

INDEPENDENT AUDITOR'S REPORT To The Members of GMR Aero Technic Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **GMR Aero Technic Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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.

Management's Responsibility for the 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 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the 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 Ind AS Financial Statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 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 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 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Material uncertainty related to Going Concern

We draw attention to Note 35 of the Ind AS Financial Statements, which indicates that as at March 31, 2018 the accumulated losses amounting to ₹ 42,150.79 lakhs have completely eroded the net-worth of the Company, and the current liabilities exceed current assets as on that date. These conditions including dependence on continuous support from its holding Company, GMR Aerospace Engineering Limited ('GAEL') and the holding company of GAEL, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. This Ind AS Financial Statements has been prepared on a going concern basis for the reasons stated in the said note.

Our opinion is not modified in respect of this matter.

Other Matters

The comparative financial information of the Company for the year ended March 31, 2017 prepared in accordance with Ind AS included in this Ind AS Financial Statements have been audited by the predecessor auditor. The report of the predecessor auditor dated May 03, 2017 on the comparative financial information and the said opening balance sheet expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) The matter described in the Material uncertainty related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - g) 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 30, 2018

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **GMR Aero Technic Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting 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 Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 30, 2018

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a program of verification of fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, none of the fixed assets were due for physical verification in the current year.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) 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.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Goods and Services Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes.

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- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary, or associate Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 30, 2018

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GMR Aero Technic Limited
CIN:U35122TG2010PLC070489
Balance Sheet as at March 31, 2018
(All amounts are in Rs. lakhs, unless otherwise stated)

	Notes	As at March 31, 2018	As at March 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	3	2,457.42	2,549.32
Intangible assets	4	6.73	8.74
Financial assets			
Other financial assets	5	33.96	7.90
Deferred tax assets (net)	8	-	-
Non-current tax assets	6	605.56	423.61
Other non-current assets	7	2.24	-
		3,105.91	2,989.57
Current assets			
Inventories	9	3,126.44	2,639.96
Financial assets			
Trade receivables	10	1,941.11	438.06
Cash and cash equivalents	11	222.81	83.46
Other financial assets	5	241.13	-
Current tax assets	6	172.68	172.68
Other current assets	7	233.17	125.20
		5,937.34	3,459.36
Total assets		9,043.25	6,448.93
Equity and liabilities			
Equity			
Equity share capital	12	2,500.00	2,500.00
Other equity	13	(28,364.52)	(19,846.04)
Total Equity		(25,864.52)	(17,346.04)
Non-current liabilities			
Financial Liabilities			
Long-term Borrowings	14	20,330.20	11,449.34
Provisions	16	98.26	95.73
Other non-current liabilities	17	-	363.12
		20,428.46	11,908.19
Current liabilities			
Financial Liabilities			
Short-term Borrowings	14	2,799.93	2,404.84
Trade payables	15A	10,552.24	8,233.83
Other financial liabilities	15B	83.65	22.45
Derivative instruments	15C	81.69	496.43
Provisions	16	147.49	179.93
Other current liabilities	17	814.31	549.30
Total liabilities		14,479.31	11,886.78
Total equity and liabilities		9,043.25	6,448.93

Corporate information and Significant accounting policies 1 & 2

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Sumit Trivedi
Partner



For and on behalf of the Board of Directors

GMR Aero Technic Limited

Rajesh Kumar Arora
Rajesh Kumar Arora
Director
DIN - 03174536

SGK Kishore
SGK Kishore
Director
DIN - 02916539

K Venkata Ramana
K Venkata Ramana
Chief Financial Officer

Place : Hyderabad
Date : April 30, 2018

Place : Hyderabad
Date : April 30, 2018



Statement of Profit and Loss for the year ended March 31, 2018

(All amounts are in Rs. lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	18	10,455.94	5,800.20
Other income	19	496.04	1,253.82
Total income (i)		10,951.98	7,054.02
Expenses			
Lease rentals		2,876.56	2,999.51
Cost of stores and spares consumed	20	3,322.30	1,753.85
Employee benefits expense	21	3,846.71	3,749.68
Finance costs	22	1,827.86	1,585.41
Depreciation and amortization expenses	23	269.51	649.33
Other expenses	24	2,090.50	1,749.70
Total Expenses (ii)		14,233.44	12,487.48
Loss before tax (i-ii)		(3,281.46)	(5,433.46)
Tax expenses			
Current tax		-	-
Deferred tax charge/(credit)		2,465.92	(1,515.78)
Loss for the year		(5,747.38)	(3,917.68)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit plans		(31.48)	6.76
Other comprehensive (loss)/income for the year		(31.48)	6.76
Total comprehensive loss for the year		(5,778.86)	(3,910.92)
Earnings per equity share of Rs. 10 each:			
Basic and diluted (Rs. per share)	25	(22.99)	(15.67)
Corporate information and Significant accounting policies	1 & 2		

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Sumit Trivedi
Partner



For and on behalf of the Board of Directors
GMR Aero Technic Limited

Rajesh Kumar Arora
Rajesh Kumar Arora
Director
DIN - 03174536

SGK Kishore
SGK Kishore
Director
DIN - 02916539

K Venkata Ramana
K Venkata Ramana
Chief Financial Officer

Place : Hyderabad
Date : April 30, 2018

Place : Hyderabad
Date : April 30, 2018



	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flow from operating activities		
Loss before tax	(3,281.46)	(5,433.46)
Adjustment for		
Depreciation and amortization expenses	269.51	649.33
Unrealized foreign exchange gain	(50.17)	(140.22)
Provisions no longer required, written back	(39.55)	(0.23)
Inventory written off	52.58	75.41
Provision for doubtful receivable	3.94	-
Fair value (gain)/loss on financial instruments at fair value through profit or loss	(414.89)	(1,169.52)
Finance costs (including fair value change in financial instruments)	1,827.86	1,559.49
Operating loss before working capital changes	(1,632.18)	(4,459.20)
Changes in working capital		
Increase in trade payables	2,555.64	168.33
Decrease in other payables	(2.29)	(193.63)
Decrease in other liabilities	(58.56)	-
(Decrease)/Increase in provisions	(61.39)	78.38
(Increase)/Decrease in trade receivables	(1,505.67)	324.79
(Increase)/Decrease in inventories	(539.06)	9.28
(Increase)/Decrease in other financial assets	(267.05)	0.45
(Increase)/Decrease in other current assets	(108.83)	34.59
Cash used in operations	(1,619.39)	(4,037.01)
Direct taxes paid	(181.95)	(334.81)
Net cash (used in) operating activities (A)	(1,801.34)	(4,371.82)
Cash flows from investing activities		
Purchase of Property, plant and equipment including CWIP and capital advances	(306.21)	(146.84)
Net cash (used in) investing activities (B)	(306.21)	(146.84)
Cash flows from financing activities		
Proceeds from long-term borrowings - Loans from Holding Company	3,255.00	5,989.00
Proceeds from long-term borrowings - Non-Convertible Debentures	17,500.00	-
Repayment of long-term borrowings	(17,701.50)	-
Proceeds / (repayment) from short-term borrowings	695.09	(236.71)
Interest paid	(1,501.92)	(1,170.11)
Net cash flow from financing activities (C)	2,246.67	4,582.18
Net increase in cash and cash equivalents (A + B + C)	139.12	63.52
Effect of exchange differences on cash & cash equivalents held in foreign currency	0.23	(1.72)
Cash and cash equivalents at the beginning of the year	83.46	21.66
Cash and cash equivalents at the end of the year	222.81	83.46
Components of cash and cash equivalents		
With banks - on current accounts	0.61	0.62
With banks - on escrow accounts	4.10	-
With banks - on cash credit account	88.82	-
Exchange earners foreign currency account	129.28	82.84
Total cash and cash equivalents (Refer Note 11)	222.81	83.46

Reconciliation of liabilities from financing activities:

Particulars	As at March 31, 2017	Proceeds	Repayment	Fair Value Changes	As at March 31, 2018
Borrowings	13,854.18	21,450.09	(17,701.50)	5,527.36	23,130.13
Total	13,854.18	21,450.09	(17,701.50)	5,527.36	23,130.13

The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Sumit Trivedi

Sumit Trivedi
Partner



For and on behalf of the Board of Directors
GMR Aero Technic Limited

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Place : Hyderabad
Date : April 30, 2018

Place : Hyderabad
Date : April 30, 2018



Statement of Changes in Equity for the year ended March 31, 2018

(All amounts are in Rs. lakhs, unless otherwise stated)

A. Equity Share Capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid

As at April 1, 2016

Issue of shares during the year

As at March 31, 2017

Issue of shares during the year

As at March 31, 2018

No. of shares	Rs. in lakhs
25,000,000	2,500.00
-	-
25,000,000	2,500.00
-	-
25,000,000	2,500.00

B. Other Equity

(i) Equity component of other financial instruments

As at April 01, 2017 / April 01, 2016

Additions during the year (net of deferred tax)

Deletions during the year (net of deferred tax)

As at March 31, 2018 / March 31, 2017

As at March 31, 2018	As at March 31, 2017
16,546.44	12,733.83
3,114.46	3,812.61
(5,854.08)	-
13,806.82	16,546.44

(ii) Retained earnings

As at April 01, 2017 / April 01, 2016

Loss for the year

Closing Balance

As at March 31, 2018	As at March 31, 2017
(36,403.41)	(32,485.73)
(5,747.38)	(3,917.68)
(42,150.79)	(36,403.41)

(iii) Items recognised directly in other comprehensive income

Remeasurement of the net defined benefit plans

As at April 01, 2017 / April 01, 2016

Actuarial gain/(loss) recognised

Closing Balance

As at March 31, 2018	As at March 31, 2017
10.93	4.17
(31.48)	6.76
(20.55)	10.93

Total Other Equity

(28,364.52)	(19,846.04)
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The accompanying notes are an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Sumit Trivedi

Sumit Trivedi
Partner



For and on behalf of the Board of Directors

GMR Aero Technic Limited

Rajesh Kumar Arora

Rajesh Kumar Arora
Director

DIN : 03174536

SCK Kishore

SCK Kishore
Director

DIN : 02916539

K Venkata Ramana

K Venkata Ramana

Chief Financial Officer

Place : Hyderabad

Date : April 30, 2018

Place : Hyderabad

Date : April 30, 2018



GMR Aero Technic Limited

CIN: U35122TG2010PLC070489

Notes to the Financial Statements for the year ended March 31, 2018

((All amounts are in Rs. lakhs, unless otherwise stated))

1. Corporate information

GMR Aero Technic Limited ("the Company") is a 100% subsidiary of GMR Aerospace Engineering Limited. The Company was incorporated on September 20, 2010 to carry out the business of Maintenance, Repair and Overhaul facility (MRO) of Aircrafts and allied services and to promote, plan, design, develop, operate, market, alter the MRO facility and all other related allied and ancillary activities but limited to training, development, and maintenance of hangars and related workshops.

The financial statements were adopted by the Board of Directors and authorized for issue in accordance with a resolution on April 30, 2018.

2. Significant Accounting Policies

2.1 Basis of preparation and presentation:

(a) Statement of Compliance:

The Financial Statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

(b) Basis of measurement:

The Financial Statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of reporting period. (as explained in accounting policy regarding financial instruments).

2.2 Summary of Significant Accounting Policies

a) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. The Company based on its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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



c) Foreign currencies

Functional and presentation currency

The financial statements are presented in INR (Indian rupees), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates at the date of transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

d) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities, such as contingent consideration.

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.

e) Revenue recognition

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

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

Income from Services:

Revenue from maintenance contracts is recognised as and when services are rendered.

Interest income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

f) Income Tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Current income tax:

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

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

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Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets include Minimum Alternate Tax ("MAT") paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realized.

g) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Particulars	Useful Life (years)
Plant and equipment	15
Office equipment	5
Computer equipment and IT systems	3 - 6
Furniture and fixtures	10
Vehicles	8

The Company, based on assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which coincide with the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. Individual assets costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

However, in case of tools and equipment, where such individual items constitute more than 10% of the total cost of Tools and equipment, normal useful lives have been considered.

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An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Spare parts are capitalized when they meet the definition of Property, plant and equipment and, i.e., when the company intends to use these during more than a period of 12 months.

h) Intangible assets

Intangible assets are carried at cost, net of accumulated amortisation and impairment losses, if any. Cost of an intangible asset comprises of purchase price and attributable expenditure on making the asset ready for its intended use.

Intangible Assets are amortized on a straight – line basis over their useful life not exceeding six years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

i) Borrowing cost

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

j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

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A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

k) Inventories

Stores and spares are valued at lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

l) Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, are recognised in the statement of profit and loss. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods/ years. Such reversal is recognised in the statement of profit or loss.

m) Provisions, contingent liabilities and commitments

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

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

Contingent liability is disclosed in the case of:

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

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Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting date.

n) Retirement and other Employee Benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using projected unit credit method.

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

Past service costs are recognised in profit or loss on the earlier of:

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

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

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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o) 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 and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

The classification of financial instruments depends on the objective of the Company's business model for which it is held and on the substance of the contractual terms/arrangements. Management determines the classification of its financial instruments at initial recognition.

For the purpose of subsequent measurement, financial instruments of the Company are classified into categories as explained below:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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Debt instrument at FVTPL:

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition:

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

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

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

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

Impairment of financial assets:

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

- a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b. Financial assets that are debt instruments and are measured as at FVTOCI
- c. Lease receivables under Ind AS 17
- d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e. Loan commitments which are not measured as at FVTPL
- f. Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on;

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

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

- a. All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- b. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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

Financial liabilities

Initial recognition and measurement:

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including cash credit, financial guarantee contracts and derivative financial instruments.

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Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings:

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

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

This category generally applies to borrowings. For more information refer Note 14.

Derecognition

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

p) Derivative financial instruments

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

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If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

q) Cash and cash equivalents

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

r) Earnings per share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earnings Per Share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) New standards and interpretations not yet adopted

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the effect of this on the financial statements.

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from Contracts with Customers. The standard replaces Ind AS 11 Construction Contracts and Ind AS 18 Revenue.

The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. The new standard offers a range of transition options. An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period. Alternatively, an entity can recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The chosen transition option can have a significant effect on revenue trends in the financial statements. A change in the timing of revenue recognition may require a corresponding change in the timing of recognition of related costs.

The standard is effective for annual periods beginning on or after 1 April 2018. The Company is currently evaluating the requirements of Ind AS 115, and has not yet determined the impact on the financial statements.

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GMR Aero Technic Limited

CIN: U35122TG2010PLC070489

Notes to the Financial Statements for the year ended March 31, 2018

((All amounts are in Rs. lakhs, unless otherwise stated))

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the company as the company has no deductible temporary differences or assets that are in the scope of the amendments.

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3 Property, plant and equipment

	Tools and equipment	Vehicles	Office equipment	Computer equipment and IT systems	Furniture and fixtures	Total
Cost or deemed cost						
As at April 01, 2016	2,762.98	3.68	10.89	13.84	118.02	2,909.41
Additions	176.89	-	2.33	3.15	-	182.37
As at 31 March 2017	2,939.87	3.68	13.22	16.99	118.02	3,091.78
Additions	152.28	-	1.08	22.24	-	175.60
As at 31 March 2018	3,092.15	3.68	14.30	39.23	118.02	3,267.38
Accumulated depreciation						
As at April 01, 2016	255.59	0.37	5.05	4.28	17.19	282.48
Depreciation charge for the year	233.36	0.37	3.78	5.12	17.35	259.98
As at 31 March 2017	488.95	0.74	8.83	9.40	34.54	542.46
Depreciation charge for the year	240.74	0.64	1.60	7.36	17.16	267.50
As at 31 March 2018	729.69	1.38	10.43	16.76	51.70	809.96
Net Block						
As at 31 March 2018	2,362.46	2.30	3.87	22.47	66.32	2,457.42
As at 31 March 2017	2,450.92	2.94	4.39	7.59	83.48	2,549.32

4 Intangible assets

	Computer software	Technical Know-how	Total
Cost or deemed cost			
As at April 01, 2016	273.19	898.29	1,171.48
Additions	9.42	-	9.42
Disposals	-	-	-
As at 31 March 2017	282.61	898.29	1,180.90
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2018	282.61	898.29	1,180.90
Accumulated amortization			
As at April 01, 2016	171.15	611.66	782.81
Charge for the year	102.72	286.63	389.35
Disposals	-	-	-
As at 31 March 2017	273.87	898.29	1,172.16
Charge for the year	2.01	-	2.01
Disposals	-	-	-
As at 31 March 2018	275.88	898.29	1,174.17
Net Block			
As at 31 March 2018	6.73	-	6.73
As at 31 March 2017	8.74	-	8.74

5 Financial assets

	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Security deposit				
Unsecured, considered good, to related parties (Refer Note 28)	25.63	5.04	-	-
Unsecured, considered good, to other parties	8.33	2.86	22.43	-
Unbilled Revenue	-	-	218.70	-
	33.96	7.90	241.13	-

6 Tax assets

	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
TDS receivable	605.56	423.61	172.68	172.68
	605.56	423.61	172.68	172.68

7 Other assets

	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good				
Other receivables (Refer Note 28)	-	-	81.88	-
Advances recoverable in cash or kind	-	-	54.08	18.33
Prepaid expenses	2.24	-	90.02	96.72
Balances with Government authorities	-	-	7.19	10.15
	2.24	-	233.17	125.20



8 Deferred tax assets / (liability) (net)

Deferred tax liability(DTL) relating to
Impact due to temporary difference of interest free loans from related party
Gross deferred tax liability
Deferred tax assets (DTA) relating to
Unused tax losses/depreciation

Non-Current	
As at March 31, 2018	As at March 31, 2017
(3,701.69)	(6,444.94)
(3,701.69)	(6,444.94)
3,701.69	6,444.94
3,701.69	6,444.94
-	-

Net deferred tax assets

Deferred tax assets/ (liability):
For the Year ended March 31, 2018:

	Opening balance	Recognised in other equity	Statement of profit and loss	Reversal of DTL on foreclosure of loan - Other Equity	Reversal of DTA on foreclosure of loan - Statement of Profit and Loss	Reversal of DTL/DTA on notional interest-Statement of Profit and Loss	Closing balance
DTL on impact due to temporary difference of interest free loans from related party	(6,444.94)	409.08	-	2,056.84	-	277.33	(3,701.69)
DTA on unused tax losses/depreciation	6,444.94	-	(409.08)	-	(2,056.84)	(277.33)	3,701.69
	-	409.08	(409.08)	2,056.84	(2,056.84)	-	-

Deferred tax assets/ (liability):
For the year ended March 31, 2017:

	Opening balance	Recognised in other equity	Statement of profit and loss	Closing balance
Accelerated depreciation for tax purposes	-	-	-	-
DTL on impact due to temporary difference of interest free loans from related party	(4,929.16)	(1,515.78)	-	(6,444.94)
DTA on unused tax losses/depreciation	4,929.16	-	1,515.78	6,444.94
	-	(1,515.78)	1,515.78	-

Note:
The Company is entitled to claim tax holiday for first ten consecutive years, from the year of commencement of commercial operations in 2011-12 under Section 10AA of the Income Tax Act, 1961. The Company has recognised deferred tax asset on unabsorbed depreciation and carried forward losses to the extent the company has sufficient taxable temporary differences.
Since, the entire Deferred tax asset/Deferred tax liability on accelerated depreciation and unbilled revenue is reversed in the tax holiday period. No Deferred tax asset/Deferred tax liability is accounted for the same.

8.1 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

- unused tax losses

As at March 31, 2018	As at March 31, 2017
25,964.13	13,083.33
25,964.13	13,083.33

8.2 Reconciliation of tax expenses to accounting profits is as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Accounting profit/(loss) before Tax	(3,281.46)	(5,433.46)
Applicable Tax Rate in India (%)	30.90%	30.90%
Expected Income tax expense	-	-

Adjustments:

Deferred Tax asset on changes in equity component of holding Company interest free loan

Tax expense reported in statement of profit and loss

2,465.92	(1,515.78)
2,465.92	(1,515.78)

VR



9 Inventories

Stores and spares (valued at lower of cost or net realisable value)

As at March 31, 2018	As at March 31, 2017
3,126.44	2,639.96
3,126.44	2,639.96

10 Trade receivables

Unsecured, considered good
Trade Receivables
Receivables from related parties (Refer Note 28)

Unsecured, considered doubtful

Provision for doubtful debts

As at March 31, 2018	As at March 31, 2017
1,933.80	436.45
7.31	1.61
1,941.11	438.06
20.68	16.74
1,961.79	454.80
(20.68)	(16.74)
1,941.11	438.06

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

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days.

The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, ageing of the customer receivable and overdue, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision for past due receivables.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Movement in the allowance for doubtful debts		
Balance at beginning of the year	16.74	16.74
Impairment losses recognised on receivables	3.94	-
Amounts written off during the year as uncollectible	-	-
Balance at end of the year	20.68	16.74

11 Cash and cash equivalents

Cash on hand

Balances with banks :

- On current accounts
- On escrow accounts
- On cash credit facility
- Exchange earner's foreign currency account

As at March 31, 2018	As at March 31, 2017
-	-
0.61	0.62
4.10	-
88.82	-
129.28	82.84
222.81	83.46



12 Equity share capital

Authorized share capital

As at April 1, 2016
Increase during the year
As at March 31, 2017
Increases during the year
As at March 31, 2018

No. of shares	Rs. in lakhs
25,000,000	2,500.00
-	-
25,000,000	2,500.00
-	-
25,000,000	2,500.00
-	-
As at March 31, 2018	As at March 31, 2017
2,500.00	2,500.00
2,500.00	2,500.00

Issued, subscribed and fully paid share capital
25,000,000 fully paid equity shares of Rs. 10 each (March 31, 2017: 25,000,000)

(a) Reconciliation of number of equity shares and amount outstanding at the beginning and at end of the year

As at April 01, 2016
Issue of shares during the year
As at March 31, 2017
Issue of shares during the year
As at March 31, 2018

No. of shares	Rs. in lakhs
25,000,000	2,500.00
-	-
25,000,000	2,500.00
-	-
25,000,000	2,500.00

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its holding company are as below :

GMR Aerospace Engineering Limited and its nominees
25,000,000 (March 31, 2017: 25,000,000) equity shares of Rs.10 each fully paid up

As at March 31, 2018	As at March 31, 2017
250,000,000	250,000,000

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs.10 each fully paid
GMR Aerospace Engineering Limited and its nominees

March 31, 2018		March 31, 2017	
No. of shares	% holding	No. of shares	% holding
25,000,000	100%	25,000,000	100%

13 Other equity

Equity component of other financial instruments

Opening balance
Additions during the year (net of deferred tax)
Deletions during the year (net of deferred tax)
Closing balance

As at March 31, 2018	As at March 31, 2017
16,546.44	12,733.83
3,114.46	3,812.61
(5,854.08)	-
13,806.82	16,546.44

Retained Earnings

Opening balance
Add: Loss for the year
Closing balance

(36,403.41)	(32,485.73)
(5,747.38)	(3,917.68)
(42,150.79)	(36,403.41)

Items recognised directly in other comprehensive income

Remeasurement of the net defined benefit plans
Opening balance
Actuarial gain/(loss) recognised
Closing balance

10.93	4.17
(31.48)	6.76
(20.55)	10.93
(28,364.52)	(19,846.04)

Note: In the absence of profits, The Company has not created Debenture Redemption Reserve as per the provisions of the Companies Act, 2013.



14 Borrowings

Unsecured

- Redeemable Non-Convertible Debentures (Refer Note (i) below)
- Loan from Holding Company (Refer Note (ii) below)
- Overdraft facility from bank (Refer Note (iii) below)

Secured

- Loan from the Holding Company (Refer Note (iv) below)
- Funded Interest Term Loan from holding company (Refer Note (iv) below)
- Cash credit facility from bank (Refer Note (v) below)

	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Unsecured				
Redeemable Non-Convertible Debentures (Refer Note (i) below)	17,434.85	-	-	-
Loan from Holding Company (Refer Note (ii) below)	2,895.35	3,211.53	-	-
Overdraft facility from bank (Refer Note (iii) below)	-	-	2,799.93	-
Secured				
Loan from the Holding Company (Refer Note (iv) below)	-	7,124.00	-	300.00
Funded Interest Term Loan from holding company (Refer Note (iv) below)	-	1,113.81	-	-
Cash credit facility from bank (Refer Note (v) below)	-	-	-	2,104.84
	20,330.20	11,449.34	2,799.93	2,404.84

(i) During the year the Company has issued 1,750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.

The Debentures are secured by:

- (a) First ranking pari passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.
- (b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, of Issuer, present and future of the Company.
- (c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.
- (d) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.
- (e) The Charge Created against Debt as per the Debenture Trust Deed dated October 04, 2017 in all respects, rank pari-passu inter se amongst the Debenture Holders and the Working capital lenders, without any preference or priority to one over the other or others. The Working Capital Facility to be availed, shall be in the form and substance, satisfactory to the debenture holders, shall not exceed an amount of Rs. 3,500 lakhs (Rupees Three Thousand Five Hundred Lakhs Only)

(ii) The unsecured loan is interest free and payable in twenty equal half yearly instalments beginning from September 30, 2031. During the year the Company has partly prepaid the unsecured loan.

(iii) The Overdraft facility availed from IndusInd Bank is repayable on demand and carries interest of FD rate plus 150 bps. which is secured by fixed deposit placed by GMR Hyderabad International Airport Limited (GHIAL) with IndusInd Bank as per the terms of the sanction letter.

(iv) The Secured Loan from the holding company (GMR Aerospace Engineering Limited) carries interest at base rate plus agreed spread. The interest rate during the year was 11% p.a. (March 31, 2017 : 11% p.a.).

The loan from holding company was secured to the extent of Rs. 750,000,000 by:

- (a) First charge (pari-passu) by way of hypothecation of all the movable assets belonging to the Company and including, but not limited to plant and machinery, machinery spares, tools and accessories, current assets.
- (b) First charge (pari-passu) on book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and wherever arising, present and future of the Company.

Secured loan and FITL, post modification, are further secured by :

- (a) First charge (pari-passu) on all rights, title, interests, benefits, claims and demands whatsoever of the Company with respect to the insurance contracts.

- (b) First charge (pari-passu) on all the bank accounts of the Company.

During the year, the Company has fully prepaid secured loans.

(v) Cash credit facility from bank was secured by way of :

- a) First charge on entire current assets and cash flows including stocks, receivables, bank balances etc., (Paripassu charge with existing loan taken from the Holding Company)
- b) First pari passu charge by way of extension of equitable mortgage of leasehold rights of land to the extent of 16.46 acres standing in the name of the Holding Company, GMR Aerospace Engineering Limited in Sy.No.99/1, Mamudipally village, Saroor nagar mandal, RR Dist, Telangana on which MRO facilities have been created along with all the buildings, structures.
- c) First pari passu charge by way of hypothecation of all the movable assets belongs to the Company and the Holding Company (i.e.) GMR Aerospace Engineering Limited and including but not limited to plant and machinery, machinery spares, tools & accessories.(Paripassu charge with existing loan taken from the Holding Company)
- d) Corporate guarantee from the Holding Company, GMR Aerospace Engineering Limited.

The Cash credit facility was closed during the year.



15 A. Trade payables

Trade payables to related parties (Refer Note 28)
Trade payables to others

Current	
As at March 31, 2018	As at March 31, 2017
9,525.65	7,767.58
1,026.59	466.25
10,552.24	8,233.83

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the period end together with interest paid/payable as required under the said Act, have not been given.

B. Other financial liabilities

Payables for purchase of fixed assets
Deposit from customers
Retention money
Interest Accrued but not due on Redeemable Non-Convertible Debentures

Current	
As at March 31, 2018	As at March 31, 2017
68.04	8.65
0.93	0.93
10.58	12.87
4.10	-
83.65	22.45

Note:

* includes an amount of Rs. 20.20 lakhs payable to related parties (Refer Note 28)

C. Derivative instruments

Derivative instruments (Refer Note 28)

Current	
As at March 31, 2018	As at March 31, 2017
81.69	496.43
81.69	496.43

16 Provisions

Gratuity (Refer Note 26(a))
Leave entitlements (Refer Note 26(c))

Long-term		Short-term	
As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
98.26	95.73	-	-
-	-	147.49	179.93
98.26	95.73	147.49	179.93

17 Other liabilities

Advance from customers
Straight lining of lease rentals (Refer Note 28)
Statutory liabilities
Unearned Revenue

Non-Current		Current	
As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
-	-	4.97	13.26
-	363.12	363.52	455.98
-	-	284.45	80.06
-	-	161.37	-
-	363.12	814.31	549.30



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Notes to the Financial Statements for the year ended March 31, 2018

(All amounts are in Rs. lakhs, unless otherwise stated)

18 Revenue from operations

Revenue from services

For the year ended March 31, 2018	For the year ended March 31, 2017
10,455.94	5,800.20
10,455.94	5,800.20

19 Other income

Fair value gain on financial instruments at fair value through profit or loss
Provisions no longer required, written back
Miscellaneous income

For the year ended March 31, 2018	For the year ended March 31, 2017
414.89	1,169.52
39.55	0.23
41.60	84.07
496.04	1,253.82

20 Cost of stores and spares consumed

Inventory at the beginning of the year
Add: Purchases

Less: Inventory written off
Less: Inventory at the end of the year
Cost of stores and spares consumed

For the year ended March 31, 2018	For the year ended March 31, 2017
2,639.96	2,724.65
3,861.36	1,744.57
6,501.32	4,469.22
52.58	75.41
3,126.44	2,639.96
3,322.30	1,753.85

21 Employee benefits expenses

Salaries, wages and bonus
Contribution to provident and other fund (Refer Note 26(b))
Gratuity expenses (Refer Note 26(a))
Staff welfare expenses

For the year ended March 31, 2018	For the year ended March 31, 2017
3,307.36	3,317.72
160.83	153.98
50.64	41.07
327.88	236.91
3,846.71	3,749.68

22 Finance costs

Interest on:
Loan from holding company
Cash credit and overdraft facility from banks
Redeemable Non Convertible Debentures
Interest others
Bank and Finance charges

For the year ended March 31, 2018	For the year ended March 31, 2017
807.50	1,211.26
257.23	348.22
725.58	-
2.38	0.02
35.17	25.91
1,827.86	1,585.41

23 Depreciation and amortization expenses

Depreciation of property, plant and equipment (Refer Note 3)
Amortization of intangible assets (Refer Note 4)

For the year ended March 31, 2018	For the year ended March 31, 2017
267.50	259.98
2.01	389.35
269.51	649.33



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Notes to the Financial Statements for the year ended March 31, 2018

(All amounts are in Rs. lakhs, unless otherwise stated)

24 Other expenses

Rates and taxes
Electricity and water charges
Equipment hire charges
Insurance
Repairs and Maintenance
IT Systems
Others
Sub-contracting expenses
Travelling and conveyance
Communication expenses
Printing and stationery
Security expenses
House Keeping Charges
Business development expenses
Membership and Subscriptions
Legal and professional fees
Board meeting expenses
Payment to auditors (Refer Note below)
Loss on account of forex fluctuation (net)
Provision for doubtful receivable
Inventory written off
Miscellaneous expenses

For the year ended March 31, 2018	For the year ended March 31, 2017
228.35	157.41
338.33	305.64
45.99	12.66
134.98	144.20
93.24	85.23
297.73	294.38
80.92	84.76
168.96	132.93
23.55	25.49
30.29	27.01
24.30	22.68
29.61	30.03
58.48	12.91
27.15	37.09
414.42	425.21
1.75	2.16
8.40	8.37
27.51	(134.63)
3.94	-
52.58	75.41
0.02	0.76
2,090.50	1,749.70

Payment to auditors

As auditor:

Statutory audit fee

Other services

Reimbursement of expenses

6.60	7.60
0.50	-
1.30	0.77
8.40	8.37



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Notes to the Financial Statements for the year ended March 31, 2018

((All amounts are in Rs. lakhs, unless otherwise stated))

25. Earnings Per Share (EPS)

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

Particulars	March 31, 2018	March 31, 2017
Loss for the year	(5,747.38)	(3,917.68)
Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted)	25,000,000	25,000,000
Earnings Per Share (Basic and diluted) Rs.	(22.99)	(15.67)

26. Employee benefits plan**a. Defined benefits plan:**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets gratuity on departure at 15 days last drawn salary for each completed year of service.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Statement of profit and loss**Net employee benefit expense (recognized in the employee cost)**

	March 31, 2018	March 31, 2017
Current service cost (including past service cost)	46.67	36.01
Interest cost on benefit obligation	3.97	5.06
Net benefit expense	50.64	41.07

Balance sheet**Details of provision for gratuity**

	March 31, 2018	March 31, 2017
Present value of defined benefit obligation	(196.76)	(138.67)
Fair value of plan assets	98.50	42.94
Plan liability	(98.26)	(95.73)

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

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	138.67	130.81
Interest cost	9.03	8.65
Current service cost (including past service cost)	46.67	36.01
Benefits paid	(23.07)	(39.88)
Actuarial (gain)/loss on obligation	25.47	3.08
Closing defined benefit obligation	196.77	138.67

Changes in the fair value of plan assets are as follows:

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	42.93	62.54
Expected return	5.06	3.59
Contributions by employer	79.59	6.84
Actuarial gain/(loss)	(6.01)	9.84
Benefits paid	(23.07)	(39.88)
Closing fair value of plan assets	98.50	42.93

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2018	March 31, 2017
Investments with insurer	100%	100%



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Notes to the Financial Statements for the year ended March 31, 2018
 ((All amounts are in Rs. lakhs, unless otherwise stated))

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

	March 31, 2018	March 31, 2017
Discount rate	7.60%	7.10%
Salary escalation Rate	8.00%	8.00%
Withdrawal Rate	5.00%	5.00%

The significant actuarial assumptions for the determination of the defined benefit obligations are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases (decreases) by 1%, the defined benefit obligations would decrease by Rs. 21.62 lakhs (increase by Rs. 26.06 lakhs) as of March 31, 2018.

If the expected salary growth increases (decreases) by 1%, the defined benefit obligations would increase by Rs. 20.25 lakhs (decrease by Rs. 20.71 lakhs) as of March 31, 2018.

Note:

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

b. Defined contribution plan

Contribution to provident and other funds under employee benefit expenses are as under:

	March 31, 2018	March 31, 2017
Contribution to Provident Fund	118.94	121.35
Contribution to Superannuation Fund	31.57	32.63
Contribution to ESI	10.32	9.16

- Leave benefit liabilities provided based on actuarial valuation amounts to Rs. 147.49 lakhs (March 31, 2017: Rs. 179.93 lakhs) as at March 31, 2018.

The actuarial assumptions (demographic & financial) employed for the calculations as at March 31, 2018 and March 31, 2017 are as follows.

	March 31, 2018	March 31, 2017
Discount rate	7.60%	7.10%
Salary escalation rate	8.00%	8.00%
Withdrawal rate	5.00%	5.00%

27. Segment Reporting

The Company is engaged to carry out the business of maintenance, repair and overhaul (MRO), which in the context of Ind-AS 108- Segment reporting, notified under Section 133 of the Companies Act, 2013 is considered as single business segment. Hence, reporting under the requirements of the said standard does not arise.



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Notes to the Financial Statements for the year ended March 31, 2018
 ((All amounts are in Rs. lakhs, unless otherwise stated))

28. Related Party transactions:

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period and balances outstanding as on period end date.

A. Names of related parties and description of relationship:

Sl. No.	Relationship	Related party Name
(i)	Holding company	GMR Aerospace Engineering Limited (GAEL)
(ii)	GAEL's holding company	GMR Hyderabad International Airport Limited (GHIAL)
(iii)	GHIAL's holding company	GMR Airports Limited (GAL)
(iv)	GAL's holding company	GMR Infrastructure Limited (GIL)
(v)	Ultimate holding company	GMR Enterprises Private Limited (Formally known as GMR Holdings Private Limited)
(vi)	Fellow Subsidiary Companies (where transactions have taken place)	GMR Hyderabad Aviation SEZ Limited
		Raxa Security Services Limited
		GMR Hospitality and Retail Limited (formerly known as GMR Hotels and Resorts Limited)
		GMR Aviation Private Limited
		Asia Pacific Flight Training Academy Limited
		Delhi International Airport Limited
		GMR Airport Developers Limited
(vii)	Key managerial personnel (KMP)	Mr. SGK Kishore -Director
		Mr. P. S. Nair -Director
		Mr. Rajesh Arora -Director
		Mr. K.A.Somayajulu - Independent Director (Resigned w.e.f. September 20, 2016)
		Mr. Ramamurthi Akella -Independent Director (Resigned w.e.f. September 18, 2017)
		Mr. P.Vijay Bhaskar- -Independent Director (Resigned on September 18, 2017)
		Ms. Kavita Gudapati – Independent Director
		Mr. Uday Naidu – Chief Executive Officer (Retired on July 31, 2017)
		Mr. Ashok Gopinath – Chief Executive Officer (w.e.f August 01, 2017)
		Mr. K Venkata Ramana – Chief Financial Officer
		Ms. Neha Agarwal – Company Secretary (Resigned w.e.f. July 21, 2016)
		Mr. Lalit Kumar Tiwari – Company Secretary (Resigned w.e.f. March 24, 2018)

B. Transactions with Key Managerial Personnel for the year ended:

Details of Key Managerial Personnel	March 31, 2018		March 31, 2017	
	Remuneration	Sitting Fees	Remuneration	Sitting Fees
Mr. Ramamurthi akella	-	0.80	-	0.65
Mr. P. Vijay Bhaskar	-	0.80	-	0.80
Mr. K. Somayajulu	-	-	-	0.70
Ms. Kavita Gudapati	-	0.15	-	-
Mr. Uday Kumar Naidu	36.11	-	105.11	-
Mr. Ashok Gopinath	97.45	-	-	-
Mr. K Venkata Ramana	68.13	-	61.77	-
Ms. Neha Agarwal	-	-	2.50	-
Total	201.69	1.75	169.38	2.15

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Notes to the Financial Statements for the year ended March 31, 2018
 ((All amounts are in Rs. lakhs, unless otherwise stated))

C. Transactions with related parties for the year ended:

S. No.	Related Party Transactions	March 31, 2018	March 31, 2017
(i)	GMR Hyderabad International Airport Limited		
	Lease rental and other related expenses	41.69	21.35
	Reimbursement of expenses	157.28	141.79
	Corporate guarantee given in relation to Redeemable Non-Convertible Debentures	17,500.00	-
(ii)	GMR Aerospace Engineering Limited		
	Lease rental expenses	2,862.23	2,989.64
	Loans taken	3,255.00	6,100.00
	Equity component of related party loans – received (net of deferred tax)	3,114.47	3,812.61
	Secured loans – repaid	7,424.00	76.00
	Unsecured loans – repaid	8,592.43	-
	Secured Funded interest term loan – repaid	1,685.07	35.00
	Equity component of related party loans – repaid (net of deferred tax)	5,854.08	-
	Interest on Loans	420.50	821.88
	Interest on account of amortization of interest free loan	387.00	389.38
	Fair Value gain on financial instruments at FVTPL – Embedded Derivative	414.75	1,169.52
	Reimbursement of expenses	-	129.81
	Sale of capital work-in-progress	271.87	-
(iii)	GMR Hyderabad Aviation SEZ Limited		
	Electricity and water charges	336.33	303.01
	Communication Expenses	5.40	10.95
	Repairs and Maintenance – Others	20.99	19.85
(iv)	GMR Airport Developers Limited		
	Repairs and maintenance	226.93	216.37
	Management consultancy charges – Hangar door	22.45	-
(v)	GMR Hospitality and Retail Limited (formerly known as GMR Hotels and Resorts Limited)		
	Travelling and conveyance	52.47	53.05
(vi)	Raxa Security Services Limited		
	Security services	24.30	22.68
(vii)	Delhi International Airport Limited		
	Finance income from debt instrument through FVTPL	0.14	-
	Lease rental and other related expenses	2.83	-
(viii)	GMR Airports Limited		
	Training charges	0.43	-
(ix)	GMR Aviation Private Limited		
	Revenue from operations	1.27	-
(x)	Asia Pacific Flight Training Academy Limited		
	Revenue from operations	19.58	-
(xi)	GMR Aero Tech Ltd Employees Group Gratuity Fund		
	Contribution to the Fund	79.59	6.84
	Administrative expenses for maintenance of Fund	0.92	-

Note: The Company has received certain corporate group support services from its holding company, which are free of charge.



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D. Balances Outstanding Debit/ (Credit):

S. No.	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	GMR Hyderabad International Airport Limited		
	Trade payables	(139.15)	(85.88)
	Security Deposit	5.04	5.04
	Corporate guarantee given in relation to Redeemable Non-Convertible Debentures	17500.00	-
(ii)	GMR Aerospace Engineering Limited		
	Loan Outstanding (Including FITL)	2,895.35	11,749.34
	Lease rental Payable (Straight lining impact)	(363.52)	(819.10)
	Trade Payables (Lease Rental)	(6,912.91)	(5,327.69)
	Derivative instruments at FVTPL - Embedded Derivative	(81.69)	(496.43)
	Corporate guarantee given to banks on behalf of Company in relation to cash credit facility	-	2,104.84
	Receivables for sale of capital work-in-progress	81.88	-
(iii)	GMR Hyderabad Aviation SEZ Limited		
	Trade payables	(2,394.75)	(2,314.70)
(iv)	GMR Airport Developers Limited		
	Trade payables	(64.75)	(33.15)
	Payables for purchase of fixed assets	(20.20)	-
(v)	GMR Hospitality and Retail Limited (formerly known as GMR Hotels and Resorts Limited)		
	Trade payables	(9.06)	(4.27)
(vi)	Delhi International Airport Limited		
	Security Deposit	20.59	-
	Prepaid expenses	4.37	-
	Trade payables	(2.90)	-
(vii)	Raxa Security Services Limited		
	Trade payables	(2.01)	(1.89)
(viii)	GMR Airports Limited		
	Trade Payables	(0.12)	-
(ix)	GMR Aviation Private Limited		
	Trade receivables	3.23	1.61
(x)	Asia Pacific Flight Training Academy Limited		
	Trade receivables	4.08	-



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Notes to the Financial Statements for the year ended March 31, 2018
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29. Commitments and Contingencies

I. Leases

Operating lease commitments: Company as lessee

The Company has entered into commercial leases of hangar facility. The lease is initially for a period of seven years with further renewal option included in the contract. There is no restrictions placed upon the Company by entering into this lease.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2018	March 31, 2017
Within one year	2,053.21	3,338.10
After one year but not more than five years	-	2,046.53
More than five years	-	-
	2,053.21	5,384.63

II. Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 245.59 lakhs (March 31, 2017: Rs. 4.69 lakhs)

III. Contingent Liabilities

- A penalty of Rs. 5 lakhs has been imposed on the Company by the Development Commissioner, Vishakhapatnam Special Economic Zone for acceptance of payments in INR for services rendered. The Company, has filed an appeal to the Additional Secretary, Department of Commerce and Industry, Government of India against the penalty order received; and is expecting a favourable order for the same.
- The Company has received letter from specified officer stating to pay customs duty on components used in Maintenance Repair and Overhaul (MRO) services for aircraft sent from Special Economic Zone to Domestic Tariff Area. Management is confident that no liability in this regard would be payable, based on the clarification obtained by the Company from Ministry of Commerce and Industry, customs duty is not applicable on such transactions.



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30. Fair values:

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

	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Financial assets				
Valued at Amortised cost				
Security deposit	56.39	7.90	56.39	7.90
Unbilled Revenue	218.70	-	218.70	-
Trade receivables	1,941.11	438.06	1,941.11	438.06
Cash and bank balances	222.81	83.46	222.81	83.46
Total	2,439.01	529.42	2,439.01	529.42
Financial liabilities				
Valued at Amortised cost				
Borrowings	23,130.13	13,854.18	23,130.13	13,854.18
Trade Payables	10,552.24	8,233.83	10,552.24	8,233.83
Other financial liabilities	83.65	22.45	83.65	22.45
Financial liabilities carried at fair value through profit or loss				
Derivative instruments	81.69	496.43	81.69	496.43
Total	33,847.71	22,606.89	33,847.71	22,606.89

The management assessed the cash and cash equivalent, trade receivables trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Assumption used in estimating the fair values:

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

The Company makes payment in USD towards a rent payment obligation fixed in Indian Rupee converted at fixed rate as per the agreement. The rent equivalent shall be calculated in Indian rupees as a string of dollar payment at the fixed conversion rate discounted at borrowing rate. Dollar payment outstanding on the agreement shall be value at forward rate obtained from the market on the valuation date and discount it appropriately at borrowing cost. Net rent value Indian rupee and the dollar payment leg shall be the present value of embedded lease agreement.



31. Fair Value Hierarchy:

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31 2018:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
Liabilities measured at fair value					
Derivative instrument	March 31, 2018	81.69	-	81.69	-

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
Liabilities measured at fair value					
Derivative instrument	March 31, 2017	496.43	-	496.43	-

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

32. Financial risk management objectives and policies

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, equity risk, commodity risk and demand risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31 March 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates. The Company does not have any long-term debt with floating interest rates. Refer Note 14 for fixed interest rate.



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Interest rate sensitivity

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

	Increase/decrease in Interest rate	Effect on profit before tax
As at March 31, 2018		
Unsecured Overdraft facility from bank	+0.50%	(14.00)
Unsecured Overdraft facility from bank	- 0.50%	14.00
As at March 31, 2017		
Secured cash credit facility from bank	+ 0.50%	(12.67)
Secured cash credit facility from bank	- 0.50%	12.67
Loan from the holding company (secured)	+ 0.50%	(41.09)
Loan from the holding company (secured)	- 0.50%	41.09

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company exposure to foreign currency risk at the end of reporting period expressed in Indian Rupees is as follows:

Particulars	Currencies Exposure	As at March 31, 2018		As at March 31, 2017	
		Amount in Foreign currency	Rs in Lakhs	Amount in Foreign currency	Rs in Lakhs
Trade payables	USD	11,230,727	7,304.93	5,738,857	3,720.99
	EURO	10,228	8.25	6,654	4.61
	GBP	150	0.14	-	-
	SGD	-	-	6,790	3.34
Trade receivables	USD	2,984,301	1,941.11	675,621	438.06
Unearned Revenue	USD	250,976	161.37	-	-
Cash and Bank Balances	USD	198,755	129.28	127,758	82.84
Deposit from customers	USD	1,500	0.93	1,500	0.93
Deposit – Loans	USD	35,000	22.42	-	-
Advances to Vendors	USD	25,957	16.86	6,950	4.51
	EURO	2,646	1.47	12,489	8.65
Advances from customers	USD	26,841	4.97	20,440	13.25
Straight lining of lease rental	USD	558,884	363.52	1,263,293	819.10
Unbilled revenue	USD	336,235	218.70	-	-



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Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges.

	March 31, 2018	March 31, 2017
Particulars	Impact on profit after tax	Impact on profit after tax
USD Sensitivity		
INR/USD- Increase by 5%	(275.37)	(159.33)
INR/USD- Decrease by 5%	275.37	159.33
EURO Sensitivity		
INR/EURO- Increase by 5%	(0.34)	(0.23)
INR/EURO- Decrease by 5%	0.34	0.23
GBP Sensitivity		
INR/GBP- Increase by 5%	(0.01)	-
INR/GBP- Decrease by 5%	0.01	-
SGD Sensitivity		
INR/SGD- Increase by 5%	-	(0.17)
INR/SGD- Decrease by 5%	-	0.17

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Also parent company will provide support in order to meet financial obligations of the Company.

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

Year ended March 31, 2018	upto 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Redeemable Non-Convertible Debentures and interest there on	1,496.25	5,989.10	19,766.92	27,252.27
Loan from Holding Company-Un Secured	-	-	2,895.35	2,895.35
Overdraft facility from a bank	2,799.93	-	-	2,799.93
Trade payables	10,552.24	-	-	10,552.24
Derivative instruments	81.69	-	-	81.69
Other financial liabilities	82.72	0.93	-	83.65

Year ended March 31, 2017	upto 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Loan from Holding Company-Secured	300.00	2,399.00	4,725.00	7,424.00
Loan from Holding Company-Un Secured	-	-	3,211.53	3,211.53
Loan from Holding Company-Funded Interest Term Loan	103.00	1,108.00	473.00	1,684.00
Cash credit facility from a bank	2,104.84	-	-	2,104.84
Trade payables	8,233.83	-	-	8,233.83
Derivative instruments	496.43	-	-	496.43
Other financial liabilities	21.52	0.93	-	22.45



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Credit Risk

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

Trade receivables

Customer credit risk is managed by the Company as per approved debtors policy and established procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company is trying to expand the customers' base from Middle East and SAARC countries. Also the additional revenue stream is in the pipeline i.e. from Line Maintenance business.

33. Capital management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, equity includes issued equity share capital and other equity. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents.

The following table summarises the capital of the Company:

Particulars	As at March 31, 2018	As at March 31, 2017
Borrowings	23,130.13	13,854.18
Cash and cash equivalents	(222.81)	(83.46)
Net debt	22,907.32	13,770.72
Equity	(25,864.52)	(17,346.04)
Net debt to equity ratio	(0.89)	(0.79)

There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current year.

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31, 2018.

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34. Use of estimates and judgement

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income tax

Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/recovered for uncertain tax provisions.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment and Intangible assets at the end of each reporting period. This assessment may result in change in the depreciation / amortization expense in future periods.

Provision for doubtful receivables

The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.

Other estimates

The preparation of Financial Statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of Financial Statements and the reported amount of revenues and expenses for the reporting period.

35. The Company has incurred Total comprehensive loss of Rs. 5,778.86 lakhs during the year ended March 31, 2018 (Rs. 3,910.92 lakhs for the year ended March 31, 2017). Further, as at March 31, 2018, the Company has accumulated losses of Rs. 42,150.79 lakhs (as at March 31, 2017 is Rs. 36,403.41 lakhs) and its net-worth has been fully eroded. The Company has incurred net loss/cash loss in the current year and previous years, and the Company's current liability exceeded its current assets as at March 31, 2018. The Management expects that there will be significant increase in the operations of the Company that will lead to improved cash flows and long term sustainability. GMR Aerospace Engineering Limited ("the Holding Company"/"GAEL") and GMR Hyderabad International Airport Limited ("Holding Company of GAEL"/"GHIAL") has undertaken to provide such financial support as necessary, to enable the Company to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these financial statements do not include any adjustments relating to the recoverability of assets or the amounts of liabilities that may be necessary if the entity is unable to continue as a going concern.

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36. The Company has undertaken necessary steps to comply with the transfer pricing regulations. The management is of the opinion that the domestic transactions are at arm's length and believes 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.



For and on behalf of the Board of Directors
GMR Aero Technic Limited

Rajesh Kumar Arora
Director
DIN: 03174536

SGK Kishore
Director
DIN: 02916539

K Venkata Ramana
Chief Financial Officer

Place: Hyderabad
Date : April 30, 2018

