous year 7,412,319) units of face value of Rs. 100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	-	1,654.34
63,241,843 (previous year Nil) units of face value of Rs. 10 each of ICICI Prudential- Ultra Short Term- Growth	950.00	-
11,146,542 (previous year Nil) units of face value of Rs. 100 each of ICICI Prudential Savings Fund - Growth	2,493.50	-
627,831 (previous year Nil) units of face value of Rs. 1,000 each of HDFC Cash Management Fund - Saving Plan - Growth	1,961.93	-
47,343,265 (previous year Nil) units of face value of Rs. 10 each of HDFC FLoating Rate Income Fund-STP-Wholesale Option Growth	1,200.00	-
25,429,005 (previous year Nil) units of face value of Rs. 10 each of Sundaram Money Fund Regular Growth	805.77	-
966,294 (previous year 187,142) units of face value of Rs. 1,000 each of UTI Floating Rate Fund - STP - Regular Plan - Growth	2,330.00	420.00
Nil (previous year 558,570) units of face value of Rs. 1,000 each of Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	-	1,233.50
Nil (previous year 258,097) units of face value of Rs. 1,000 each of Tata Floater Fund Plan A - Growth	-	540.08
Nil (previous year 47,988,690) units of face value of Rs. 10 each of HDFC Liquid Fund - Growth	-	1,319.60
Aggregate book value of unquoted investments	**9,741.20**	**5,167.52**
Aggregate net assets value (fair value) of unquoted investments	**9,861.31**	**5,193.03**

The investment mentioned above also represents current investment within the meaning of Accounting Standard 13 "Accounting for Investments" as notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014.

Aggregate amount of unquoted investments:-

Particulars	As at 31 March 2016	As at 31 March 2015
Book value of unquoted investments (Refer to Note 2.11 and 2.14)	9,741.45	5,167.98
	9,741.45	**5,167.98**

Aggregate amount of current and non-current investments within the meaning of Accounting Standard 13 "Accounting for Investments"

Particulars	As at 31 March 2016	As at 31 March 2015
Book value of current investments (Refer to Note 2.14)	9,741.20	5,167.52
Book value of non-current investments (Refer to Note 2.11)	0.25	0.46
	9,741.45	**5,167.98**

There are no quoted investments during the current year and previous year

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2.15 Inventories

Particulars	As at 31 March 2016	As at 31 March 2015
Valued at lower of cost and net realisable value		
Stores and Spares		
- Engineering stores (includes rotables, consumables, tyres and non-aircraft equipment)	1,084.89	856.74
-Goods in transit	51.59	34.45
Loose tools	80.67	39.61
	1,217.15	**930.80**
Less: Provision for obsolescence, slow/non-moving items	243.57	211.95
Total	**973.58**	**718.85**
Stock in trade		
- In-flight inventory	74.66	63.34
Fuel	218.96	523.35
	1,267.20	**1,305.54**

2.16 Trade Receivables

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured, considered good, unless otherwise stated		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
- Considered good	27.94	41.81
- Considered doubtful	71.45	71.45
	99.39	**113.26**
Less: Provision for doubtful debts	71.45	71.45
	27.94	**41.81**
Other receivables	1,543.20	1,003.69
	1,571.14	**1,045.50**

2.17 Cash and bank balances

Particulars	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
- Cash on hand	30.83	21.42
- Cheques on hand	-	0.09
- Balance with banks:		
On current accounts#	2,664.02	2,098.48
On deposit account (with original maturity of three months or less)*	5,358.83	347.50
	8,053.68	**2,467.49**
Other bank balances**		
- On deposit accounts	29,133.02	17,526.31
	37,186.70	**19,993.80**

#Current account balance with banks includes Rs. 211.45 (previous year Rs. 222.36) held in foreign currency which are freely remissible to the Company.

*Deposits as at 31 March 2016 represents unutilized amounts of the IPO proceeds, been temporarily deployed in fixed deposits with banks.

**Includes Rs. 24,961.08 (previous year Rs. 15,004.03) as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

Details of deposits

Particulars	As at 31 March 2016	As at 31 March 2015
Deposit with original maturity of three months or less included under 'cash and cash equivalents'	5,358.83	347.50
Deposit due for maturity within twelve months from the reporting date included under 'other bank balances'	29,133.02	17,526.31
Deposit due for maturity after twelve months from the reporting date included under 'other non-current assets'	13,539.93	15,118.55
	48,031.78	**32,992.36**

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2.18 Short-term loans and advances

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured, considered good, unless otherwise stated		
To parties other than related parties:		
Prepaid expenses	1,052.17	882.39
Loans and advances to employees	101.05	91.60
Balance with service tax and custom authorities	496.86	275.17
Value added tax recoverable	37.83	16.68
Security deposits	90.46	41.25
Advance to suppliers:		
- Considered good	470.38	248.52
- Considered doubtful	3.94	3.94
	474.32	252.46
Less: Provision for doubtful loans and advances	3.94	3.94
	470.38	248.52
	2,248.75	**1,555.61**

2.19 Other current assets

Particulars	As at 31 March 2016	As at 31 March 2015
Unsecured, considered good, unless otherwise stated		
Interest accrued but not due on fixed deposits	1,645.84	1,745.09
Deferred incentive (non-cash)	700.28	594.76
Maintenance recoverable	306.12	166.01
Insurance claim recoverable	11.42	54.64
Other recoverable	1,329.21	51.66
	3,992.87	**2,612.16**

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2.20 Revenue from operations

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Sale of services		
- Passenger services	151,088.88	130,547.21
- Cargo services	7,576.65	6,538.80
- Tours and packages	33.04	146.09
Sale of products		
- In-flight sales (traded goods)	1,726.31	1,290.28
Other operating revenue		
- Incentives	754.89	589.45
- Advertisement income	218.87	138.60
- Commission	0.45	2.93
	161,399.09	**139,253.36**

2.21 Other income

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest from fixed deposits	3,687.41	2,703.77
Net gain on sale of current investments	372.31	1,035.88
Other non-operating income:		
- Profit on sale of fixed assets [net of loss on sale of fixed assets Rs. 0.20 (previous year Rs. Nil)]	0.40	-
- Liabilities written back no longer required	69.34	107.78
- Miscellaneous income	484.47	98.40
	4,613.93	**3,945.83**

2.22 Purchase of stock in trade

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
In-flight sales (traded goods)	1,147.82	817.10
	1,147.82	**817.10**

2.23 Changes in inventories of stock in trade

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
In-flight sales (traded goods)		
- Opening stock	63.34	31.62
- Closing stock	(74.66)	(63.34)
Net (Increase) / decrease in stock in trade	**(11.32)**	**(31.72)**

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2.24 Employee benefits expense

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Salaries, wages and bonus	16,795.22	11,563.02
Contribution to provident and other funds (Refer to Note 2.31)	306.71	251.93
Staff welfare expenses	120.23	71.96
Employee stock compensation cost (Refer to Note 2.40)	677.07	-
	17,899.23	**11,886.91**

2.25 Finance costs

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Interest expenses:		
- Interest on borrowings	125.65	105.53
- Finance lease charges	1,019.02	929.36
- Interest others	12.34	1.76
Net loss on foreign currency transactions and translation to the extent regarded as borrowing cost*	191.52	118.67
	1,348.53	**1,155.32**

* Schedule III to the Companies Act, 2013 requires disclosure of exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost. The amount of Rs. 191.52 (previous year Rs. 118.67) representing this adjustment has been disclosed in the above note. The remaining exchange loss of Rs. 937.71 (previous year Rs. 592.44) has been disclosed under "Other expenses".

2.26 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Depreciation for the year on tangible fixed assets (Refer to Note 2.9)	4,913.81	2,941.52
Amortisation for the year on intangible fixed assets (Refer to Note 2.9)	116.98	80.62
	5,030.79	**3,022.14**

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2.27 Other expenses

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Tours and packages	18.11	76.26
Consumption of stores and spares and loose tools (Refer to Note 2.36)	1,130.73	892.31
Rent (Refer to Note below)	778.98	444.62
Repairs and maintenance		
- equipment	22.58	17.84
- others	402.13	350.15
Insurance		
- aircraft	295.09	288.59
- others	138.60	69.04
Legal and professional	569.26	499.68
Rates and taxes	65.90	20.97
Landing fees and en route charges	14,099.71	10,901.32
Reservation cost	876.08	740.94
Commission	7,257.91	7,027.98
Sales promotion and advertisement	882.12	960.84
In-flight and passenger cost	741.41	477.07
Aircraft maintenance		
- Redelivery cost (Refer to Note 2.8)	82.48	63.37
- Engineering consumables (including provision for obsolescence)	31.62	21.34
- others	3,996.73	2,829.84
Operating cost of software	688.68	305.59
Recruitment cost	82.05	61.63
Training	1,024.97	699.58
Bank charges	461.48	341.16
Crew accommodation and transportation	1,958.49	1,531.04
Assets written off	4.26	0.18
Loss on sale of fixed assets [net of profit on sale of fixed assets Rs. Nil (previous year Rs. 0.61)]	-	0.13
Electricity and water charges	75.84	62.87
Traveling and conveyance	571.45	528.17
Printing and stationery	143.63	125.51
Communication and information technology	67.06	57.84
Donations	0.18	20.00
Vehicle running and maintenance	16.95	13.77
Auditor's remuneration		
- Audit fees	9.50	6.00
- Limited reviews	1.50	-
- Tax audit	0.80	0.80
- Other matters*	0.03	-
Provision for doubtful debts	-	71.45
Other operating cost	693.29	598.53
Advance written off	2.10	0.90
Foreign exchange loss [net of gain Rs. 1,051.64 (previous year Rs. 807.53)]	937.71	592.44
Miscellaneous expenses	177.17	138.19
Corporate social responsibility expenses (Refer to Note 2.42)	85.08	39.03
Sitting Fees	2.05	-
	38,393.71	**30,876.97**

* Excludes fee paid to statutory auditor amounting to Rs. 20.00 for IPO related services (Refer to Note 2.2)

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Operating leases

The Company has taken its office premises, various commercial premises and residential premises for its employees under cancelable operating lease arrangements. The lease payments charged during the year to the Statement of Profit and Loss amounting to Rs. 778.98 (previous year Rs. 444.62).

The Company has taken aircraft on dry operating lease from lessors. Under the aircraft operating lease arrangement, the Company pays monthly rental in the form of base and supplementary rentals.

Base rental payments are either based on floating interest rates or on fixed rentals.

Supplementary rentals are based on aircraft utilisation and are calculated with reference to the number of hours or cycles operated during each month. Both base and supplementary rentals have been charged to Statement of Profit and Loss.

Total future minimum lease payments due under non-cancellable operating leases (except supplementary rental which are based on aircraft utilization and calculated on number of hours or cycles operated) are as follows:

Particulars	As at 31 March 2016	As at 31 March 2015
Not later than one year	19,796.27	16,486.80
Later than one year but not later than five years	41,106.97	39,503.28
Later than five years	3,210.87	5,153.81
	64,114.11	**61,143.89**

Lease rental expense including supplementary rental, recognised in Statement of Profit and Loss amounts to Rs. 26,121.52 (previous year Rs. 19,522.38) which is net of cash and non-cash incentives amounting to Rs. 3,565.96 (previous year Rs. 3,553.12).

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2.28 Contingent liabilities (to the extent not provided for)

	As at 31 March 2016	As at 31 March 2015
a. Income Tax	972.71	972.71

The income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. Management has filed an appeal against the disallowance and/or adjustments made by tax authorities and believe, based on advice from counsels/experts, that the views taken by the tax authority are not sustainable at higher levels and accordingly no provision is required to be recorded in the books of account on account of the same. Liability as at 31 March 2016 is net of Rs. 1,602.03 (previous year Rs. 1,602.03), which represents minimum alternate tax recoverable written off in earlier years.

b. The Company is in legal proceedings for various matters related to Customs, Service Tax and Value Added Tax (VAT). The amount involved in these proceedings, not acknowledged as debt, is:

(a) Customs- Rs. Nil (Previous Year Rs. 24.05),
(b) Service Tax- Rs. 145.68 (Previous Year Rs. 56.04) and
(c) Value Added Tax- Rs. Nil (Previous Year Rs. 10.28).
The Company is of the opinion that the amount is not tenable and accordingly no provision is required in the books of account.

c. Claims against the Company not acknowledged as debt

i) Claims by supplier amounting to Rs. 244.09 (previous year Rs. 179.32) on account of certain disputed matters.
ii) As per the notification dated 1 January 2016, The Payment of Bonus (Amendment) Act, 2015 is applicable retrospectively w.e.f 1 April 2014. While the Company has considered the impact of this amendment for the current financial year, in view of the partial stay granted by Karnataka and Kerala High Court, the impact of this amendment for the period 1 April 2014 till 31 March 2015 amounting to Rs. 19.47 has not been acknowledged as debt.

d. The Company is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on the financial statements and hence no provision has been set-up against the same.

2.29 Commitments

Particulars	As at 31 March 2016	As at 31 March 2015
Estimated amount of contracts remaining to be executed on capital account and other commitments, and not provided for in the books of account [net of advances Rs. 136.34 (previous year Rs. 51.07)]	1,487,878.36	586,812.64

2.30 Related party as per Accounting Standard 18 on Related Party Disclosures

(I) List of related parties and nature of relationship where control exists:

Nature of relationship	Name of parties
Investing party of which the Company is an associate (Holding and Ultimate Holding Company till 9 November 2015)	InterGlobe Enterprises Limited

(II) List of related parties and nature of relationship with whom transactions have taken place during the current/ previous year:

Nature of relationship	Name of parties
Investing party of which the Company is an associate (Holding and Ultimate Holding Company till 9 November 2015)	InterGlobe Enterprises Limited
Enterprises where significant influence of: - Key management personnel or their relatives - Individuals owning, directly or indirectly, an interest in voting power of the Company or their relative exists	InterGlobe Air Transport Limited (Fellow subsidiary till 9 November 2015) InterGlobe Foundation (Fellow subsidiary till 9 November 2015) InterGlobe Technologies Private Limited Acquire Services Private Limited InterGlobe Hotels Private Limited CAE Simulation Training Private Limited (Related party till 23 March 2015) The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware) Caddie Hotels Private Limited IGE (Mauritius) Private Limited

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(Rupees in millions, except for share data and if otherwise stated)

Key management personnel and their relatives	Mr. Aditya Ghosh – President and Whole Time Director Mr. Kapil Bhatia – Director (Director till 23 June 2015) Mr. Rahul Bhatia – Director (Managing director till 23 June 2015) Ms. Rohini Bhatia – Director (Director with effect from 27 March 2015) Mr. Rakesh Gangwal - Director (Director with effect from 25 June 2015) Ms. Shobha Gangwal - Wife of Mr. Rakesh Gangwal Dr. Asha Mukherjee - Sister of Mr. Rakesh Gangwal
Individuals owning, directly or indirectly, an interest in voting power of the Company and their relatives	Ms. Shobha Gangwal (with effect from 25 April 2015)

(III) Transactions with related parties during the current / previous year:

S. No.	Particulars	Holding and Ultimate Holding Company (Till 9 November 2015)	Investing party of which the Company is an associate	Enterprises where significant influence of key management personnel or their relatives/ individuals owning voting power or their relative exists	Fellow Subsidiary (Till 9 November 2015)	Key management personnel / Individuals owning voting power and their relatives	Total
a)	**Rent expense**						
	InterGlobe Enterprises Limited	23.36 (38.14)	16.86 (-)	- (-)	- (-)	- (-)	40.22 (38.14)
	Acquire Services Private Limited	- (-)	- (-)	65.13 (49.93)	- (-)	- (-)	65.13 (49.93)
b)	**Commission expense**						
	InterGlobe Air Transport Limited	- (-)	- (-)	397.25 (-)	537.93 (964.82)	- (-)	935.18 (964.82)
c)	**Reservation cost**						
	InterGlobe Technologies Private Limited	- (-)	- (-)	222.96 (210.31)	- (-)	- (-)	222.96 (210.31)
d)	**Legal and professional expense**						
	InterGlobe Enterprises Limited	73.35 (132.25)	72.86 (-)	- (-)	- (-)	- (-)	146.21 (132.25)
e)	**Landing fees and en route charges**						
	InterGlobe Air Transport Limited	- (-)	- (-)	- (-)	- (2.34)	- (-)	- (2.34)
f)	**Crew accommodation expense**						
	InterGlobe Hotels Private Limited	- (-)	- (-)	69.08 (75.33)	- (-)	- (-)	69.08 (75.33)
	Caddie Hotels Private Limited	- (-)	- (-)	19.19 (-)	- (-)	- (-)	19.19 (-)
g)	**Training expense**						
	CAE Simulation Training Private Limited	- (-)	- (-)	- (251.61)	- (-)	- (-)	- (251.61)
h)	**Operating cost of software**						
	InterGlobe Enterprises Limited	15.32 (-)	131.21 (-)	- (-)	- (-)	- (-)	146.53 (-)
	InterGlobe Technologies Private Limited	- (-)	- (-)	33.91 (25.49)	- (-)	- (-)	33.91 (25.49)

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(Rupees in millions, except for share data and if otherwise stated)

S. No.	Particulars	Holding and Ultimate Holding Company (Till 9 November 2015)	Investing party of which the Company is an associate	Enterprises where significant influence of key management personnel or their relatives/ individuals owning voting power or their relative exists	Fellow Subsidiary (Till 9 November 2015)	Key management personnel / Individuals owning voting power and their relatives	Total
i)	**Electricity and water charges**						
	InterGlobe Enterprises Limited	2.48	3.07	-	-	-	5.55
		(5.75)	(-)	(-)	(-)	(-)	(5.75)
	Acquire Services Private Limited	-	-	7.42	-	-	7.42
		(-)	(-)	(5.90)	(-)	(-)	(5.90)
j)	**Repairs and maintenance - others**						
	InterGlobe Enterprises Limited	4.43	4.45	-	-	-	8.88
		(11.33)	(-)	(-)	(-)	(-)	(11.33)
	Acquire Services Private Limited	-	-	14.52	-	-	14.52
		(-)	(-)	(11.60)	(-)	(-)	(11.60)
k)	**Reimbursement of expenses**						
	InterGlobe Enterprises Limited	-	-	-	-	-	-
		(0.33)	(-)	(-)	(-)	(-)	(0.33)
	InterGlobe Air Transport Limited Limited	-	-	-	-	-	-
		(-)	(-)	(-)	(0.05)	(-)	(0.05)
	InterGlobe Technologies Private Limited	-	-	-	-	-	-
		(-)	(-)	(0.04)	(-)	(-)	(0.04)
	Acquire Services Private Limited	-	-	-	-	-	-
		(-)	(-)	(0.36)	(-)	(-)	(0.36)
	InterGlobe Hotels Private Limited	-	-	-	-	-	-
		(-)	(-)	(0.12)	(-)	(-)	(0.12)
l)	**Corporate social responsibility expenses**						
	InterGlobe Foundation	-	-	-	28.00	-	28.00
		(-)	(-)	(-)	(6.70)	(-)	(6.70)
m)	**Miscellaneous Income**						
	InterGlobe Technologies Private Limited	-	-	0.54	-	-	0.54
		(-)	(-)	(-)	(-)	(-)	(-)
n)	**Miscellaneous Expenses**						
	InterGlobe Hotels Private Limited	-	-	0.25	-	-	0.25
		(-)	(-)	(-)	(-)	(-)	(-)
	Caddie Hotels Private Limited	-	-	1.93	-	-	1.93
		(-)	(-)	(-)	(-)	(-)	(-)
o)	**Managerial Remuneration**						
	Salaries, wages and bonus @	-	-	-	-	273.36	273.36
		(-)	(-)	(-)	(-)	(45.02)	(45.02)
	Contribution to provident and other funds	-	-	-	-	1.52	1.52
		(-)	(-)	(-)	(-)	(1.03)	(1.03)

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InterGlobe Aviation Limited
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S. No.	Particulars	Holding and Ultimate Holding Company (Till 9 November 2015)	Investing party of which the Company is an associate	Enterprises where significant influence of key management personnel or their relatives/ individuals owning voting power or their relative exists	Fellow Subsidiary (Till 9 November 2015)	Key management personnel / Individuals owning voting power and their relatives	Total
p)	**Interim Dividend**						
	InterGlobe Enterprises Limited	5,127.26 (5,519.78)	- (-)	- (-)	- (-)	- (-)	5,127.26 (5,519.78)
	Kapil Bhatia	- (-)	- (-)	- (-)	- (-)	1.63 (1.76)	1.63 (1.76)
	Rahul Bhatia	- (-)	- (-)	- (-)	- (-)	1.31 (1.41)	1.31 (1.41)
	Rohini Bhatia	- (-)	- (-)	- (-)	- (-)	0.33 (0.35)	0.33 (0.35)
	Rakesh Gangwal	- (-)	- (-)	- (-)	- (-)	1,920.88 (-)	1,920.88 (-)
	Shobha Gangwal	- (-)	- (-)	- (-)	- (-)	1,007.84 (-)	1,007.84 (-)
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	- (-)	- (-)	1,920.88 (-)	- (-)	- (-)	1,920.88 (-)
q)	**Proposed Dividend**						
	InterGlobe Enterprises Limited	- (-)	2,304.74 (-)	- (-)	- (-)	- (-)	2,304.74 (-)
	Kapil Bhatia	- (-)	- (-)	- (-)	- (-)	0.75 (-)	0.75 (-)
	Rahul Bhatia	- (-)	- (-)	- (-)	- (-)	0.60 (-)	0.60 (-)
	Rohini Bhatia	- (-)	- (-)	- (-)	- (-)	0.15 (-)	0.15 (-)
	Rakesh Gangwal	- (-)	- (-)	- (-)	- (-)	912.91 (-)	912.91 (-)
	Shobha Gangwal	- (-)	- (-)	- (-)	- (-)	522.79 (-)	522.79 (-)
	Asha Mukherjee	- (-)	- (-)	- (-)	- (-)	20.24 (-)	20.24 (-)
	IGE (Mauritius) Private Limited	- (-)	- (-)	48.60 (-)	- (-)	- (-)	48.60 (-)
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	- (-)	- (-)	845.64 (-)	- (-)	- (-)	845.64 (-)

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InterGlobe Aviation Limited
Notes forming part of the financial statements for the year ended 31 March 2016
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S. No.	Particulars	Holding and Ultimate Holding Company (Till 9 November 2015)	Investing party of which the Company is an associate	Enterprises where significant influence of key management personnel or their relatives/ individuals owning voting power or their relative exists	Fellow Subsidiary (Till 9 November 2015)	Key management personnel / Individuals owning voting power and their relatives	Total
	Acquire Services Private Limited	- (-)	- (-)	0.15 (-)	- (-)	- (-)	0.15 (-)
r)	**Conversion of convertible preference shares into equity shares (Refer to Note 2.1 (b) (2))**						
	Rahul Bhatia	- (-)	- (-)	- (-)	- (-)	3.01 (-)	3.01 (-)
	Shobha Gangwal	- (-)	- (-)	- (-)	- (-)	3.01 (-)	3.01 (-)
	Rakesh Gangwal	- (-)	- (-)	- (-)	- (-)	2.00 (-)	2.00 (-)
s)	**Bonus shares - Issued during the year (Refer to Note 2.1 (h) (iii))**						
	InterGlobe Enterprises Limited	1,412.46 (-)	- (-)	- (-)	- (-)	- (-)	1,412.46 (-)
	Acquire Services Private Limited	- (-)	- (-)	0.09 (-)	- (-)	- (-)	0.09 (-)
	Kapil Bhatia	- (-)	- (-)	- (-)	- (-)	0.45 (-)	0.45 (-)
	Rahul Bhatia	- (-)	- (-)	- (-)	- (-)	27.41 (-)	27.41 (-)
	Rohini Bhatia	- (-)	- (-)	- (-)	- (-)	0.09 (-)	0.09 (-)
	Shobha Gangwal	- (-)	- (-)	- (-)	- (-)	304.71 (-)	304.71 (-)
	Rakesh Gangwal	- (-)	- (-)	- (-)	- (-)	547.24 (-)	547.24 (-)
	Asha Mukherjee	- (-)	- (-)	- (-)	- (-)	13.49 (-)	13.49 (-)
	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	- (-)	- (-)	529.20 (-)	- (-)	- (-)	529.20 (-)
t)	**Employee stock compensation cost (Refer to Note 2.40)**						
	Aditya Ghosh	- (-)	- (-)	- (-)	- (-)	72.69 (-)	72.69 (-)

(figures in ( ) are for previous year)
@ excludes expense towards gratuity since the same is based on actuarial valuation for the Company as a whole.

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InterGlobe Aviation Limited
Notes forming part of the financial statements for the year ended 31 March 2016
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(IV) Balances as at 31 March 2016:

Particulars	Holding and Ultimate Holding Company (Till 9 November 2015)	Investing party of which the Company is an associate	Enterprises where significant influence of key management personnel or their relatives/ individuals owning voting power or their relative exists	Fellow Subsidiary (Till 9 November 2015)	Key management personnel / Individuals owning voting power and their relatives	Total
Payables						
InterGlobe Enterprises Limited	- (4.52)	41.96 (-)	- (-)	- (-)	- (-)	41.96 (4.52)
InterGlobe Air Transport Limited	- (-)	- (-)	78.96 (-)	- (83.39)	- (-)	78.96 (83.39)
InterGlobe Technologies Private Limited	- (-)	- (-)	95.55 (124.74)	- (-)	- (-)	95.55 (124.74)
InterGlobe Hotels Private Limited	- (-)	- (-)	4.86 (5.82)	- (-)	- (-)	4.86 (5.82)
Caddie Hotels Private Limited	- (-)	- (-)	10.51 (-)	- (-)	- (-)	10.51 (-)
Acquire Services Private Limited	- (-)	- (-)	0.85 (6.16)	- (-)	- (-)	0.85 (6.16)
CAE Simulation Training Private Limited	- (-)	- (-)	- (8.05)	- (-)	- (-)	- (8.05)
Aditya Ghosh	- (-)	- (-)	- (-)	- (-)	11.11 (0.81)	11.11 (0.81)
Dividend payable						
InterGlobe Enterprises Limited	- (509.86)	2,304.74 (-)	- (-)	- (-)	- (-)	2,304.74 (509.86)
Kapil Bhatia	- (-)	- (-)	- (-)	- (-)	0.75 (0.16)	0.75 (0.16)
Rahul Bhatia	- (-)	- (-)	- (-)	- (-)	0.60 (0.13)	0.60 (0.13)
Rohini Bhatia	- (-)	- (-)	- (-)	- (-)	0.15 (0.03)	0.15 (0.03)
Rakesh Gangwal	- (-)	- (-)	- (-)	- (-)	912.91 (-)	912.91 (-)
Shobha Gangwal	- (-)	- (-)	- (-)	- (-)	522.79 (-)	522.79 (-)
Asha Mukherjee	- (-)	- (-)	- (-)	- (-)	20.24 (-)	20.24 (-)
IGE (Mauritius) Private Limited	- (-)	- (-)	48.60 (-)	- (-)	- (-)	48.60 (-)
The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P.Morgan Trust Company of Delaware)	- (-)	- (-)	845.64 (-)	- (-)	- (-)	845.64 (-)

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(Rupees in millions, except for share data and if otherwise stated)

Particulars	Holding and Ultimate Holding Company (Till 9 November 2015)	Investing party of which the Company is an associate	Enterprises where significant influence of key management personnel or their relatives/ individuals owning voting power or their relative exists	Fellow Subsidiary (Till 9 November 2015)	Key management personnel / Individuals owning voting power and their relatives	Total
Acquire Services Private Limited	- (-)	- (-)	0.15 (-)	- (-)	- (-)	0.15 (-)
(figures in ( ) are for previous year)						

2.31 Employee benefits

Defined contribution plan

An amount of Rs. 306.71 (previous year Rs. 251.93) has been recognised as an expense in respect of the Company's contribution to Provident Fund and Employee State Insurance Fund deposited with the relevant authorities and has been shown under personnel expenses in the Statement of Profit and Loss.

Defined benefit plan

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act.

The following table sets out the status of the gratuity plan as required under Accounting Standard 15:

Passenger services

Particulars	As at 31 March 2016	As at 31 March 2015
I. Changes in present value of defined benefit obligation:		
Present value of obligation as at the beginning of the year	266.06	174.81
Interest cost	22.16	16.94
Past service cost- vested	-	-
Current service cost	70.92	52.17
Benefits paid	(13.45)	(13.61)
Actuarial loss/ (gain) on obligations	18.49	35.75
Present value of obligation as at the end of the year	**364.18**	**266.06**
II. Change in the fair value of plan assets		
The Scheme does not have any assets as at the valuation date to meet the gratuity liability	-	-
III. Amount recognised in the Balance Sheet		
Present value of obligation as at the end of the year	(364.18)	(266.06)
Fair value of plan assets at the end of the year	-	-
Funded status of the plans – (liability)	(364.18)	(266.06)
Net (Liability) recognised in the balance sheet	**(364.18)**	**(266.06)**
IV. Expense recognised in the Statement of Profit and Loss		
Current service cost	70.92	52.17
Past service cost- vested	-	-
Interest cost	22.16	16.94
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	18.49	35.75
Net gratuity cost	**111.57**	**104.86**
V. Assumptions:		
Economic assumptions		
Discount rate	7.79%	7.98%
Rate of increase in compensation levels	Non crew 10.75% Crew 5.75%	Non crew 10.75% Crew 5.75%
Average remaining working lives of employees (years)	26.66	28.34

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(Rupees in millions, except for share data and if otherwise stated)

Demographic assumptions:

Retirement age	Pilot : 65 years Cabin Crew : 40 years Non Crew : 60 years	Pilot : 65 years Cabin Crew : 40 years Non Crew : 60 years
Mortality table	IALM (2006-08)	IALM (2006-08)
Withdrawal	18%	18%

Experience adjustment

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Experience adjustment loss/(gain) – plan	-	-		-	-
Experience adjustment loss/(gain) – obligations	18.36	14.96	(8.60)	8.43	0.14

Cargo services

Particulars	As at 31 March 2016	As at 31 March 2015
I. Changes in present value of defined benefit obligation:		
Present value of obligation as at the beginning of the year	8.49	5.94
Interest cost	0.67	0.53
Past service cost- vested	-	-
Current service cost	1.53	1.22
Benefits paid	(0.14)	(0.27)
Actuarial loss/(gain) on obligations	0.80	1.07
Present value of obligation as at the end of the year	**11.35**	**8.49**
II. Change in the fair value of plan assets		
The Scheme does not have any assets as at the valuation date to meet the gratuity liability	-	-
III. Amount recognized in the Balance Sheet		
Present value of obligation as at the end of the year	(11.35)	(8.49)
Fair value of plan assets at the end of the year	-	-
Funded status of the plans – (liability)	(11.35)	(8.49)
Net (liability) recognised in the Balance Sheet	**(11.35)**	**(8.49)**
IV. Expense recognised in the Statement of Profit and Loss		
Current service cost	1.53	1.22
Interest cost	0.67	0.53
Expected return on plan assets	-	-
Net actuarial loss/ (gain) recognised in the year	0.80	1.07
Net gratuity cost	**3.00**	**2.82**
V. Assumptions:		
Economic assumptions:		
Discount rate	7.79%	7.98%
Rate of increase in compensation levels	10.75%	10.75%
Average remaining working lives of employees (years)	28.70	31.67
Demographic assumptions:		
- Retirement age	60 years	60 years
- Mortality table	IALM (2006-08)	IALM (2006-08)
- Withdrawal		
- Upto 30 years	18%	18%
- From 31 to 44 years	18%	18%
- Above 45 years	18%	18%

Experience adjustment

Particulars	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013	As at 31 March 2012
Experience adjustment loss/(gain) – plan	-	-	-	-	-
Experience adjustment loss/(gain) – obligations	0.81	0.43	(3.32)	0.15	0.06

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Bifurcation of provision for gratuity at the end of year:

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for gratuity		
Passenger services		
- Current liability	54.13	33.56
- Non- Current liability	310.05	232.50
Cargo services		
- Current liability	1.56	1.00
- Non- Current liability	9.79	7.49
	375.53	274.55

2.32 **The Company's exposure in respect of foreign currency denominated liabilities and assets not hedged by derivative instruments or otherwise is as follows:**

Particulars		31 March 2016		31 March 2015	
		Amount in foreign currency	Amount (In Rupees)	Amount in foreign currency	Amount (In Rupees)
Current/Non-current assets	USD	131.02	8,667.32	108.18	6,761.81
	EUR	0.04	2.82	0.39	26.35
	GBP	0.01	0.55	-	-
	AED	23.97	431.84	51.21	871.46
	NPR	73.43	45.83	34.90	21.60
	OMR	0.14	24.25	0.45	73.81
	SGD	0.32	15.85	2.94	133.63
	THB	7.04	13.25	25.76	49.46
Current /Non-current liabilities (excluding items mentioned below)	USD	430.73	28,495.10	342.32	21,396.94
	EUR	0.49	37.04	0.20	13.60
	GBP	0.20	18.64	0.80	74.14
	CHF	0.12	8.61	0.11	7.36
	AED	8.33	150.11	7.00	119.12
	NPR	30.31	18.91	30.43	18.83
	OMR	0.11	19.48	0.07	11.38
	SGD	0.20	10.07	0.31	14.21
	THB	8.47	15.95	3.89	7.47
	AUD	-	-	0.02	0.90
Outstanding finance lease liability	USD	468.40*	30,987.08*	630.42*	39,404.24*
Secured loans from banks and others	USD	61.00	4,035.46	48.00	3,000.24
Provision for redelivery cost	USD	5.78	382.29	4.53	282.92

* Includes borrowing associated with finance lease amounting to USD 45.57 (Rs. 3,014.61) [previous year USD 50.28 (Rs. 3,142.85)].

USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, NPR: Nepalese Rupee Rate, OMR: Omani Rials , THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, AUD: Australian Dollar.

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2.33 Expenditure in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Aircraft and engine rentals (excluding cash and non-cash incentives)	29,687.48	23,075.50
Aircraft maintenance	4,061.23	2,735.51
Aircraft fuel expenses*	7,217.18	6,803.31
Employee benefits	806.30	514.28
Finance cost	1,144.67	1,034.89
Landing fees and en route charges	1,680.95	1,249.86
Insurance-aircraft	295.09	288.59
Reservation cost	640.89	515.34
Training	437.44	295.14
Legal and professional	30.11	70.52
Operating cost of software	158.96	128.36
Travelling and conveyance	17.30	8.32
Crew accommodation and transportation	185.55	124.82
Recruitment cost	36.57	22.54
In flight purchases	9.47	17.05
Repair and maintenance	21.94	11.00
Commission	76.19	60.74
Bank Charges	1.14	-
Insurance Charges	0.41	-
Rates and Taxes	0.27	-
Share Issue Expenses (Refer to Note 2.2)	27.82	-
Miscellaneous expenses	139.21	103.13
	46,676.17	**37,058.90**

* Including consumption of imported fuel inventory amounting to Rs. 5,332.28 (previous year Rs. 4,429.58)

2.34 Earnings in foreign exchange

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Passenger services*	6,818.38	5,144.48
Cargo services	48.98	83.92
Inflight sales	136.15	95.17
Incentives (cash and non-cash)	4,320.85	4,142.57
Advertisement income	3.14	-
Miscellaneous income	157.17	19.93
	11,484.67	**9,486.07**

*Includes earnings from tickets booked through international credit cards.

2.35 CIF value of imports

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Capital goods	1,082.30	396.21
Components and spare parts	1,183.17	928.53
	2,265.47	**1,324.74**

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2.36 Value of stores and spares and loose tools consumed

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
	%	Amount	%	Amount
Imported	88.08%	995.99	89.06%	794.69
Indigenous	11.92%	134.74	10.94%	97.62
Total	**100.00%**	**1,130.73**	**100.00%**	**892.31**

2.37 Dividend remittances in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Amount remitted during the year	5,331.90	6,564.39
Year to which the dividend relates	Year ended 31 March 2015 and 31 March 2016	Year ended 31 March 2015 and 31 March 2014
Number of non-resident shareholders*	3	2
Number of shares held by non-resident shareholders*	148,451	148,451

*Dividend has been paid before the date of issue of bonus shares and sub-division of equity shares (Refer to Note 2.1).

2.38 Segment Reporting

a) Primary Segment: Geographical Segment

The Company operates in domestic and international sectors. Moreover, the Company, considering its internal financial reporting, which is based on geographic segments has identified geographic segment as the primary segment.

The geographic segment consists of :

i) Domestic (air transportation within India)

ii) International (air transportation outside India)

Accounting policies: Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Segment revenue and expenses:

Segment revenue and expenses represents revenue and expenses that are either directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of the revenue and expenses are categorized as unallocated which mainly comprises finance costs and other operating expenses and certain other incomes since the underlying assets/liabilities/services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to these unallocated revenue and expenses, and accordingly these are separately disclosed as "unallocated".

Segment assets and liabilities:

Segment assets includes all operating assets used by a segment and consists primarily of fixed assets, inventories, trade receivables, loans and advances etc which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. Segment liabilities include all operating liabilities and consist primarily of forward sales, advance from customers etc which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of assets and liabilities are categorized as unallocated, since the Company believes that it is not practical to allocate the same over reportable segments on a reasonable basis.

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(Rupees in millions, except for share data and if otherwise stated)

b) Secondary Segment: Business Segment

The company operates into one business segment only i.e. Air transportation. Therefore business segmenting is not applicable to the Company.

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Segment Revenue		
Domestic	146,893.36	127,254.63
International	14,697.26	12,084.26
Total	**161,590.62**	**139,338.89**
Segment Results		
Domestic	29,210.20	18,944.02
International	3,788.92	1,921.63
Total	**32,999.12**	**20,865.65**
Less:		
Finance costs	1,348.53	1,155.32
Depreciation and amortisation expense	394.65	309.57
Un-allocable expenses	7,388.84	4,795.83
Add:		
Other Un-allocable revenue	4,422.40	3,860.30
Profit before tax	**28,289.50**	**18,465.23**
Less:		
Tax expenses	8,392.30	5,423.51
Net Profit after tax	**19,897.20**	**13,041.72**
Segment Assets:		
Domestic	47,631.99	47,826.31
International	4,540.05	4,332.13
Un-allocable assets	78,019.07	55,524.01
Total	**130,191.11**	**107,682.45**
Segment Liabilities:		
Domestic	28,702.73	29,553.52
International	2,804.07	2,721.30
Un-allocable liabilities	80,341.54	71,200.68
Total	**111,848.34**	**103,475.50**
Capital expenditure		
Domestic	1,381.50	9,647.98
International	131.40	873.17
Un-allocable capital expenditure	967.31	284.41
Total	**2,480.21**	**10,805.56**
Depreciation and amortisation expense		
Domestic	4,233.47	2,487.45
International	402.67	225.12
Un-allocable depreciation and amortisation expense	394.65	309.57
Total	**5,030.79**	**3,022.14**
Non-cash expenses other than depreciation and amortisation expense		
Domestic	104.19	77.68
International	9.91	7.03
Un-allocable Non-cash expenses other than depreciation and amortisation expense	683.43	72.53
Total	**797.53**	**157.24**

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2.39 Earnings per share

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Net profit	19,897.20	13,041.72
Net profit attributable to equity shareholders	**19,897.20**	**13,041.72**
Weighted average number of equity shares		
- For basic earnings per share	342,073,191	307,000,000
Dilutive effect	10,133,850	36,716,000
- For diluted earnings per share	352,207,041	343,716,000
Basic earnings per share (Rs.)	58.17	42.48
Diluted earnings per share (Rs.)	56.49	37.94
Nominal value per share (Rs.)	10	10

Note: Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under section 133 of the Companies Act 2013, read together with rule 7 of the Companies (Accounts) Rules 2014. As required by AS 20, if the number of equity or potential equity shares outstanding increases as a result of a bonus issue or share split or decreases as a result of a reverse share split (consolidation of shares), the calculation of basic and diluted earnings per share should be adjusted for all the periods presented. As stated in Note 2.1 'Share Capital', the number of shares, during the year ended 31 March 2016, have increased on account of issue of bonus shares and split of shares. Accordingly, the bonus shares and share split have been considered while computing the basic and diluted earnings per share for the year ended 31 March 2016 and previous year ended 31 March 2015.

2.40 Employee share-based payment plans

Description of share-based payment arrangements

As at 31 March 2016, the Company has following share-based payment arrangements for employees:

(i) InterGlobe Aviation Limited Tenured Employees Stock Option Scheme - 2015 (ESOS 2015 - I)

On 23 June 2015, the Board of Directors approved the InterGlobe Aviation Limited Tenured Employees Stock Option Scheme (the "ESOS 2015 - I"), which was subsequently approved in the Extraordinary General Meeting held on 25 June 2015. The InterGlobe Aviation Limited Tenured Employees Stock Option Scheme - 2015, comprises 1,111,819 options which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the scheme. Upon vesting, the employees can acquire one common equity share of the Company for every option granted. The options were granted on 25 June 2015.

The terms and conditions related to the grant of the share options are as follows:

Grant date/employees entitled	Number of options granted	Vesting conditions	Contractual period
Options granted to the employees of the Company during the year ended 31 March 2016	1,111,819	Refer note below	2 years
Total share options outstanding as at 31 March 2016	**1,111,819**		

Note:

Vesting of the Options granted under the ESOS 2015 – I shall be one year from the Grant Date or completion of the listing of the shares of the Company on a recognized stock exchange in India in an initial public offering, whichever is later. In case the listing is not completed within two years from the date of Grant, the Options shall automatically lapse on the expiry of such two year period.

(ii) InterGlobe Aviation Limited Employees Stock Option Scheme - 2015 (ESOS 2015 - II)

On 23 June 2015, the Board of Directors approved the InterGlobe Aviation Limited Employees Stock Option Scheme (the "ESOS 2015 - II"), which was subsequently approved in the extra ordinary general meeting held on 25 June 2015. The InterGlobe Aviation Limited Employees Stock Option Scheme - 2015, comprises 3,107,674 options which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the scheme. Upon vesting, the employees can acquire one common equity share of the Company for every option. The options were granted on 30 October 2015.

The terms and conditions related to the grant of the share options are as follows:

Grant date/employees entitled	Number of options granted	Vesting conditions	Contractual period
Options granted to the employees of the Company during the year ended 31 March 2016	2,267,143	Refer note below	5 years - 8.5 years
Total share options outstanding as at 31 March 2016	**2,267,143**		

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Note:
Vesting period of the options granted under ESOS 2015–II shall be:
a) Over the period of four years (Graded Vesting) for 420,530 options granted to the President and Whole Time Director of the Company and 1,514,587 options granted to other employees of the Company; and
b) After four and a half years subject to market condition being met for 332,026 options granted to the President and Whole Time Director of the Company.

The options granted under ESOS 2015–II can be exercised within four years from the date of vesting.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under employee stock option plans are as follows:

Particulars	As at 31 March 2016 No. of options	Weighted average exercise price	Weighted average remaining life
Outstanding at the beginning of the year	-	-	-
Granted during the year	3,378,962	422.61	4.95
Forfeited / expired during the year	-	-	-
Exercised during the year	-	-	-
Outstanding at the end of the year	3,378,962	422.61	4.95
Exercisable at the end of the year	-	-	-

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, the Company has elected to account for stock options based on the fair value method.

The weighted average fair value of stock options as on grant date

Particulars	Method of valuation	Weighted average fair value as on grant date (Rs.)
ESOS - I	Black-Scholes option pricing model	569.19
ESOS - II		
- Employees other than President and Whole Time Director	Black-Scholes option pricing model	488.2-360.1
- President and Whole Time Director covered in (a) above	Black-Sholes option pricing model and Monte Carlo Simulation	757.9-756.1
- President and Whole Time Director covered in (b) above	Black-Scholes option pricing model	620.1

The inputs used in the measurement of grant-date fair value are as follows:

Particulars	Share price (Rs.)	Exercise price (Rs.)	Expected volatility	Expected life (in years)	Expected dividend	Risk-free interest rate
ESOS - I	578.47	10	57.0%	1	0.00%	7.5%
ESOS - II						
- Employees other than President and Whole Time Director	765	765	60.0% - 61.1%	3-6	0.00%	7.5%
- President and Whole Time Director covered in (a) above	765	10	60.5%-66.7%	1.5-4.5	0.00%	7.5%
- President and Whole Time Director covered in (b) above	765	765	62.4%	2	0.00%	7.5%

The risk-free interest rates are determined based on current yield to maturity of Government Bonds with 10 year residual maturity. Volatility calculation is based on daily closing stock prices of competitors using standard deviation of daily change in stock price. The minimum life of stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised. The expected term has been considered based on average sum of maximum life and minimum life. Dividend yield has been calculated taking into account expected rate of dividend on equity share price as on grant date.

Effect of employee stock option scheme on the Statement of Profit and Loss:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Employee stock compensation cost	677.07	-
	677.07	-

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2.41 The proceeds from IPO is Rs 12,091 (net of fresh issue related expenses (including Service Tax))

Details of utilization of IPO proceeds are as follows:

Particulars	Objects of the issue as per the prospectus	Utilized upto 31 March 2016	Unutilized amount as at 31 March 2016
Retirement of certain outstanding finance lease liabilities and consequent acquisition of aircraft*	11,656.63	6,731.32	4,925.31
Purchase of ground support equipment for airline operations	342.58	109.50	233.08
General corporate purposes	91.79	91.79	-
Total	**12,091.00**	**6,932.61**	**5,158.39**

Majority of the unutilized amounts of the issue as at 31 March 2016 have been temporarily deployed in fixed deposits with banks.

*The Company has filed prospectus with Registrar of Companies ('RoC') on 30 October 2015. As per the terms set out in the prospectus on "Utilization of IPO Proceeds", the Company was required to utilise IPO proceeds to retire certain outstanding finance lease liabilities and consequent acquisition of aircraft by 31 March 2016. The Company has retired finance lease liabilities for five aircraft out of the proposed eight aircraft by 31 March 2016. The Company is in the process of obtaining requisite approvals for the remaining outstanding finance lease in respect of three aircraft. Management expects to receive the approvals in the first quarter of financial year 2016-2017.

2.42 Under Section 135 of the Companies Act, 2013, the Company is required to spend, in every financial year, atleast 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility (CSR), pursuant to its policy in this regard. The Act requires such companies to constitute a Corporate Social Responsibility Committee which shall formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the CSR activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013.

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
a) Gross amount required to be spent by the Company during the year	189.47	98.55
b) Amount spent and paid during the year	85.08	39.03
Particulars of amount spent and paid during the year:		
(i) Construction/acquisition of any asset	-	-
(ii) On purpose other than (i) above	85.08	39.03
	85.08	**39.03**

2.43 **Scheme of arrangement**

Amalgamation of the Company with Caelum Investment, LLC

A scheme of amalgamation between Caelum Investment LLC ("Transferor Company") and InterGlobe Aviation Limited (the "Company" or "Transferee Company") and their respective shareholders/members and creditors ("Scheme") was sanctioned by the High Court of Delhi vide its order dated 22 December 2014 ("Order") under Sections 391 to 394 and all other applicable provisions of the Companies Act, 1956 in Company Petition No. 599/2014 connected with Company Application (M) No. 107/2014 and in respect of which the certified copy of the formal Order was obtained on 27 March 2015 and was subsequently filed with the Registrar of Companies on 24 April 2015. Further, in relation to the Scheme, the Company has received a certificate of merger dated 24 April 2015 from the Secretary of State, Division of Corporations, State of Delaware, United States of America giving effect to the merger of the Transferor Company with the Company. Accordingly, in terms of the Scheme, the Scheme came into effect from 24 April 2015 ("Effective Date"). The applicable date and the effective date of the scheme is 24 April 2015.

Transferor Company was an investment Company.

In relation to the Scheme, the Foreign Investment Promotion Board vide its letter (No. 69(2014)/90(2014) dated 10 September 2014 had granted its approval to the Company to issue and allot upto 147,000 equity shares having face value of Rs. 1,000 each constituting 47.88% of the issued, paid-up equity share capital to the members of the Transferor Company in the proportion of the voting units held by such members in the Transferor Company pursuant to the Scheme. Further, the Competition Commission of India vide its order dated 30 July 2014 stated that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, approved the same under Section 31(1) of the Competition Act, 2002.

As on the Effective Date, the only assets of the Transferor Company represents 147,000 equity shares having face value of Rs. 1,000 ("Equity Shares") in the Transferee Company.

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In accordance with the terms of the Scheme, the Company at its board meeting held on 25 April 2015, cancelled the equity shares held by the Transferor Company in the Company and issued and allotted 147,000 fresh fully paid-up equity shares of Rs. 1,000 each to the members of Transferor Company in the manner mentioned below, constituting 47.88% of the post issue paid-up equity share capital of the Company on the date of issue of the aforesaid 147,000 equity shares. In terms of the Scheme, the 147,000 fresh equity shares were issued to the members of the Transferor Company in the proportion to the voting units held by the members of the Transferor Company in the Transferor Company and whose names appear in the books and records of the Transferor Company as on 23 April 2015 i.e. the 'Record Date', as defined in the Scheme:

S. No.	Name of Shareholder	Number of equity shares
1.	Mr. Rakesh Gangwal	58,800
2.	Ms. Shobha Gangwal	29,400
3.	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P Morgan Trust Company of Delaware)	58,800
	Total	**147,000**

The amalgamation is in the nature of a merger and has been accounted for under the "Pooling of Interest Method" as per Accounting Standard 14 (AS-14), by recording the following:

• As per the scheme, 147,000 equity shares of Rs. 1,000 each held by the Transferor Company in the Transferee Company were extinguished and proportionate number of fresh fully paid-up equity shares of Rs. 1,000 each of the Transferee Company were issued to the members of the Transferor Company on 25 April 2015.

• There is no material adjustment required to be made for difference in the accounting policies between the Transferee Company and the Transferor Company.

2.44 The Company had placed a firm order for 180 A320neo aircraft with Airbus in June 2011. Pursuant to this firm order, the Company was to receive delivery of the first aircraft out of the fleet of 180 A320neo aircraft during the quarter ended 31 December 2015. However, on 17 December 2015, the Company has received a notification from Airbus that the delivery of the first A320neo aircraft is delayed due to industrial reasons. Subsequently, in the quarter ended 31 March 2016, the Company has received delivery of three A320 Neo Aircraft out of the order of 180 A320 Neo Aircraft.

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

2.46 Previous year's figures have been regrouped / reclassed, where necessary, to conform to current year's classification.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 29 April 2016

For and on behalf of the Board of Directors of
InterGlobe Aviation Limited

ROHINI BHATIA
Director
DIN: 01583219

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 29 April 2016

B S R & Co. LLP
Chartered Accountants

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Gurgaon - 122 002, India

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Independent Auditor's Report

To the Members of InterGlobe Aviation Limited

Report on the Financial Statements

We have audited the accompanying financial statements of InterGlobe Aviation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control

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relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ('the Order'), issued by the Central Government of India in terms of Section 143 (11) of the Act, based on the comments in the auditor's report of the Company, we give in the Annexure 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) In our opinion, there are no matters, which may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 2.28 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership number: 092894

Place: Gurgaon
Date: 4 September 2015

Annexure to the Independent Auditor's Report

The Annexure referred to in our Independent Auditor's Report to the members of the Company for the year ended 31 March 2015. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years except for aircraft which are verified on an annual basis. In accordance with this programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

(ii) (a) Inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the management during the year are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly adjusted in the books of account.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories and fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have neither observed nor have been informed of any instances of major weakness in the internal control system during the course of our audit.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, value added taxes, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, duty of customs, value added taxes, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, service tax, sales tax, wealth tax, value added tax, duty of customs and cess which have not been deposited by the Company with the appropriate authorities on account of any dispute as at 31 March 2015, other than those mentioned as follows:

Statement of Disputed Tax Dues

Name of the Statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Revision to the taxable income on account of: a) Tax treatment of certain incentives received by the Company from manufacturers with the acquisition of aircraft and engine. b) Disallowance of certain expenses, provision, depreciation and certain adjustments made.	-	A.Y 2007-08 [1]	Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Demand raised under section 201(1) and 201 (1A) of Income- tax Act, 1961.	1.02	AY 2007-08	Income Tax Officer
Income-tax Act, 1961	Revision to taxable income on account of: a) Disallowances of certain expenses/adjustments; and b) Tax treatment of certain incentives received by the Company from the manufacturers with the acquisition of aircraft and engine.	0.2	AY 2008-09, AY 2009-10 [2]	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Revision to taxable income on account of: a) Disallowances of certain expenses; and b) Tax treatment of certain incentives received by the Company from the manufacturers with the acquisition of aircraft and engine.	-	AY 2010-11 [3]	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Revision to taxable income on account of: a) Disallowances of certain expenses; and b) Tax treatment of certain incentives received by the Company from the manufacturers with the acquisition of aircraft and engine.	1,543.30	AY 2012-13[4]	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Demand raised under section 201(1) and 201 (1A) of Income -tax Act, 1961. (Rs.7.84 million deposited under dispute)	142.48	AY 2010-11	Income Tax Appellate Tribunal
Income-tax Act, 1961	Demand raised under section 201 (1A) of Income -tax Act, 1961. (Rs.5.07 million deposited under dispute)	20.99	AY 2011-12	Income Tax Appellate Tribunal

Name of the Statute	Nature of the dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Income-tax Act, 1961	Demand raised under section 201(1A) of the Income Tax Act, 1961.	3.25	AY 2012-13, AY 2013-14	Commissioner of Income-tax
Income-tax Act, 1961	Demand raised under section 201(1A) of the Income Tax Act, 1961. (Rs.4.20 million deposited under dispute for AY 2013-14)	0.19	AY 2013-14	Commissioner of Income-tax (Appeals), Assessing Officer
Income-tax Act, 1961	Demand raised under section 201(1A) of the Income Tax Act, 1961 (Rs.11.41 million deposited under dispute)	22.78	AY 2012-13	Commissioner of Income-tax (Appeals)
Income-tax Act, 1961	Demand raised under section 201(1) / 201(1A) of the Income Tax Act, 1961. (Rs.1.25 million deposited under dispute)	1.25	AY 2013-14	Assessing Officer
Income-tax Act, 1961	Demand raised under section 201(1) / 201(1A) of the Income Tax Act, 1961	15.84	AY 2013-14, AY 2014-15 and AY 2015-16	Income Tax Appellate Tribunal, Commissioner of Income-tax (Appeals), Assessing Officer
Finance Act, 1994 (Service Tax)	Demand raised on account of: a) Non-payment of Service tax on Excess Baggage Charges b) Wrong availment of credit during the period output was not taxable/ exempt c) Short payment of Service tax on expenditure in foreign currency	52.58	AY 2005-2006 to AY 2010-2011	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax)	Demand raised on account of: a) Non-payment of Service tax on Excess Baggage Charges. b) Short payment of Service tax on expenditure in foreign currency.	6.05	AY 2011-2012	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994 (Service Tax)	Demand against non-payment of Service tax on expenditure in foreign currency. (Rs. 0.7 million deposited)	1.68	AY 2011-12	Customs, Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Demand raised for custom duty on the aircraft engines reimported by the Company	240.60	AY 2011-12, AY 2012-13	Customs, Excise and Service Tax Appellate Tribunal
Tamil Nadu VAT Act, 2006	Demand raised on account of short payment of value added tax on food items sold	10.28	AY 2015-16	Joint Commissioner of Commercial Taxes

[1] The proposed revision to taxable income amounting to Rs. 1,874.63 million for AY 2007-08, will result in reduction of business loss and depreciation. As of 31 March 2015, the Company does not have accumulated business loss and unabsorbed depreciation

[2] The proposed revision to taxable income amounting to Rs. 1,655.78 million for AY 2008-09 and Rs. 3,830.83 million for AY 2009-10, will result in reduction of business loss and depreciation. As of 31 March 2015, the Company does not have accumulated business loss and unabsorbed depreciation

[3] The tax liability on the revised taxable income due to proposed revision amounting to Rs. 3,569.11 million was lower than the minimum alternate tax paid by the Company on book profits as assessed under section 115 JB of Income Tax Act, 1961. Accordingly, there is no additional tax demand mentioned in the order.

[4] The tax liability on the revised taxable income, after the adjustments/disallowances by the tax authority of Rs. 6,070.11 million, was more than the minimum alternate tax paid by the Company on book profits as assessed under section 115 JB of Income Tax Act, 1961. Accordingly, an assessed tax demand of Rs. 1,543.30 million was raised on the Company. Subsequent to year end, the entire tax demand has been deleted vide order u/s 154 dated 08 June 2015 on account of MAT credit adjusted against the total tax payable as per normal provisions of the Act.

(c) According to the information and the explanations given to us, the requirements relating to Investor education and protection fund is not applicable to the Company.

(viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.

(ix) In our opinion and according to the information and the explanations given to us, the Company has not defaulted in repayment of dues to any banks or financial institutions during the year. The Company did not have any outstanding debentures during the year.

(x) According to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

(xii) According to the information and explanations given to us, certain instances of fraud on the Company have been observed during the year. As informed, these frauds represent possible fraudulent bookings of tickets through credit cards amounting to Rs. 4.65 million, which we are informed are being pursued. As explained to us, the entire amount outstanding against the above has been written-off in the books of account as at the year end based on management's assessment of recoverability of the outstanding amount. According to the information and explanations given to us, no other fraud on or by the Company was noticed or reported during the course of our audit.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W / W-100022

Jiten Chopra
Partner
Membership number: 092894

Place: Gurgaon
Date: 4 September 2015

InterGlobe Aviation Limited
Balance Sheet as at 31 March 2015
(Rupees in millions, except for share data and if otherwise stated)

	Notes	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	343.72	343.72
Reserves and surplus	2.2	3,863.23	3,732.58
		4,206.95	**4,076.30**
Non-current liabilities			
Long-term borrowings	2.3	35,884.02	30,807.40
Deferred tax liability (net)	2.10	4,091.35	542.76
Other long-term liabilities	2.4	20,169.51	12,957.85
Long-term provisions	2.5	522.91	368.32
Deferred incentives		13,317.44	13,654.32
		73,985.23	**58,330.65**
Current liabilities			
Trade payables	2.6	4,754.75	3,935.38
Other current liabilities	2.7	19,007.99	16,149.40
Short-term provisions	2.8	1,528.51	4,645.06
Deferred incentives		4,199.02	3,878.42
		29,490.27	**28,608.26**
TOTAL		**107,682.45**	**91,015.21**
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	2.9	48,664.02	39,407.20
Intangible fixed assets	2.9	96.37	152.46
Capital work-in-progress	2.9	4.53	-
		48,764.92	**39,559.66**
Non-current investments	2.11	0.46	0.47
Long-term loans and advances	2.12	11,181.34	7,992.91
Other non-current assets	2.13	16,055.60	14,315.23
		76,002.32	**61,868.27**
Current assets			
Current investments	2.14	5,167.52	12,714.84
Inventories	2.15	1,305.54	672.86
Trade receivables	2.16	1,045.50	891.22
Cash and bank balances	2.17	19,993.80	11,015.33
Short-term loans and advances	2.18	1,555.61	2,231.34
Other current assets	2.19	2,612.16	1,621.35
		31,680.13	**29,146.94**
TOTAL		**107,682.45**	**91,015.21**

Significant accounting policies 1
The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 4 September 2015

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Rahul Bhatia
Director
DIN: 00090860

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 4 September 2015

InterGlobe Aviation Limited
Statement of Profit and Loss for the year ended as on 31 March 2015
(Rupees in millions, except for share data and if otherwise stated)

	Notes	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue			
Revenue from operations	2.20	139,253.36	111,165.84
Other income	2.21	3,945.83	3,304.39
		143,199.19	**114,470.23**
Expenses			
Aircraft fuel expenses		57,484.86	55,133.50
Aircraft and engine rentals (net of cash and non cash incentives Rs. 3,553.12 (previous year Rs. 3,607.17) (Refer to note 2.27)		19,522.38	16,703.14
Purchase of stock in trade	2.22	817.10	593.27
Changes in inventories of stock in trade	2.23	(31.72)	7.06
Employee benefits expense	2.24	11,886.91	9,289.40
Finance costs	2.25	1,155.32	1,225.77
Depreciation and amortisation expense	2.26	3,022.14	2,260.08
Other expenses	2.27	30,876.97	24,480.46
		124,733.96	**109,692.68**
Profit before tax (charge)/benefit		**18,465.23**	**4,777.55**
Tax (charge)/benefit			
Minimum Alternate Tax ('MAT')			
- Current period		(3,889.77)	(938.63)
Less: MAT credit entitlement		2,014.85	938.63
Less: MAT recoverable written off		-	(1,602.03)
Deferred tax credit / (charge)		(3,548.59)	(5.61)
Profit for the year		**13,041.72**	**3,169.91**
Earnings per equity share (Rs.)			
Basic - Par value of Rs. 1,000 per share	2.40	**42,481**	**10,325**
Diluted - Par value of Rs. 1,000 per share	2.40	**37,943**	**9,222**
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 4 September 2015

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Rahul Bhatia
Director
DIN: 00090860

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 4 September 2015

InterGlobe Aviation Limited
Statement of Cash Flow Statement for the year ended as on 31 March 2015
(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A. Cash flows from operating activities		
Net profit before tax	18,465.23	4,777.55
Adjustments for:		
Depreciation and amortisation	3,022.14	2,260.08
Provision for redelivery cost (adjusted for provision utilised/reversed during the year)	63.37	62.73
Liabilities written back no longer required	(107.78)	(149.05)
Provision for bad and doubtful receivables and loans and advances	71.45	0.24
Provision for inventory obsolescence (net)	21.34	23.71
Loss / (profit) on sale of fixed assets (net)	0.13	(0.66)
Non cash incentives (net)	(1.12)	26.37
Assets written off	0.18	1.46
Unrealised foreign exchange loss (net)	1,192.08	562.56
Advance written off	0.90	0.17
Interest expense	107.29	192.87
Finance lease charges	929.36	826.57
Interest income on fixed deposits	(2,703.77)	(1,868.62)
Net gain on sale of current investments	(1,035.88)	(639.28)
Dividend income from current investments	-	(355.65)
Operating profit before working capital changes	**20,024.92**	**5,721.05**
Adjustment for:		
(Increase)/decrease in trade receivables	(224.56)	(210.46)
(Increase)/decrease in inventories	(654.02)	(173.82)
(Increase)/decrease in loans and advances and other assets	2.01	390.88
Increase/(decrease) in trade payables, other liabilities and provisions	8,607.22	9,094.74
Increase/(decrease) in deferred incentives	34.51	2,208.05
Cash generated from operating activities	**27,790.08**	**17,030.44**
Taxes paid	(3,951.24)	(1,075.42)
Net cash generated from operating activities	**23,838.84**	**15,955.02**
B. Cash flows from investing activities		
Purchase of fixed assets (including capital advances), net of cash incentives	(10,171.15)	(23,241.67)
Proceeds from sale of fixed assets	1.63	4.56
Deposits made with banks due to mature within 12 months from the reporting date (net) [deposits under lien Rs.15,004.03 (previous year Rs.7,842.82)]	(7,617.43)	2,051.49
Deposits made with banks due to mature after 12 months from the reporting date (net) [deposits under lien Rs.13,649.11 (previous year Rs.12,924.19)]	(1,504.44)	(8,907.53)
Purchase of mutual funds / shares	(65,074.52)	(71,175.76)
Proceeds from sale of mutual funds / shares	73,657.73	70,483.47
Interest received	1,303.12	1,292.00
Dividend received	-	355.65
Net cash used in investing activities	**(9,405.06)**	**(29,137.79)**
C. Cash flows from financing activities		
Proceeds from secured loans	8,137.45	18,153.29
Repayment of secured loans	(4,320.32)	(4,515.80)
Interest paid	(100.46)	(185.86)
Finance lease charges paid	(669.67)	(603.20)
Dividend payment	(13,575.30)	-
Tax paid on dividends	(2,552.83)	-
Net cash generated from / (used) in financing activities	**(13,081.13)**	**12,848.43**
Net Increase / (decrease) in cash and cash equivalents during the year (A+B+C)	**1,352.65**	**(334.34)**
Effect of exchange difference on cash and cash equivalent held in foreign currency	**8.40**	**(4.72)**
D Cash and cash equivalents at the beginning of the year		
Cash on hand	16.50	25.67
Cheques on hand	1.00	-
Balance with banks:		
- on current account	838.94	1,063.83
- on deposit account (with original maturity of three months or less)	250.00	356.00
	1,106.44	**1,445.50**

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InterGlobe Aviation Limited
Statement of Cash Flow Statement for the year ended as on 31 March 2015
(Rupees in millions, except for share data and if otherwise stated)

	For the year ended 31 March 2015	For the year ended 31 March 2014
E Cash and cash equivalents as at the end of the year		
Cash on hand	21.42	16.50
Cheques on hand	0.09	1.00
Balance with banks:		
- on current account	2,098.48	838.94
- on deposit account (with original maturity of three months or less)	347.50	250.00
	2,467.49	**1,106.44**

Notes:

1. The cash flow statement has been prepared in accordance with 'Indirect method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statements', as notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014.

2. Current account balance with banks includes Rs.222.36 (previous year Rs.142.34) held in foreign currency which are freely remissible to the Company.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 4 September 2015

For and on behalf of the Board of Directors of InterGlobe Aviation Limited

Rahul Bhatia
Director
DIN: 00090860

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 4 September 2015

InterGlobe Aviation Limited
Notes forming part of the financial statements for year ended 31 March 2015
(Rupees in millions, except for share data and if otherwise stated)

Note 1: Significant accounting policies

Background

InterGlobe Aviation Limited (the Company) was incorporated on 13 January 2004 as a private limited company. Subsequently, the Company changed its legal status from a private company to a public company on 11 August 2006. The Company is one of the dominant players in the low cost carrier (LCC) segment of the airline industry in India. The Company has commenced international operations during the year ended 31 March 2012.

Significant accounting policies

(i) ***Basis of accounting and presentation***

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with the Generally Accepted Accounting Principles in India ('GAAP'), mandatory accounting standards as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014, and the relevant provisions of Companies Act, 2013 to the extent applicable to the Company. All income and expenditure having a material bearing on the financial statements are recognised on accrual basis. The financial statements have been presented based on Schedule III to the Companies Act 2013.

(ii) ***Use of estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and reported amounts of income and expenses during the reporting period. Examples of estimates include useful life of fixed assets, retirement benefits, provision for inventory obsolescence, provision for redelivery costs, provision for doubtful trade receivables and loans and advances. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

(iii) ***Fixed assets, capital work-in-progress and depreciation and amortisation***

Tangible fixed assets

Owned tangible fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation, less accumulated depreciation and impairment losses, if any.

The cost of improvements to aircraft acquired on lease have been capitalised and disclosed separately as leasehold improvement - aircraft.

Capital work-in-progress

Fixed assets under construction and cost of assets not ready for use as at the balance sheet date are disclosed as capital work-in-progress.

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Intangible fixed assets

Intangible fixed assets are recognised only if acquired and it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of assets can be measured reliably. The intangible fixed assets are recorded at cost of acquisition including incidental costs related to acquisition and installation and are carried at cost less accumulated amortisation and impairment losses, if any.

Leased assets

Leased assets under which the Company assumes substantially all risks and benefits of ownership are classified as finance lease. Other leases are classified as operating leases.

Finance lease: Assets taken on finance lease are capitalized at the lower of the fair value of the assets and the present value of the minimum lease rentals (which includes initial amount paid by the Company to the lessors) with the corresponding amount payable by the Company shown as lease liability. The principal component of the lease rentals is adjusted against the lease liability and interest component is charged to the Statement of Profit and Loss.

Operating lease: Lease rentals in respect of assets taken on operating lease are charged to the Statement of Profit and Loss with reference to the lease term and other considerations.

Depreciation and amortisation

Till the year ended 31 March 2014, depreciation rates prescribed under Schedule XIV to the Companies Act, 1956, were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013, prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV to the Companies Act, 1956. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for the difference is disclosed in the financial statements.

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Considering the applicability of Schedule II, management has re-estimated useful lives and residual values of all its fixed assets as at 1 April 2014. Accordingly, depreciation has been charged based on the following useful lives:

Asset Head	**Useful life in years**
Leased Aircraft	
-Aircrafts and Engine Components	20
Furniture and fixtures	10
Computer	
-End user Devices	3
-Server and Networks	6
Office equipment	
-Office Equipment	5
-Electrical Equipment	10
Ground support equipment	15
Ground support vehicles	
-Motor Vehicles(GSE)	8
-Motor Vehicles (Com)	8

Depreciation on fixed assets except aircraft, leasehold improvements - aircraft, leasehold improvements and intangible assets is provided on written down value method.

Depreciation on aircraft (including aircraft taken on finance lease) is provided on the straight line method.

Intangible assets are amortised on a straight line basis over their estimated useful life of 3 years.

Expenditure incurred on improvements to aircraft acquired on lease (leasehold improvements - aircraft) is depreciated on a straight line basis over the remaining period of the lease of the aircraft or 5 years, whichever is lower.

Leasehold improvements are depreciated on a straight line basis over the period of the initial lease.

The revised useful lives are based on an internal technical evaluation performed by management and are determined after considering following factors:
- Expected usage of the asset
- Expected physical wear and tear
- Technical and commercial obsolescence
- Understanding of past practices and general industry experience

The above mentioned lives and method of depreciation/ amortization are in line with the estimated useful lives, as determined by the management.

Depreciation and amortisation is calculated on a pro-rata basis for assets purchased/sold during the year.

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The appropriateness of depreciation/amortisation period and depreciation/amortisation method is reviewed by the management each financial year.

Pursuant to above mentioned change in useful life of fixed assets, the depreciation charge for the year ended 31 March 2015 is lower by Rs. 303.50. The adjustment to accumulated balance of retained earnings / (deficit) is Rs Nil.

(iv) ***Sale and lease back transactions***

Profit or loss on sale and lease back transactions resulting in operating leases are recognised immediately in case the transaction is established at fair value, else the excess of sale price over the fair value is deferred and amortised over the period for which the asset is expected to be used.

Any excess or deficiency of sales proceeds over the carrying amount in case a sale and leaseback transaction results in a finance lease, is deferred and amortised over the lease term in proportion to the depreciation of the leased asset.

(v) ***Manufacturers' incentives –non-refundable***

Cash incentives

The Company receives non-refundable incentives from manufacturers in connection with the acquisition of aircraft and engines. In case of owned aircraft or aircraft under finance lease, incentives are recorded as a reduction to the cost of related aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the operating lease rentals on a straight line basis over the period of the related lease. In case of return of an aircraft before the expiry of the lease term, the unamortised balance of deferred incentive is recorded in the Statement of Profit and Loss.

The Company also receives non-refundable milestone incentives from the engine manufacturer on achievement of certain milestones relating to delivery of aircraft. These milestone incentives are recorded as reduction to the carrying value of aircraft and engines in case of owned aircraft and engines. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the remaining lease period of the related lease. Where the aircraft is held under finance lease, the incentives are deferred and recognised under the head 'Other operating revenue' in the Statement of Profit and Loss, on a straight line basis over the remaining lease period of the related lease.

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Non-cash incentives

Non-cash incentives are recorded as and when due to the Company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and engines in case of owned assets and aircraft held under finance lease. Where the aircraft is held under operating lease, the incentives are deferred and reduced from the lease rentals on a straight line basis over the estimated period of use of these incentives.

The deferred asset explained above is reduced on the basis of utilization of incentives against purchase of goods and services.

(vi) *Investments*

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is presented under current assets as "current portion of long term investments" in consonance with the current /non- current classification scheme of Schedule III of Companies Act 2013.

Long–term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each category of investments.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

(vii) *Revenue recognition*

Passenger and Cargo revenue

Passenger revenue is recognised on flown basis, i.e. when the service is rendered, net of airport charges and discounts, if any. Cargo revenue is recognised when service is rendered, i.e. goods are transported, net of airport charges.

The sale of tickets not yet flown is credited to unearned revenue, i.e. 'Forward Sales' disclosed under current liabilities. Fees charged for any changes to flight tickets and towards special service requests are recognised as revenue immediately on rendering of services.

The unutilized balance in Forward Sales for more than a year is recognised as revenue based on historical statistics, data and management estimates, and considering the Company's cancellation policy.

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In flight sales

Revenue from sale of merchandise is recognised on transfer of all significant risks and rewards to the passenger. Revenue from sale of food and beverages is recognised on sale of goods to the passenger.

Dividend income

Dividend is recognised as and when the right to receive such income is established.

Tours and packages

Income and related expense from the sale of tours and packages are recognised upon services being rendered and where applicable, are stated net of discounts. The income and expense is stated on gross basis.

Passenger revenue earned from sale of tours and packages is recognised on flown basis and disclosed under tours and packages.

The sale of tours and packages not yet serviced is credited to unearned revenue, i.e. 'Forward Sales' disclosed under current liabilities.

Interest income

Interest income is recognised on a time proportion basis.

Commission and advertisement income

Commission and advertisement income is recognised on an accrual basis and in accordance with the terms of specific contracts, provided the consideration is reliably determinable and no significant uncertainty exists regarding the collection. The amount recognised is net of applicable taxes.

(viii) ***Commission***

The commission paid / payable on sales is recognised on sale of ticket and in accordance with the terms of contracts with agents.

(ix) ***Borrowing costs***

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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(x) ***Foreign currency transactions and translations***

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the respective transactions. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rates of exchange prevailing on that date. Gains/(losses) arising on account of realisation/settlement of foreign exchange transactions and on translation of foreign currency assets and liabilities (except for gains/(losses) arising on translation of foreign currency loans used for purchase of fixed assets) are recognised in the Statement of Profit and Loss. Gains/ (losses) arising on translation of foreign currency loans used for purchase of fixed assets are adjusted in the cost of fixed assets.

<u>Foreign exchange forward contracts</u>

The Company uses foreign exchange forward contracts to hedge its foreign currency risk exposure relating to firm commitments, highly probable transactions and underlying assets and liabilities. These foreign exchange forward contracts are not used for trading or speculation purposes.

<u>Foreign exchange forward contracts to hedge foreign currency risk exposure relating to firm commitments and highly probable transactions</u>

Forward contracts are fair valued at each Balance Sheet date. The resultant gain or loss (except relating to effective hedges) from these transactions is recognised in the Statement of Profit and Loss. The gain or loss on effective hedges is recorded in the Hedging Reserve (reported under Reserves and Surplus) until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of that period. To designate a forward contract as an effective hedge, the management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of being designated as an effective hedge, a gain or loss is recognised in the Statement of Profit and Loss.

<u>Foreign exchange forward contracts to hedge foreign currency risk exposure relating to underlying assets and liabilities</u>

The premium or discount that arises on entering into a forward exchange contract for hedging underlying assets and liabilities is measured by the difference between the exchange rate at the date of the inception of the forward exchange contract and the forward rate specified in the contract and is amortised as expense or income over the life of the contract. Exchange difference on a forward exchange contract is the difference between:

(a) the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period; and

(b) the same foreign currency amount translated at the latter of the date of inception of the forward exchange contract and the last reporting date.

These exchange differences are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense in the Statement of Profit and Loss.

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(xi) ***Taxation***

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit. Income taxes are accrued in the same period the related revenues and expenses arise.

The differences that result between the profit / (loss) considered for income taxes and the profit / (loss) as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on tax rates that have been enacted or substantially enacted by the Balance Sheet date.

Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') expense under the provisions of the Income-tax Act, 1961 is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each Balance Sheet date and is written down to reflect the amount that is reasonably certain to be set off in future years against the future income tax liability.

(xii) ***Employee benefits***

Short – term employee benefits

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

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Defined benefit plans

Defined benefit plans of the Company comprise of gratuity.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service.

The liability in respect of defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. The gratuity plan of the Company is unfunded.

Defined contribution plans

Under the provident fund, a defined contribution plan, the Company pays fixed contributions to the appropriate government authorities and has no obligation to pay further amounts. Such fixed contributions are recognised in the Statement of Profit and Loss on accrual basis in the financial year to which they relate.

Other employee benefits

Benefits under leave encashment constitute short term employee benefits which are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

(xiii) ***Provisions, contingent liabilities and contingent assets***

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

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(xiv) ***Contingencies***

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

(xv) ***Impairment of assets***

The carrying values of assets are reviewed at each reporting date to determine if there is indication of any impairment. If any indication exists, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount and is recognised in the Statement of Profit and Loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(xvi) ***Inventories***

Inventories primarily include fuel, tools and engineering stores, which include rotables, consumables and non-aircraft equipments. Inventories are valued at lower of cost and net realisable value ('NRV'). Cost of inventories comprise of all costs of purchase and incidental costs incurred in bringing the inventories to their present location and condition. Cost is determined on the weighted average cost basis. In arriving at NRV, due allowance is made for all damaged, obsolete and slow moving items. The comparison of cost and net realizable value is made on an item by item basis.

In respect of reusable items such as rotables, non-aircraft equipments and tools, NRV takes into consideration provision for obsolescence and wear and tear and also provision for non-moving/slow moving items, if any.

(xvii) ***Aircraft maintenance and repair cost***

Aircraft maintenance, Auxiliary Power Unit (APU), and Engine maintenance and repair costs are expensed as incurred except where such overhaul costs in respect of engines/APU are covered by third party maintenance agreements, which are accounted in accordance with terms of the agreements.

(xviii) ***Redelivery cost***

The Company has in its fleet aircraft on operating lease. As contractually agreed under the lease agreements, the aircraft have to be redelivered to the lessors at the end of the lease term under stipulated technical conditions. Such redelivery conditions entail costs for technical inspection, maintenance checks, repainting costs prior to its redelivery and the cost of ferrying the aircraft to the location as stipulated under the lease agreement. These costs are estimated by management based on historical trends and data, and recorded in the financial statements in proportion to the expired lease period.

(xix) ***Earnings per share***

Basic earnings per share are computed using the weighted average number of the equity shares outstanding during the year. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti-dilutive.

(xx) ***Expenditure***

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

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InterGlobe Aviation Limited
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2.1 Share capital

Particulars	As at 31 March 2015	As at 31 March 2014
Authorized*		
500,000 (previous year 500,000) equity shares of Rs.1,000 each	500.00	500.00
1,600,000 (previous year 1,600,000) 0.00% non-cumulative redeemable preference shares of Rs.1,000 each	1,600.00	1,600.00
100,000 (previous year 100,000) 0.00% convertible preference shares of Rs.1,000 each	100.00	100.00
	2,200.00	**2,200.00**
Issued, subscribed and paid up		
307,000 (previous year 307,000) equity shares of Rs. 1,000 each fully paid up	307.00	307.00
36,716 (previous year 36,716) 0.00% convertible preference shares of Rs.1,000 each fully paid up	36.72	36.72
	343.72	**343.72**

* Refer to note 2.42 and 2.44

1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	**Amount**	**Number**	**Amount**
1. Equity shares issued, subscribed and paid up				
Shares at the beginning of the year	307,000	307.00	307,000	307.00
Shares at the end of the year	**307,000**	**307.00**	**307,000**	**307.00**
2. Preference shares issued, subscribed and paid up				
0.00% convertible preference shares				
Shares at the beginning of the year	36,716	36.72	36,716	36.72
Shares at the end of the year	**36,716**	**36.72**	**36,716**	**36.72**

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2. Terms/ rights attached to the equity shares

The Company has only one class of equity share having a par value of Rs. 1,000 per share. Each holder of the equity share is entitled to one vote per share and is entitled to dividend, declared if any. 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 the equity shares will be entitled to receive the 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.

3. Terms/ rights attached to the preference shares

Convertible preference shares

The fully paid up convertible preference shares of Rs.1,000 each are issued at a premium ranging from Rs. 5,650 to Rs. 6,642 per share with 0.00% coupon rate and are convertible into equity shares of the Company in the ratio of 1:1 not earlier than (a) the initial public offering of the Company; or (b) a strategic sale of the Company. In the event of liquidation of the Company before conversion of preference shares, the preference shareholders have priority over the equity shares in the repayment of the capital. The holder of preference shares are entitled to one vote per share at any meeting of the Company on any resolutions of the Company directly affecting their rights.

4. Shares held by holding/ultimate holding company and /or their subsidiaries/ associates

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Equity shares of Rs. 1,000 each, fully paid up held by:				
InterGlobe Enterprises Limited, holding and ultimate holding company	156,950	156.95	156,950	156.95

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5. Details of each shareholder holding more than 5% shares in the Company

Name of Shareholders	Class of Share	As at 31 March 2015		As at 31 March 2014	
		No. of Shares	%*	No. of Shares	%*
InterGlobe Enterprises Limited	Equity shares	156,950	51.12%	156,950	51.12%
Caelum Investment LLC	Equity shares	147,000	47.88%	147,000	47.88%
Riyaz Haider Peer Mohamed	Convertible preference shares	5,110	13.92%	5,110	13.92%
Steven Eugene Harfst	Convertible preference shares	3,607	9.82%	3,607	9.82%
Newton Bruce Ashby	Convertible preference shares	6,012	16.37%	6,012	16.37%
Chesapeake International Investments LLC	Convertible preference shares	-	-	4,008	10.92%
Kunal Chanana	Convertible preference shares	3,006	8.19%	6,012	16.37%
Anil Chanana	Convertible preference shares	3,006	8.19%	6,012	16.37%
IGT-InterGlobe Technologies Phillipines Inc	Convertible preference shares	6,038	16.45%	4,034	10.99%
Rahul Bhatia	Convertible preference shares	3,006	8.19%	-	-
Shobha Gangwal	Convertible preference shares	3,006	8.19%	-	-
Rakesh Gangwal	Convertible preference shares	2,004	5.46%	-	-

* Represents % of total shares in the respective class.

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(Rupees in millions, except for share data and if otherwise stated)

2.2 Reserves and surplus

Particulars		As at 31 March 2015	As at 31 March 2014
1.	**Capital redemption reserve**		
	Balance at the beginning of the year	1,554.00	1,554.00
	Balance at the end of year	**1,554.00**	**1,554.00**
2.	**General reserve**		
	Balance at the beginning of the year	1,928.51	1,437.68
	Add: Transfer from Surplus in the Statement of Profit and Loss	-	490.83
	Balance at the end of the year	**1,928.51**	**1,928.51**
3.	**Surplus in the Statement of Profit and Loss**		
	Balance at the beginning of the year	250.07	1,988.47
	Add: Profit for the year	13,041.72	3,169.91
	Amount available for appropriation	**13,291.79**	**5,158.38**
	Less: Appropriations		
	Transfer to General Reserve	-	(490.83)
	Interim dividend [Rs. 35,169 per share (previous year Rs. Nil per share)]	(10,796.89)	-
	Proposed equity dividend [Rs. Nil per share (previous year Rs. 12,299 per share)]	-	(3,775.78)
	Corporate dividend tax	(2,114.18)	(641.70)
	Net surplus in the Statement of Profit and Loss	**380.72**	**250.07**
	Total reserves and surplus	**3,863.23**	**3,732.58**

During the previous year, the Company has transferred a percentage of profit to General Reserve. Being a revenue reserve in nature, it is available for distribution.

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2.3 Long-term borrowings

Particulars	As at 31 March 2015	As at 31 March 2014
Secured term loans:		
Foreign currency term loan		
- From banks	-	958.18
- From others	3,000.24	2,096.85
Secured other loans:		
Finance lease obligations [net of borrowing cost associated with finance lease amounting to Rs. 2,843.49 (previous year Rs. 2,294.02)]	32,883.78	27,752.37
	35,884.02	**30,807.40**

Current maturities of foreign currency term loans and finance lease obligations amounting to Rs. Nil and Rs. 3,377.61 (previous year Rs. Nil and Rs. 2,655.00) respectively has been disclosed under "Other current liabilities".

Terms loans
As at 31 March 2015

Secured loans

Particulars	Disclosed under	As at 31 March 2015	Rate of Interest*	Period of maturity from the balance sheet date
Foreign currency term loan #	Long term borrowings	3,000.24	USD LIBOR plus markup	106.0 months

* Markup for 275 basis points over 6 month USD LIBOR. The period of maturity from the date of origination is 137 months.

The above mentioned loan is repayable in twenty unequal installments between the periods September 2022 - December 2023.
There are no defaults as on balance sheet date in repayment of principal and interest.
Secured term loans are secured against the assignment of certain rights under aircraft purchase agreement signed with Airbus SAS.

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(Rupees in millions, except for share data and if otherwise stated)

As at 31 March 2014

Secured loans

Particulars	Disclosed under	As at 31 March 2014	Rate of Interest*	Period of maturity from the balance sheet date
Foreign currency term loan #	Long term borrowing	449.32	USD LIBOR plus markup	30.0 month
Foreign currency term loan #	Long term borrowing	59.54	USD LIBOR plus markup	24.5 months
Foreign currency term loan #	Long term borrowing	449.32	USD LIBOR plus markup	31.0 months
Foreign currency term loan ##	Long term borrowing	2,096.85	USD LIBOR plus markup	118.0 months

* Markup ranges from 275 basis points to 550 basis points over 6 month USD LIBOR. The period of maturity from the date of origination ranges from 36 to 137 months.

The above mentioned loans are repayable in one bullet payment.
The above mentioned loan is repayable in twenty unequal installments between the periods March - December 2023.
There are no defaults as on balance sheet date in repayment of principal and interest.
Secured term loans are secured against the assignment of certain rights under aircraft purchase agreement signed with Airbus SAS.

Finance lease obligations

Certain aircraft and items of furniture and fixtures have been obtained on finance lease. The legal title to these items vests with the lessors and the security trustee. The lease term for aircraft ranges between maximum 10 - 12 years (previous year 10 - 12 years) and for furniture and fixtures is 2.3 - 3 years (previous year 2.3 - 3 years) with equated monthly payments beginning from the month subsequent to the commencement of the lease. The total future minimum lease payments as at the balance sheet date, element of interest included in such payments and present value of these minimum lease payments are as follows:

Particulars	Non-Current		Current	
	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
(a) Total future minimum lease payments	35,151.14*	30,864.23*	3,979.75**	3,366.05**
(b) Future interest included in (a) above	2,267.36	3,111.86	602.14	711.05
(c) Present value of future minimum lease payments [(a-b)]	32,883.78*	27,752.37*	3,377.61**	2,655.00**

* net of borrowing cost associated with finance lease amounting to Rs. 2,843.49 (previous year Rs. 2,294.02).
** net of borrowing cost associated with finance lease amounting to Rs. 299.36 (previous year Rs. 223.53).

The rate of interest for aircraft is less than 450 basis points over 1/3/6 months USD LIBOR (previous year: less than 450 basis points over 1/3/6 months USD LIBOR) and for furniture and fixtures it is 15.5% (previous year 15.5%). Finance lease liability is secured against the respective aircraft Rs. 36,261.39 (previous year Rs. 30,405.78) and furniture and fixtures Rs. Nil (Previous year Rs. 1.59).

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(Rupees in millions, except for share data and if otherwise stated)

The future minimum lease payments and their present value as at 31 March 2015 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year*	3,377.61	602.14	3,979.75
Later than one year and not later than five years**	15,903.52	1,678.88	17,582.40
Later than five years***	16,980.26	588.48	17,568.74
Total	**36,261.39**	**2,869.50**	**39,130.89**

* net of borrowing cost associated with finance lease amounting to Rs. 299.36
** net of borrowing cost associated with finance lease amounting to Rs. 1,197.43
*** net of borrowing cost associated with finance lease amounting to Rs. 1,646.06

The future minimum lease payments and their present value as at 31 March 2014 is as follows:

Particulars	Present value of minimum lease payments	Future interest	Minimum lease payments
Not later than one year*	2,655.00	711.05	3,366.05
Later than one year and not later than five years**	11,239.41	2,130.53	13,369.94
Later than five years***	16,512.96	981.33	17,494.29
Total	**30,407.37**	**3,822.91**	**34,230.28**

* net of borrowing cost associated with finance lease amounting to Rs. 223.53
** net of borrowing cost associated with finance lease amounting to Rs. 894.12
*** net of borrowing cost associated with finance lease amounting to Rs. 1,399.90

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2.4 Other long-term liabilities

Particulars	As at 31 March 2015	As at 31 March 2014
Others:		
- Supplementary rentals	19,907.68	12,670.09
- Employee related liabilities	261.83	287.76
	20,169.51	**12,957.85**

2.5 Long-term provisions

Particulars	As at 31 March 2015	As at 31 March 2014
Provision for employee benefits:		
- Provision for gratuity (Refer to note 2.32)	239.99	165.32
Others:		
- Provision for redelivery cost (Refer to note 2.8)	282.92	203.00
	522.91	**368.32**

2.6 Trade payables

Particulars	As at 31 March 2015	As at 31 March 2014
Trade Payables		
- Related parties (Refer to note 2.31)	232.68	154.98
- Others (for dues to micro and small suppliers, refer note below)	4,522.07	3,780.40
	4,754.75	**3,935.38**

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The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum.

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	17.75	18.99
- Interest	-	-
The amount of interest paid by the buyer as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-

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2.7 Other current liabilities

Particulars	As at 31 March 2015	As at 31 March 2014
Interest accrued but not due on borrowings	75.08	79.63
Advances from customers	1,925.22	1,792.75
Forward sales	11,984.19	10,043.12
Current maturities of finance lease obligations [net of borrowing cost associated with finance lease amounting to Rs. 299.36 (previous year Rs. 223.53)] (Refer to note 2.3)	3,377.61	2,655.00
Other payables		
- Statutory dues	605.01	511.65
- Employee related liabilities	851.07	647.48
- Supplementary rental	189.81	419.77
	19,007.99	**16,149.40**

2.8 Short-term provisions

Particulars	As at 31 March 2015	As at 31 March 2014
Provision for employees benefit		
- Provision for gratuity (Refer to note 2.32)	34.56	15.43
- Provision for leave encashment	291.47	204.38
Others:		
- Provision for tax [net of advance tax of Rs. 1,350.13 (previous year Rs. 1,350.13)]	1.02	1.02
- Provision for wealth tax [net of advance tax of Rs. Nil (previous year Rs. Nil)]	1.03	0.84
- Interim dividend	997.38	-
- Proposed dividend	-	3,775.78
- Corporate dividend tax	203.05	641.70
- Provision for redelivery cost	-	5.91
	1,528.51	**4,645.06**

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(Rupees in millions, except for share data and if otherwise stated)

Provision for redelivery cost

The schedule of provision as required to be disclosed in compliance with Accounting Standard 29 on 'Provisions, Contingent Liabilities and Contingent Assets' is as under :

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Opening balance at the beginning of the year	208.91	164.13
Add: Provisions created during the year	63.37	62.73
Less: Provisions utilised/reversed during the year	(25.74)	(43.69)
Add: Exchange loss on restatement of closing liability	36.38	25.74
Closing balance at the end of the year	**282.92**	**208.91**
Closing balance at the end of the year – Non current	282.92	203.00
Closing balance at the end of the year – Current	-	5.91

Provision for redelivery cost represents provision set up for expenses to be incurred on redelivery of the aircraft that in the opinion of management could result in an outflow of funds depending upon the condition of the aircraft at the time of redelivery. During the current year ended 31 March 2015, the Company has redelivered Nil aircraft (previous year 5 aircraft) to lessors. The gain on redelivery of such aircraft is recognized in the Statement of Profit and Loss.

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2.9 Fixed assets

Fixed Assets as at 31 March 2015

Particulars	Gross block					Depreciation/ Amortisation				Net block
	As at 1 April 2014	Additions during the year	Deletions during the year	Adjustments during the year* /**	As at 31 March 2015	As at 1 April 2014	Depreciation/ Amortisation for the year	Depreciation/ Amortisation on deletions/ adjustments	As at 31 March 2015	As at 31 March 2015
Tangible fixed assets										
Leased aircraft	41,059.20	9,859.51	-	1,423.78	52,342.49	3,521.92	2,284.95	-	5,806.87	**46,535.62**
Furniture and fixtures	60.15	12.98	2.08	-	71.05	34.69	12.68	1.75	45.62	**25.43**
Computer	308.52	124.91	0.09	-	433.34	188.68	113.06	0.08	301.66	**131.68**
Office equipment	77.52	16.45	1.30	-	92.67	30.83	28.65	1.07	58.41	**34.26**
Ground support equipment	897.99	243.22	2.05	-	1,139.16	310.10	131.06	1.38	439.78	**699.38**
Ground support vehicles	749.65	147.96	6.98	-	890.63	419.20	122.46	6.27	535.39	**355.24**
Leasehold improvements	287.81	101.02	1.42	-	387.41	171.91	74.57	1.42	245.06	**142.35**
Leasehold improvements - aircraft	713.28	270.46	-	-	983.74	69.59	174.09	-	243.68	**740.06**
Total tangible fixed assets	**44,154.12**	**10,776.51**	**13.92**	**1,423.78**	**56,340.49**	**4,746.92**	**2,941.52**	**11.97**	**7,676.47**	**48,664.02**
Intangible fixed assets										
Software	350.44	24.52	-	-	374.96	197.98	80.62	-	278.60	**96.37**
Total intangible fixed assets	**350.44**	**24.52**	**-**	**-**	**374.96**	**197.98**	**80.62**	**-**	**278.60**	**96.37**
Grand Total	**44,504.56**	**10,801.03**	**13.92**	**1,423.78**	**56,715.45**	**4,944.90**	**3,022.14**	**11.97**	**7,955.07**	**48,760.39**

Fixed Assets as at 31 March 2014

Particulars	Gross block					Depreciation/ Amortisation				Net block
	As at 1 April 2013	Additions during the year	Deletions during the year	Adjustments during the year* /**	As at 31 March 2014	As at 1 April 2013	Depreciation/ Amortisation for the year	Depreciation/ Amortisation on deletions/ adjustments	As at 31 March 2014	As at 31 March 2014
Tangible fixed assets										
Leased aircraft	18,212.55	21,413.73	-	1,432.92	41,059.20	1,689.66	1,832.26	-	3,521.92	**37,537.28**
Furniture and fixtures	51.11	10.00	0.96	-	60.15	28.60	6.87	0.78	34.69	**25.46**
Computer	235.75	88.41	15.64	-	308.52	155.44	48.26	15.02	188.68	**119.84**
Office equipment	65.50	14.05	2.03	-	77.52	25.47	6.59	1.23	30.83	**46.69**
Ground support equipment	697.87	202.12	2.00	-	897.99	230.17	81.13	1.20	310.10	**587.89**
Ground support vehicles	627.38	139.70	17.43	-	749.65	327.18	106.49	14.47	419.20	**330.45**
Leasehold improvements	196.45	91.36	-	-	287.81	117.39	54.52	-	171.91	**115.90**
Leasehold improvements - aircraft	35.97	677.31	-	-	713.28	0.78	68.81	-	69.59	**643.69**
Total tangible fixed assets	**20,122.58**	**22,636.68**	**38.06**	**1,432.92**	**44,154.12**	**2,574.69**	**2,204.93**	**32.70**	**4,746.92**	**39,407.20**
Intangible fixed assets										
Software	239.53	110.91	-	-	350.44	142.83	55.15	-	197.98	**152.46**
Total intangible fixed assets	**239.53**	**110.91**	**-**	**-**	**350.44**	**142.83**	**55.15**	**-**	**197.98**	**152.46**
Grand Total	**20,362.11**	**22,747.59**	**38.06**	**1,432.92**	**44,504.56**	**2,717.52**	**2,260.08**	**32.70**	**4,944.90**	**39,559.66**

* Pursuant to the notifications dated 31 March 2009 and 29 December 2011, issued by The Ministry of Corporate Affairs, the Company has capitalised foreign currency loss / (gain) amounting to Rs. 1,521.87 (previous year Rs.1,627.94), arising on re-statement of long-term foreign currency monetary liabilities used for acquisition of a depreciable capital asset.

** Adjustments also include adjustment for cash and non cash incentive amounting to Rs. 98.09 (previous year Rs. 195.02).

Capital work in progress	Leasehold improvement - aircraft	
	31 March 2015	31 March 2014
Opening balance	-	68.47
Additions during the year	4.53	-
Capitalized during the year	-	(68.47)
Closing balance	4.53	-

InterGlobe Aviation Limited
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2.10 Deferred taxes (net)

Particulars	As at 31 March 2015	As at 31 March 2014
Deferred tax liability		
- Difference between written down value of fixed assets as per books and as per Income Tax Act,1961	277.00	312.72
- Assets acquired under finance lease	4,223.23	2,035.01
- Disallowances made under section 40(a)(ia) of the Income Tax Act, 1961	51.59	50.58
Total deferred tax liability	**4,551.82**	**2,398.31**
Deferred tax asset		
- Provision for doubtful advances and receivables	26.09	1.34
- Disallowances made under section 43B of the Income Tax Act, 1961	336.66	104.52
- Provision for gratuity under section 40A(7) of the Income Tax Act, 1961	97.72	64.09
- Carry forward losses and unabsorbed depreciation under Income-tax Act, 1961	-	1,685.60
Total deferred tax asset	**460.47**	**1,855.55**
Net deferred tax liability	**4,091.35**	**542.76**

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(Rupees in millions, except for share data and if otherwise stated)

2.11 Non-current investments

Particulars	As at 31 March 2015	As at 31 March 2014
Trade investments *(unquoted and at cost)*		
* 2,815 equity shares (previous year 2,845) of Thai Baht (THB) 100 each, fully paid up, of Aeronautical Radio of Thailand, a state enterprise under the Ministry of Transport	0.46	0.47
	0.46	**0.47**

*The transfer of this investment is restricted to airline members flying in Thailand.
The investment mentioned above also represents long term investment within the meaning of Accounting Standard 13 "Accounting for Investments" as notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014.

2.12 Long-term loans and advances

Particulars	As at 31 March 2015	As at 31 March 2014
Unsecured, considered good, unless stated otherwise		
To parties other than related parties:		
Capital advances	51.07	659.26
Security deposit	6,051.32	4,331.69
Other loans and advances:		
- Advance to employees	5.87	5.21
- Minimum alternate tax recoverable	4,689.31	2,674.45
- Advance tax [net of provision for income tax Rs. 7,671.61 (previous year Rs. 3,781.84)]	383.77	322.30
	11,181.34	**7,992.91**

2.13 Other non-current assets

Particulars	As at 31 March 2015	As at 31 March 2014
Unsecured, considered good, unless stated otherwise		
Bank deposits (due for maturity after twelve months from the reporting date (Refer to note 2.17))	15,118.55	13,614.11
Interest accrued but not due on fixed deposits	937.05	701.12
	16,055.60	**14,315.23**

Bank deposits include Rs. 13,649.11 (previous year Rs. 12,924.19) as deposits with banks under lien. These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

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InterGlobe Aviation Limited
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2.14 Current investments

Particulars	As at 31 March 2015	As at 31 March 2014
Investment in mutual funds, non trade -unquoted		
At the lower of cost and fair value		
258,097 (previous year Nil) units of face value of Rs. 1,000 each of Tata Floater Fund Plan A - Growth	540.08	-
Nil (previous year 10,629,043) units of face value of Rs. 100 each of ICICI Prudential Savings Fund - Regular Plan - Growth	-	2,006.24
187,142 (previous year Nil) units of face value of Rs. 1,000 each of UTI Floating Rate Fund - STP - Regular Plan - Growth	420.00	-
Nil (previous year 40,778,425) units of face value of Rs. 10 each of DWS Short Maturity Fund - Regular Plan -Annual Bonus	-	586.39
Nil (previous year 21,962,054) units of face value of Rs. 10 each of DWS Cash Opportunities Fund Regular Plan - Annual Bonus	-	215.20
7,412,319 (previous year 6,240,739) units of face value of Rs. 100 each of Birla Sun Life Cash Plus - Growth - Regular Plan	1,654.34	1,248.31
47,988,690 (previous year 40,346,918) units of face value of Rs. 10 each of HDFC Liquid Fund - Growth	1,319.60	1,014.38
Nil (previous year 1,252,272) units of face value of Rs. 1,000 each of HSBC Cash Fund Growth	-	1,596.50
558,570 (previous year 1,797,501) units of face value of Rs. 1,000 each of Reliance Liquid Fund - Cash Plan - Growth Option - Growth Plan	1,233.50	3,668.97
Nil (previous year 76,152,256) units of face value of Rs. 10 each of Sundaram Money Fund Regular Growth	-	2,025.84
Nil (previous year 278,022) units of face value of Rs. 1,000 each of Union KBC Liquid Fund Growth	-	353.01
Aggregate book value of unquoted investments	**5,167.52**	**12,714.84**
Aggregate net assets value (fair value) of unquoted investments	**5,193.03**	**12,881.04**

The investments mentioned above also represent current investments within the meaning of Accounting Standard 13 "Accounting for Investments" as notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014.

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InterGlobe Aviation Limited
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Aggregate amount of unquoted investments:-

Particulars	As at 31 March 2015	As at 31 March 2014
Book value of unquoted investments (refer to note 2.11 and 2.14)	5,167.98	12,715.31
	5,167.98	12,715.31

Aggregate amount of current and long term investments within the meaning of Accounting Standard 13 "Accounting for Investments"

Particulars	As at 31 March 2015	As at 31 March 2014
Book value of current investments (refer to note 2.14)	5,167.52	12,714.84
Book value of non-current investments (refer to note 2.11)	0.46	0.47
	5,167.98	12,715.31

There are no Quoted investments during the current and previous year

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InterGlobe Aviation Limited
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2.15 Inventories

Particulars	As at 31 March 2015	As at 31 March 2014
Valued at lower of cost and net realisable value		
Stores and Spares		
- Engineering stores (includes rotables, consumables, tyres and non-aircraft equipment)	856.74	778.16
- Goods in transit	34.45	23.43
Loose tools	39.61	30.26
	930.80	**831.85**
Less: Provision for obsolescence, slow/non-moving items	211.95	190.61
	718.85	**641.24**
Stock in trade		
- In-flight inventory	63.34	31.62
Fuel	523.35	-
Grand total	**1,305.54**	**672.86**

2.16 Trade Receivables

Particulars	As at 31 March 2015	As at 31 March 2014
Unsecured, considered good, unless otherwise stated		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
- Considered good	41.81	24.64
- Considered doubtful	71.45	-
	113.26	**24.64**
Other receivables	1,003.69	866.58
	1,116.95	**891.22**
Less: Provision for doubtful receivables	71.45	-
Total	**1,045.50**	**891.22**

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2.17 Cash and bank balances

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
Cash and cash equivalents		
- Cash on hand	21.42	16.50
- Cheques on hand	0.09	1.00
- Balance with banks:		
On current account	2,098.48	838.94
On deposit account (with original maturity of three months or less)	347.50	250.00
	2,467.49	**1,106.44**
Other bank balances*		
- On deposit account	17,526.31	9,908.89
Grand total	**19,993.80**	**11,015.33**

Current account balance with banks includes Rs.222.36 (previous year Rs. 142.34) held in foreign currency which are freely remissible to the Company.

*Includes Rs. 15,004.03 (previous year Rs. 7,842.82) as deposits with banks under lien.,These deposits are used for issuing letter of credit/ standby letter of credit/ bank guarantees.

Details of deposits

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
Deposit with original maturity of three months or less included under 'cash and cash equivalents'	347.50	250.00
Deposit due for maturity within twelve months from the reporting date included under 'other bank balances'	17,526.31	9,908.89
Deposit due for maturity after twelve months from the reporting date included under 'other non- current assets'	15,118.55	13,614.11
Total	**32,992.36**	**23,773.00**

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(Rupees in millions, except for share data and if otherwise stated)

2.18 Short term loans and advances

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
Unsecured, considered good, unless otherwise stated		
To parties other than related parties:		
Prepaid expenses	882.39	740.60
Loans and advances to employees	91.60	51.20
Balance with service tax and custom authorities	275.17	282.99
Value added tax recoverable	16.68	11.43
Advance to suppliers:		
- Considered good	248.52	200.68
- Considered doubtful	3.94	3.94
Security deposits	41.25	944.44
	1,559.55	2,235.28
Less: Provision for doubtful loans and advances	3.94	3.94
Grand total	**1,555.61**	**2,231.34**

2.19 Other current assets

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
Unsecured, considered good, unless otherwise stated		
Interest accrued but not due on fixed deposits	1,745.09	580.37
Deferred incentive (non-cash)	594.76	550.42
Maintenance recoverable	166.01	405.90
Insurance claim recoverable	54.64	59.63
Other recoverable	51.66	25.03
	2,612.16	**1,621.35**

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(Rupees in millions, except for share data and if otherwise stated)

2.20 Revenue from operations

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Sale of services		
- Passenger services	130,547.21	104,634.34
- Cargo services	6,538.80	4,859.78
- Tours and packages	146.09	142.03
Sale of products		
- In-flight sales (traded goods)	1,290.28	1,047.38
Other operating revenues		
- Incentives	589.45	372.69
- Advertisement income	138.60	106.97
- Commission	2.93	2.65
	139,253.36	**111,165.84**

2.21 Other income

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Dividend income from current investments	-	355.65
Interest from fixed deposits	2,703.77	1,868.62
Net gain on sale of current investments	1,035.88	639.28
Other non-operating income:		
- Profit on sale of fixed assets [net of loss on sale of fixed assets Rs. Nil (previous year Rs. 0.52)]	-	0.66
- Liabilities written back no longer required	107.78	149.05
- Profit on redelivery of aircraft	-	113.31
- Miscellaneous income	98.40	177.82
	3,945.83	**3,304.39**

2.22 Purchase of stock in trade

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
In-flight sales (traded goods)	817.10	593.27
	817.10	**593.27**

2.23 Changes in inventories of stock in trade

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
In-flight sales (traded goods)		
- Opening stock	31.62	38.68
- Closing stock	(63.34)	(31.62)
Net (Increase) / decrease in stock in trade	**(31.72)**	**7.06**

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2.24 Employee benefits expense

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries, wages and bonus	11,563.02	9,028.48
Contribution to provident and other funds	251.93	193.83
Staff welfare expenses	71.96	67.09
	11,886.91	**9,289.40**

2.25 Finance costs

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest expenses:		
- Interest on borrowings	105.53	167.90
- Finance lease charges	929.36	826.57
- Interest others	1.76	24.97
Net loss on foreign currency transactions and translation to the extent regarded as borrowing cost*	118.67	206.33
	1,155.32	**1,225.77**

* Schedule III requires disclosure of exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost. The amount of Rs. 118.67 (previous year Rs. 206.33) representing this adjustment has been disclosed in the above note. The remaining exchange loss of Rs. 592.44 (previous year Rs. 440.84) has been disclosed under "Other expenses".

2.26 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Depreciation for the year on tangible fixed assets (refer to note 2.9)	2,941.52	2,204.93
Amortisation for the year on intangible fixed assets (refer to note 2.9)	80.62	55.15
	3,022.14	**2,260.08**

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2.27 Other expenses

Particulars	**For the year ended 31 March 2015**	**For the year ended 31 March 2014**
Tours and packages	76.26	83.83
Consumption of stores and spares and loose tools (Refer to note 2.37)	892.31	565.68
Rent	444.62	357.06
Repairs and maintenance		
- equipment	17.84	10.37
- others	350.15	254.07
Insurance		
- aircraft	288.59	350.85
- others	69.04	29.24
Legal and professional	499.68	401.65
Rates and taxes	20.97	72.50
Landing fees and en route charges	10,901.32	8,795.29
Reservation cost	740.94	587.21
Commission	7,027.98	5,420.85
Sales promotion and advertisement	960.84	937.40
In-flight and passenger cost	477.07	359.40
Aircraft maintenance		
- Redelivery cost (refer to note 2.8)	63.37	62.73
- Engineering consumables (including Provision for obsolescence)	21.34	23.71
- others	2,829.84	2,254.62
Operating cost of software	305.59	243.79
Recruitment cost	61.63	46.63
Training	699.58	362.83
Bank charges	341.16	210.01
Crew accommodation and transportation	1,531.04	1,271.95
Assets written off	0.18	1.46
Loss on sale of fixed assets (net of profit on sale of fixed assets Rs. 0.61 (previous year Rs. Nil))	0.13	-
Electricity and water charges	62.87	51.46
Traveling and conveyance	528.17	478.28
Printing and stationery	125.51	92.09
Communication and information technology	57.84	57.39
Donations	20.00	42.15
Vehicle running and maintenance	13.77	15.76
Auditor's remuneration		
- As statutory auditor	6.00	6.00
- As tax auditors	0.80	0.80
- For other professional services	-	-
Provision for doubtful receivables	71.45	-
Provision for doubtful loans and advances	-	0.24
Other operating cost	598.53	464.67
Advance written off	0.90	0.17
Foreign exchange loss [net of gain Rs. 807.53 (previous year Rs. 2,763.31)]	592.44	440.84
Miscellaneous expenses	138.19	127.48
Corporate social reposibility expenses (Refer note 2.43)	39.03	-
	30,876.97	**24,480.46**

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(Rupees in millions, except for share data and if otherwise stated)

Operating leases

The Company has taken its office premises, various commercial premises and residential premises for its employees under cancelable operating lease arrangements. The lease payments charged during the year to the Statement of Profit and Loss amounting to Rs. 444.62 (previous year Rs. 357.06)

The Company has taken aircraft on dry operating lease from lessors. Under the aircraft operating lease arrangement, the Company pays monthly rental in the form of base and supplementary rentals.

Base rental payments are either based on floating interest rates or on fixed rentals.

Supplementary rentals are based on aircraft utilisation and are calculated with reference to the number of hours or cycles operated during each month. Both base and supplementary rentals have been charged to Statement of Profit and Loss.

Total future minimum lease payments due under non-cancellable operating leases (except supplementary rental which are based on aircraft utilization and calculated on number of hours or cycles operated) are as follows:

Particulars	As at 31 March 2015	As at 31 March 2014
Not later than one year	16,486.80	13,612.09
Later than one year but not later than five years	39,503.28	40,070.13
Later than five years	5,153.81	5,915.82
Total	**61,143.89**	**59,598.04**

Lease rental expense including supplementary rental, recognised in Statement of Profit and Loss amounts to Rs. 19,522.38 (previous year Rs. 16,703.14) which is net of cash and non-cash incentives amounting to Rs. 3,553.12 (previous year Rs. 3,607.17).

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2.28 (1) Contingent liabilities (to the extent not provided for)

	As at 31 March 2015	As at 31 March 2014
a. Income tax	972.71	100.21

The income tax authority has assessed and revised the taxable income on account of disallowance of certain expenses, provisions, depreciation and/or adjustments, and in respect of the tax treatment of certain incentives received from the manufacturer with the acquisition of aircraft and engines. Management has filed an appeal against the disallowance and/or adjustments made by tax authorities and believe, based on advice from counsels/experts, that the views taken by the tax authority are not sustainable at higher levels and accordingly no provision is required to be recorded in the books of account on account of the same. Liability as at 31 March 2015 is net of Rs. 1,602.03 (previous year Rs. 1,602.03), which represents minimum alternate tax recoverable written off.

b. During the current and previous years, the Company has received certain show cause notices and demand orders from the Office of the Commissioner of Service Tax, Commissioner of Customs, Commissioner of Central Excise (Adjudication) and Assistant Commissioner (CT) , on account of non-payment of custom duty on goods imported by the company amounting to Rs. 24.05 (previous year Rs. 24.05), non-payment of service tax on expenditure in foreign currency amounting to Rs. 0.97 (previous year Rs. 0.97), excess availment of cenvat credit on cargo services amounting to Rs. 55.07 (previous year Rs. 55.07) and non-payment of Value Added Tax (VAT) on sale of food items amounting to Rs. 10.28 (previous year Rs. Nil) . The claims are disputed by the Company. The Company is of the opinion that the above mentioned claims are not tenable and accordingly no provision is required in the books of account.

c. Claims against the Company by supplier not acknowledged as debt amounting to Rs. 179.32 (previous year Rs. 176.38) on account of certain disputed matters.

(2) In addition to above, the Company is party to various direct tax, indirect tax and civil litigations, where there is a possible obligation or present obligation with remote likelihood of an outflow of resources. Accordingly, management do not expect to have any adverse effect of these pending litigations on the financial statement of the Company.

2.29 Commitments

Particulars	As at 31 March 2015	As at 31 March 2014
Estimated amount of contracts remaining to be executed on capital account and other commitments, and not provided for in the books of account [net of advances Rs. 51.07 (previous year Rs. 659.26)]	586,812.64	578,899.54

2.30 Sitting fees

The Executive Directors do not receive any sitting fees for attending the Board and Committee meetings. Non Executive Directors are eligible for fixed amount of sitting fees for attending meeting of the Board of Directors and its committees. However, no sitting fees has been paid during the year.

2.31 Related party as per Accounting Standard 18 on Related Party Disclosures

(I) List of related parties and nature of relationship where control exists:

Nature of relationship	Name of parties
Holding and Ultimate Holding Company	InterGlobe Enterprises Limited
Key management personnel and their relatives	Mr. Aditya Ghosh – President and Whole Time Director (Not a Whole Time Director from 1 November 2013 to 31 March 2014)
	Mr. Kapil Bhatia – Director Mr. Rahul Bhatia – Managing Director (Re-Designated as Director with effect from 23 June 2015) Ms. Rohini Bhatia – Director and wife of Mr. Rahul Bhatia (Director with effect from 27 March 2015)

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(II) List of related parties and nature of relationship with whom transactions have taken place during the current/ previous year:

Nature of relationship	Name of parties
Holding and Ultimate Holding Company	InterGlobe Enterprises Limited
Fellow Subsidiaries	InterGlobe Air Transport Limited InterGlobe Foundation
Enterprises where significant influence of key management personnel or their relative exists	InterGlobe Technologies Private Limited Acquire Services Private Limited InterGlobe Hotels Private Limited Zelos Developers Private Limited CAE Simulation Training Private Limited
Key management personnel and their relatives	Mr. Aditya Ghosh – President and Whole Time Director (Not a Whole Time Director from 1 November 2013 to 31 March 2014) Mr. Kapil Bhatia – Director Mr. Rahul Bhatia – Managing Director (Re-Designated as Director with effect from 23 June 2015) Ms. Rohini Bhatia – Director and wife of Mr. Rahul Bhatia (Director with effect from 27 March 2015)

(III) Transactions with related parties during the current/previous year:

S. No.	Particulars	Holding and Ultimate Holding Company	Fellow Subsidiary	Enterprises where significant influence of key management personnel or their relative exists	Key management personnel	Total
a)	**Rent expense**					
	InterGlobe Enterprises Limited	38.14 (36.15)	- (-)	- (-)	- (-)	38.14 (36.15)
	Acquire Services Private Limited	- (-)	- (-)	49.93 (42.61)	- (-)	49.93 (42.61)
b)	**Commission expense**					
	InterGlobe Air Transport Limited	- (-)	964.82 (790.13)	- (-)	- (-)	964.82 (790.13)
c)	**Reservation cost**					
	InterGlobe Technologies Private Limited	- (-)	- (-)	210.31 (170.71)	- (-)	210.31 (170.71)
d)	**Legal and professional expense**					
	InterGlobe Enterprises Limited	132.25 (131.93)	- (-)	- (-)	- (-)	132.25 (131.93)
	Zelos Developers Private Limited	- (-)	- (-)	- (0.07)	- (-)	- (0.07)
e)	**Landing fees and en route charges**					
	InterGlobe Air Transport Limited	- (-)	2.34 (2.48)	- (-)	- (-)	2.34 (2.48)
f)	**Crew accommodation expense**					
	InterGlobe Hotels Private Limited	- (-)	- (-)	75.33 (64.15)	- (-)	75.33 (64.15)

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(Rupees in millions, except for share data and if otherwise stated)

S. No.	Particulars	Holding and Ultimate Holding Company	Fellow Subsidiary	Enterprises where significant influence of key management personnel or their relative exists	Key management personnel	Total
g)	**Operating cost of software**					
	InterGlobe Technologies Private Limited	- (-)	- (-)	25.49 (8.21)	- (-)	25.49 (8.21)
h)	**Training expense**					
	CAE Simulation Training Private Limited	- (-)	- (-)	251.61 (168.06)	- (-)	251.61 (168.06)
i)	**Electricity and water charges**					
	InterGlobe Enterprises Limited	5.75 (5.16)	- (-)	- (-)	- (-)	5.75 (5.16)
	Acquire Services Private Limited	- (-)	- (-)	5.90 (0.16)	- (-)	5.90 (0.16)
j)	**Miscellaneous Income**					
	InterGlobe Air Transport Limited	- (-)	- (0.84)	- (-)	- (-)	- (0.84)
k)	**Capital expenditure**					
	InterGlobe Technologies Private Limited	- (-)	- (-)	- (4.17)	- (-)	- (4.17)
l)	**Repairs and maintenance - others**					
	InterGlobe Enterprises Limited	11.33 (5.94)	- (-)	- (-)	- (-)	11.33 (5.94)
	Acquire Services Private Limited	- (-)	- (-)	11.60 (0.27)	- (-)	11.60 (0.27)
m)	**Reimbursement of expenses**					
	InterGlobe Enterprises Limited	0.33 (-)	- (-)	- (-)	- (-)	0.33 (-)
	InterGlobe Air Transport Limited Limited	- (-)	0.05 (0.46)	- (-)	- (-)	0.05 (0.46)
	InterGlobe Technologies Private Limited	- (-)	- (-)	0.04 (0.46)	- (-)	0.04 (0.46)
	Acquire Services Private Limited	- (-)	- (-)	0.36 (-)	- (-)	0.36 (-)
	InterGlobe Hotels Private Limited	- (-)	- (-)	0.12 (-)	- (-)	0.12 (-)
n)	**Corporate social responsibility expenses**					
	InterGlobe Foundation	- (-)	6.70 (-)	- (-)	- (-)	6.70 (-)

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S. No.	Particulars	Holding and Ultimate Holding Company	Fellow Subsidiary	Enterprises where significant influence of key management personnel or their relative exists	Key management personnel	Total
o)	**Managerial Remuneration**					
	Salaries, wages and bonus @	- (-)	- (-)	- (-)	45.02 (895.01)	45.02 (895.01)
	Contribution to provident and other funds	- (-)	- (-)	- (-)	1.03 (0.94)	1.03 (0.94)
p)	**Repayment of loan given to Mr. Aditya Ghosh**	- (-)	- (-)	- (-)	- (7.94)	- (7.94)
q)	**Interest income**					
	Loan to Mr. Aditya Ghosh	- (-)	- (-)	- (-)	- (0.68)	- (0.68)
r)	**Deposit received from Mr. Aditya Ghosh**	- (-)	- (-)	- (-)	- (0.81)	- (0.81)
s)	**Interim Dividend**					
	InterGlobe Enterprises Limited	5,519.78 (-)	- (-)	- (-)	- (-)	5,519.78 (-)
	Mr. Kapil Bhatia	- (-)	- (-)	- (-)	1.76 (-)	1.76 (-)
	Mr. Rahul Bhatia	- (-)	- (-)	- (-)	1.41 (-)	1.41 (-)
	Ms. Rohini Bhatia	- (-)	- (-)	- (-)	0.35 (-)	0.35 (-)
t)	**Proposed dividend**					
	InterGlobe Enterprises Limited	- (1,930.33)	- (-)	- (-)	- (-)	- (1,930.33)
	Mr. Kapil Bhatia	- (-)	- (-)	- (-)	- (0.61)	- (0.61)
	Mr. Rahul Bhatia	- (-)	- (-)	- (-)	- (0.49)	- (0.49)
	Ms. Rohini Bhatia	- (-)	- (-)	- (-)	- (0.12)	- (0.12)

(figures in brackets are for previous year)

@ excludes expense towards gratuity since the same is based on actuarial valuation for the Company as a whole.

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(Rupees in millions, except for share data and if otherwise stated)

(IV) Balances as at 31 March 2015:

Particulars	Holding and Ultimate holding Company	Fellow Subsidiary	Enterprises where significant influence of key management personnel or their relative exists	Key management personnel	Total
Payables					
InterGlobe Enterprises Limited	4.52	-	-	-	4.52
	(2.79)	(-)	(-)	(-)	(2.79)
InterGlobe Air Transport Limited	-	83.39	-	-	83.39
	(-)	(76.25)	(-)	(-)	(76.25)
InterGlobe Technologies Private Limited	-	-	124.74	-	124.74
	(-)	(-)	(66.82)	(-)	(66.82)
InterGlobe Hotels Private Limited	-	-	5.82	-	5.82
	(-)	(-)	(6.86)	(-)	(6.86)
Zelos Developers Private Limited	-	-	-	-	-
	(-)	(-)	(0.03)	(-)	(0.03)
Acquire Services Private Limited	-	-	6.16	-	6.16
	(-)	(-)	(2.23)	(-)	(2.23)
CAE Simulation Training Private Limited	-	-	8.05	-	8.05
	(-)	(-)	(-)	(-)	(-)
Mr. Aditya Ghosh	-	-	-	0.81	0.81
	(-)	(-)	(-)	(6.31)	(6.31)
Dividend payable					
InterGlobe Enterprises Limited	509.86	-	-	-	509.86
	(1,930.33)	(-)	(-)	(-)	(1,930.33)
Mr. Kapil Bhatia	-	-	-	0.16	0.16
	(-)	(-)	(-)	(0.61)	(0.61)
Mr. Rahul Bhatia	-	-	-	0.13	0.13
	(-)	(-)	(-)	(0.49)	(0.49)
Ms. Rohini Bhatia	-	-	-	0.03	0.03
	(-)	(-)	(-)	(0.12)	(0.12)

(figures in brackets are for previous year)

2.32 Employee benefits

Defined contribution plan

An amount of Rs. 251.93 (previous year Rs. 193.83) has been recognised as an expense in respect of the Company's contribution to Provident Fund and Employee State Insurance Fund deposited with the relevant authorities and has been shown under personnel expenses in the Statement of Profit and Loss.

Defined benefit plan

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act.

The following table sets out the status of the gratuity plan as required under Accounting Standard 15:

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Passenger services

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
I. Changes in present value of defined benefit obligation:		
Present value of obligation as at the beginning of the year	174.81	117.95
Interest cost	16.94	11.44
Past service cost- vested	-	-
Current service cost	52.17	44.26
Benefits paid	(13.61)	(7.44)
Actuarial loss/ (gain) on obligations	35.75	8.60
Present value of obligation as at the end of the year	**266.06**	**174.81**
II. Change in the fair value of plan assets		
The Scheme does not have any assets as at the valuation date to meet the gratuity liability	-	-
III. Amount recognised in the Balance Sheet		
Present value of obligation as at the end of the year	(266.06)	(174.81)
Fair value of plan assets at the end of the year	-	-
Funded status of the plans – (liability)	(266.06)	(174.81)
Net (Liability) recognised in the balance sheet	**(266.06)**	**(174.81)**
IV. Expense recognised in the Statement of Profit and Loss		
Current service cost	52.17	44.26
Past service cost- vested	-	-
Interest cost	16.94	11.44
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	35.75	8.60
Net gratuity cost	**104.86**	**64.30**
V. Assumptions:		
Economic assumptions		
Discount rate	7.98%	8.75%
Rate of increase in compensation levels	Non crew 10.75% Crew 5.75%	Non crew 10.75% Crew 5.75%
Average remaining working lives of employees (years)	28.34	27.00
Demographic assumptions:		
Retirement age	Pilot : 65 years Cabin Crew : 40 years Non Crew : 60 years	Pilot : 65 years Cabin Crew : 40 years Non Crew : 60 years
Mortality table	IALM (2006-08)	IALM (2006-08)
Withdrawal	18%	18%

Experience adjustment	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Experience adjustment loss/(gain) – plan	-	-	-	-	-
Experience adjustment loss/(gain) – obligations	14.96	(8.60)	8.43	0.14	(0.60)

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Cargo services

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
I. Changes in present value of defined benefit obligation:		
Present value of obligation as at the beginning of the year	5.94	2.90
Interest cost	0.53	0.23
Past service cost- vested	-	-
Current service cost	1.22	1.15
Benefits paid	(0.27)	(0.36)
Actuarial loss/(gain) on obligations	1.07	2.02
Present value of obligation as at the end of the year	**8.49**	**5.94**
II. Change in the fair value of plan assets		
The Scheme does not have any assets as at the valuation date to meet the gratuity liability	-	-
III. Amount recognized in the Balance Sheet		
Present value of obligation as at the end of the year	(8.49)	(5.94)
Fair value of plan assets at the end of the year	-	-
Funded status of the plans – (liability)	(8.49)	(5.94)
Net (liability) recognised in the Balance Sheet	**(8.49)**	**(5.94)**
IV. Expense recognised in the Statement of Profit and Loss		
Current service cost	1.22	1.15
Interest cost	0.53	0.23
Expected return on plan assets	-	-
Net actuarial loss/ (gain) recognised in the year	1.07	2.02
Net gratuity cost	**2.82**	**3.40**
V. Assumptions:		
Economic assumptions:		
Discount rate	7.98%	8.75%
Rate of increase in compensation levels	10.75%	10.75%
Average remaining working lives of employees (years)	31.67	27.84
Demographic assumptions:		
- Retirement age	60 years	60 years
- Mortality table	IALM (2006-08)	IALM (2006-08)
- Withdrawal		
- Upto 30 years	18%	18%
- From 31 to 44 years	18%	18%
- Above 45 years	18%	18%

Experience adjustment	**31 March 2015**	**31 March 2014**	**31 March 2013**	**31 March 2012**	**31 March 2011**
Experience adjustment loss/(gain) – plan	-	-	-	-	-
Experience adjustment loss/(gain) – obligations	0.43	(3.32)	0.15	0.06	0.16

Bifurcation of provision for gratuity at the end of year:

Particulars	**As at 31 March 2015**	**As at 31 March 2014**
Provision for employee benefits		
Passenger services		
- Current liability (amount due within one year)	33.56	14.52
- Non- Current liability (amount due over one year)	232.50	160.29
Cargo services		
- Current liability (amount due within one year)	1.00	0.91
- Non- Current liability (amount due over one year)	7.49	5.03
	274.55	**180.75**

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2.33 The Company's exposure in respect of foreign currency denominated liabilities and assets not hedged by derivative instruments or otherwise is as follows:

Particulars		As at 31 March 2015		As at 31 March 2014	
		Amount in foreign currency	Amount (Rupees million)	Amount in foreign currency	Amount (Rupees million)
Current/Non-current assets	USD	108.18	6,761.81	112.55	6,743.15
	EUR	0.39	26.35	0.13	10.59
	AED	51.21	871.46	9.00	146.74
	NPR	34.90	21.60	32.39	20.18
	OMR	0.45	73.81	0.27	42.28
	SGD	2.94	133.63	0.33	15.75
	THB	25.76	49.46	36.52	67.35
Current /Non-current liabilities (excluding items mentioned below)	USD	342.32	21,396.94	246.02	14,739.21
	EUR	0.20	13.60	0.27	22.07
	GBP	0.80	74.14	0.02	1.56
	CHF	0.11	7.36	0.04	2.77
	AED	7.00	119.12	3.86	63.02
	NPR	30.43	18.83	26.12	16.27
	OMR	0.07	11.38	0.09	13.31
	SGD	0.31	14.21	-	-
	THB	3.89	7.47	0.90	1.66
	AUD	0.02	0.90	-	-
Outstanding finance lease liability	USD	630.42*	39,404.24*	549.55*	32,923.33*
Secured loans from banks and others	USD	48.00	3,000.24	50.99	3,055.03
Provision for redelivery cost	USD	4.53	282.92	3.49	208.91

* Includes borrowing associated with finance lease amounting to year USD 50.28 (Rs. 3,142.85) [previous year USD 42.02 (Rs. 2,517.55)].

USD: United States Dollar, GBP: Great British Pound, AED: Arab Emirates Dirhams, NPR: Nepalese Rupee Rate, OMR: Omani Rials , THB: Thai Baht, CHF: Swiss Franc, SGD: Singapore Dollar, EUR: Euro, AUD: Australian Dollar.

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2.34 Expenditure in foreign currency

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Aircraft and engine rentals (excluding cash and non-cash incentives)	23,075.50	20,310.31
Aircraft maintenance	2,735.51	2,256.51
Aircraft fuel expenses*	6,803.31	3,056.96
Employee benefits	514.28	363.14
Finance cost	763.56	943.29
Landing fees and en route charges	1,249.86	1,227.60
Insurance-aircraft	288.59	343.39
Reservation	515.34	396.94
Training	295.14	45.34
Legal and professional	70.52	49.84
Operating cost of software	128.36	151.19
Travelling and conveyance	8.32	16.55
Crew accommodation and travelling	124.82	130.99
Recruitment cost	22.54	20.06
In flight purchases	17.05	8.37
Repair and maintenance	11.00	7.89
Commission	60.74	70.63
Miscellaneous expenses	103.13	108.30
	36,787.57	**29,507.30**

* Including consumption of imported fuel inventory amounting to Rs. 4,429.58 (previous year Rs. Nil)

2.35 Earnings in foreign exchange

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Passenger services*	5,144.48	4,563.48
Cargo services	83.92	89.43
Inflight sales	95.17	115.99
Incentives (cash and non-cash)	4,142.57	3,979.86
Profit on redelivery of aircraft	-	113.31
Miscellaneous income	19.93	86.37
	9,486.07	**8,948.44**

*Includes earnings from tickets booked through international credit cards.

2.36 CIF value of imports

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Capital goods	396.21	814.10
Components and spare parts	928.53	679.94
	1,324.74	**1,494.04**

2.37 Value of stores and spares and loose tools consumed

Particulars	For the year ended 31 March 2015 %	For the year ended 31 March 2015 Amount	For the year ended 31 March 2014 %	For the year ended 31 March 2014 Amount
Imported	89.06%	794.69	96.78%	547.47
Indigenous	10.94%	97.62	3.22%	18.21
Total	**100.00%**	**892.31**	**100.00%**	**565.68**

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2.38 Dividend remittances in foreign currency

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Amount remitted during the year	6,564.39	-
Year to which the dividend relates	Year ended 31 March 2015 and 31 March 2014	-
Number of non-resident shareholders	2	-
Number of shares held by non-resident shareholders	148,451	-

2.39 Segment Reporting

a) Primary Segment: Geographical Segment

The Company, considering its higher level of international operations and internal financial reporting, which is based on geographic segment, has identified geographic segment as primary segment.

The geographic segment consists of :
i) Domestic (air transportation within India)
ii) International (air transportation outside India)

Accounting policies: Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Segment revenue and expenses:
Segment revenue and expenses represents revenue and expenses that are either directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of the revenue and expenses are categorized as unallocated which mainly comprises finance costs and other operating expenses and certain other incomes since the underlying assets/liabilities/services are used interchangeably. The Company believes that it is not practical to provide segment disclosures relating to these unallocated revenue and expenses, and accordingly these are separately disclosed as "unallocated".

Segment assets and liabilities:
Segment assets includes all operating assets used by a segment and consists primarily of fixed assets, inventories, trade receivables, loans and advances etc which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. Segment liabilities include all operating liabilities and consist primarily of forward sales, advance from customers etc which are directly attributed to individual segments or are attributed to individual segments on a reasonable basis. The remainder of assets and liabilities are categorized as unallocated, since the Company believes that it is not practical to allocate the same over reportable segments on a reasonable basis.

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b) Secondary Segment: Business Segment
The Company operates into one business segment only i.e. Air transportation. Therefore business segmenting is not applicable to the Company.

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Segment Revenue		
Domestic	127,254.63	100,022.61
International	12,084.26	11,349.62
Total	**139,338.89**	**111,372.23**
Segment Results		
Domestic	18,944.02	7,120.19
International	1,921.63	(506.70)
Total	**20,865.65**	**6,613.49**
Less:		
Finance costs	1,155.32	1,225.77
Depreciation and amortization	309.57	171.39
Un-allocable expenses	4,795.83	3,536.78
Add:		
Other Un-allocable revenue	3,860.30	3,098.00
Profit before tax	**18,465.23**	**4,777.55**
Less:		
Tax expenses	(5,423.51)	(1,607.64)
Net Profit after tax	**13,041.72**	**3,169.91**
Segment Assets:		
International	4,332.13	5,015.65
Domestic	47,826.31	36,938.73
Un-allocable assets	55,524.01	49,060.83
Total	**107,682.45**	**91,015.21**
Segment Liabilities:		
International	2,721.30	3,367.67
Domestic	29,553.52	26,595.09
Un-allocable liabilities	75,407.63	61,052.45
Total	**107,682.45**	**91,015.21**

2.40 Earnings per share

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Net profit	13,041.72	3,169.91
Net profit attributable to equity shareholders	**13,041.72**	**3,169.91**
Weighted average number of equity shares		
- Basic	307,000.00	307,000.00
Dilutive effect on account of convertible preference shares	36,716.00	36,716.00
- Diluted	**343,716.00**	**343,716.00**
Basic earnings per share (Rs.)	42,481	10,325
Diluted earnings per share (Rs.)	37,943	9,222
Nominal value per share (Rs.)	1,000	1,000

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

2.42 The Company and Caelum Investment LLC filed a scheme of arrangement (Company Petition No. 599 of 2014 connected with Company Application (M) No. 107 of 2014) before the High Court of Delhi at New Delhi ("High Court of Delhi") for its approval under Sections 391 and 394 of the Companies Act, 1956 ("Scheme"). The Scheme was sanctioned by the High Court of Delhi pursuant to an order dated 22 December 2014 which was subsequently filed with the RoC on 24 April 2015, with this date being the 'Effective Date'. The Company also obtained approval from the FIPB (No. 69(2014)/90(2014) dated 10 September 2014 and an approval from the CCI vide its order Combination Registration No. C-2014/06/185 dated 30 July 2014 with respect to the Scheme.

In accordance with the terms of the Scheme, the Company at its Board Meeting held on 25 April 2015, cancelled 147,000 Equity Shares held by Caelum Investment LLC and issued fresh Equity Shares in the following proportion to the members of Caelum Investment LLC, i.e., Mr. Rakesh Gangwal, Ms. Shobha Gangwal and The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P Morgan Trust Company of Delaware):

S. No.	Name of Shareholder	Number of Equity Shares
1.	Mr. Rakesh Gangwal	58,800
2.	Ms. Shobha Gangwal	29,400
3.	The Chinkerpoo Family Trust (Trustee: Shobha Gangwal & J.P Morgan Trust Company of Delaware)	58,800

In relation to the Scheme, the Company has received a certificate of merger dated 24 April 2015 from the Secretary of State, Division of Corporations, State of Delaware, United States of America giving effect to the merger of Caelum Investment LLC with the Company.
The applicable date and effective date of the scheme is 24 April 2015.

2.43 Under Section 135 of the Companies Act, 2013, the Company is required to spend, in every financial year, atleast 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility (CSR), pursuant to its policy in this regard. The Act requires such companies to constitute a Corporate Social Responsibility Committee which shall formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the CSR activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year:	**Rs. 98.55**
b) Amount spent and paid during the year:	**Rs. 39.03**

Particulars of amount spent and paid during the year	For the year ended 31 March 2015
Construction/acquisition of any asset	-
On purpose other than above	39.03
Grand Total	39.03

2.44 Certain other non adjusting material events which took place post the year ended as on 31 March 2015:

1) The Board of Directors (the "Board") at its meeting held on 23 June 2015 gave their consent for the conversion of 36,716 convertible Preference Shares of Rs. 1,000 each into 36,716 equity shares of Rs. 1,000 each, ranking Pari Passu with the existing fully paid-up Equity Shares of the Company.

2) The Shareholders' at the Extraordinary General Meeting ('EGM') of the Company held on 25 June 2015, approved the sub-division of the authorized Share Capital of the Company aggregating to Rs. 2,200.00 , comprising of 500,000 Equity Shares of Rs. 1,000 each aggregating to Rs. 500.00; 1,600,000 Redeemable Preference Shares of Rs 1,000 each aggregating Rs. 1,600.00 and 100,000 Convertible Preference Shares of Rs 1,000 each aggregating Rs. 100.00 to 220,000,000 Equity Shares of Rs. 10 each aggregating to Rs. 2,200.00.

3) The Shareholders' at the EGM of the Company held on 25 June 2015, approved capitalization of sum of Rs. 3,093.44 , out of the sum standing in the Company's General Reserve /Capital Redemption Reserve, and transfer of the said amount to the Share Capital for further to be applied for the issue and allotment of 309,344,400 equity shares of Rs. 10 each as bonus shares in the proportion of 9 fully paid Equity shares of Rs. 10 each for every 1 Equity share of Rs. 10 held as on the record date which is 25 June 2015.

4) The Shareholders' EGM of the Company held on 25 June 2015, approved increase in authorized Share Capital of the Company from Rs. 2,200.00 comprising of 220,000,000 Equity shares of Rs. 10 each to Rs. 7,500.00 comprising of 750,000,000 Equity Shares of Rs. 10 each.

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5) The Shareholders' EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited-Tenured Employee Stock Option Scheme 2015 (ESOS 2015-I)" comprising 1,111,819 options which are convertible into equivalent number of equity shares of Rs. 10 each as per the terms of the ESOS 2015-I scheme. All options under ESOS 2015-I scheme have been granted on 25 June 2015.

6) The Shareholders' EGM of the Company held on 25 June 2015, approved adoption and implementation of "InterGlobe Aviation Limited- Employee Stock Option Scheme 2015 (ESOS 2015-II)" comprising 3,107,674 options which are convertible into equivalent number of Equity shares of Rs. 10 each as per the terms of the ESOS 2015-II scheme. No options have been granted under ESOS 2015-II scheme.

7) The Board at its meeting held on 28 June 2015, has approved for filling of the Draft Red Herring Prospectus ("DRHP") with Securities and Exchange Board of India ("SEBI"),the National Stock Exchange of India Limited ("NSE"), the BSE Limited ("BSE") and to such other authorities and persons as may be necessary under law and to display the same on website of the BRLMs.
Proposed offering of equity shares of the Company of face value Rs. 10 each ("Equity Shares") aggregating up to Rs. 12,722.00 (the "Fresh Issue") and an offer for sale of Equity Shares by certain selling shareholders aggregating up to 30,146,000 Equity Shares (the "Offer for Sale") (the Fresh Issue and the Offer for Sale are collectively referred to as the "IPO" or the "Issue") in terms of the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations").

2.45 During the current financial year, the Company signed a term sheet dated 12 October 2014 with Airbus S.A.S to acquire 250 A320neo family aircraft with an understanding to negotiate in good faith the contractual documentation in form of an amendment to A320 Family Purchase Agreement dated 18th November 2005 by a certain date. While the term sheet expired before the financial year end, the Company remained in active discussions concerning the potential acquisition of such aircraft. Subsequent to the financial year end, on 14 August 2015, the Company entered into an amendment to A320 Family Purchase Agreement dated 18 November 2005, for purchase of such A320neo family aircraft.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W/W-100022

Jiten Chopra
Partner
Membership No. 092894

Place: Gurgaon
Date: 4 September 2015

For and on behalf of **the Board of Directors of InterGlobe Aviation Limited**

Rahul Bhatia
Director
DIN: 00090860

Aditya Ghosh
President and Whole Time Director
DIN: 01243445

Pankaj Madan
Chief Financial Officer

Suresh Kumar Bhutani
Company Secretary

Place: Gurgaon
Date: 4 September 2015

DECLARATION

We hereby declare and certify that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities Contract (Regulation) Act, 1956, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We certify that this Red Herring Prospectus contains all information specified under Schedule XVIII of the SEBI ICDR Regulations and such other information as is material and appropriate to enable the investors to make a well-informed decision as to investment in the proposed Issue and further certify that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Devadas Mallya Mangalore *(Chairman and Non-Executive Independent Director)*	**Rahul Bhatia** *(Non-Executive Director)*
Rakesh Gangwal *(Non-Executive Director)*	**Dr. Anupam Khanna** *(Non-Executive Independent Director)*
Rohini Bhatia *(Non-Executive Director)*	**Aditya Ghosh** *(President and Whole-time Director)*

Date: September 11, 2017

DECLARATION BY MR. RAKESH GANGWAL

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the Selling Shareholder in this Red Herring Prospectus specifically in relation to himself as a Selling Shareholder and the Equity Shares offered by him in the Offer for Sale, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any and all the statements made by or relating to the Company or its business, in this Red Herring Prospectus.

Mr. Rakesh Gangwal

Date: September 11, 2017

DECLARATION BY MS. SHOBHA GANGWAL

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the Selling Shareholder in this Red Herring Prospectus specifically in relation to herself as a Selling Shareholder and the Equity Shares offered by her in the Offer for Sale, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any and all the statements made by or relating to the Company or its business, in this Red Herring Prospectus.

Ms. Shobha Gangwal

Date: September 11, 2017

DECLARATION BY DR. ASHA MUKHERJEE

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the Selling Shareholder in this Red Herring Prospectus specifically in relation to herself as a Selling Shareholder and the Equity Shares offered by her in the Offer for Sale, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any and all the statements made by or relating to the Company or its business, in this Red Herring Prospectus.

Dr. Asha Mukherjee

Date: September 11, 2017

DECLARATION BY THE CHINKERPOO FAMILY TRUST (TRUSTEE: MS. SHOBHA GANGWAL & J. P. MORGAN TRUST COMPANY OF DELAWARE)

The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware) hereby certifies that all statements and undertakings made by the Chinkerpoo Family Trust in this Red Herring Prospectus about or in relation to itself as a Selling Shareholder and the Equity Shares offered by it in the Offer for Sale, are true and correct. The Chinkerpoo Family Trust assumes no responsibility for any other statements, including any and all the statements made by or relating to the Company or its business, in this Red Herring Prospectus.

Signed by the Selling Shareholder, The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware)

For and on behalf of ***The Chinkerpoo Family Trust (Trustee: Ms. Shobha Gangwal & J. P. Morgan Trust Company of Delaware)***

Ms. Shobha Gangwal

(Authorised Signatory)

Date**:** September 11, 2017

Registered Office of the Company

InterGlobe Aviation Limited
Central Wing, Ground Floor,
Thapar House, 124, Janpath,
New Delhi – 110 001, India

Auditor to the Company

B S R & Co. LLP, Chartered Accountants
Building No.10
8th Floor, Tower-B
DLF Cyber City, Phase-II
Gurugram – 122 002
Haryana, India

Book Running Lead Managers and Syndicate Members

Citigroup Global Markets India Private Limited
1202, 12th Floor, First International Financial Center
G-Block, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 098
Maharashtra, India

J. P. Morgan India Private Limited
J.P. Morgan Tower, Off CST Road
Kalina, Santa Cruz (E)
Mumbai - 400 098
Maharashtra, India

Morgan Stanley India Company Private Limited
18F, Tower 2, One Indiabulls Centre
841, Senapati Bapat Marg
Mumbai – 400 013
Maharashtra, India

Registrar to the Issue

Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032, Telangana, India

Public Issue Account Bank

IDFC Bank Limited
Naman Chambers
C-32, G-Block
Bandra-Kurla Complex
Bandra East, Mumbai – 400 051, Maharashtra, India

Domestic Legal Counsel to the Company

Khaitan & Co
One Indiabulls Centre, 13th Floor, Tower 1, 841 Senapati Bapat Marg, Mumbai-400 013, Maharashtra, India

Domestic Legal Counsel to the Book Running Lead Managers

Shardul Amarchand Mangaldas & Co
Amarchand Towers, 216 Okhla Industrial Estate, Phase III, New Delhi-110 020, India

International Legal Counsel to the Book Running Lead Managers
Latham & Watkins LLP

9 Raffles Place, #42-02 Republic Plaza, Singapore 048619