

**INDEPENDENT AUDITOR'S REPORT
To The Members of GMR Aerospace Engineering Limited
Report on the Audit of the Standalone Financial Statements**

Qualified Opinion

We have audited the accompanying standalone financial statements of GMR Aerospace Engineering Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

Attention is invited to Note 34 of the standalone financial statements regarding the Company's investments in its wholly owned subsidiary, GMR Aero Technic Limited amounting to ₹ 22,786.36 lakhs, loans given and trade receivables from this subsidiary amounting to ₹ 3,895.16 lakhs and ₹ 7,315.33 lakhs, respectively, as at March 31, 2019. The subsidiary has been incurring continuing losses and its accumulated losses have fully eroded its net-worth as at March 31, 2019. Based on the future business plan, projections and for reasons more fully described in the aforesaid Note, the Management is of the view that no impairment is considered necessary in respect of aforesaid investment, loans and trade receivables as at March 31, 2019.

In the absence of sufficient appropriate evidence and information to support the key assumptions made by the Management to assess impairment, we are unable to comment on the carrying amounts of such investments, loans given and trade receivables from such subsidiary, including adjustments, if any that may be required to be made to such carrying amounts.

This matter was also qualified in the audit report on the standalone Ind AS financial statements for the year ended March 31, 2018.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Material uncertainty related to Going Concern

We draw attention to Note 34 and 35 of the standalone financial statements, which indicates that as at March 31, 2019 the accumulated losses amounting to ₹ 1,398.13 lakhs and the possible effects of the matter described in Basis for Qualified Opinion paragraph above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. This standalone financial statements has been prepared on a going concern basis for the reasons stated in the said notes.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 36 of the standalone financial statements, which indicates that the Board of Directors in their meeting held on December 10, 2018 has approved, subject to the required approvals, the Composite Scheme of Arrangement amongst GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL"/"Transferor Company") and GMR Aero Technic Limited ("GATL"/"Demerged Company") and GMR Aerospace Engineering Limited ("GAEL"/"Transferee"/ "Resulting Company") and their respective Shareholders and Creditors ("Scheme"), wherein GHACLPL will merge with GAEL and GATL will demerge the MRO Business undertaking into GAEL with an Appointed Date of April 01, 2018. The Company is in the process of obtaining requisite approvals (including from the National Company Law Tribunal (NCLT)), under applicable laws/regulations to give effect to the above Scheme, pending aforesaid approvals no impact of the Scheme has been considered in the standalone financial statements.

Key Audit Matters

We have determined that there are no other key audit matters to communicate in our report beyond matter addressed in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section of our report.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the standalone financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.







- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, 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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

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- d) Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) The matters described in the Basis for Qualified Opinion section above and Material uncertainty related to Going Concern section 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 as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.
 - h) 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 qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.
 - i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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
(F.R.N. 117366W/W-100018)

Sumit Trivedi

Sumit Trivedi
(Partner)

(Membership No. 209354)

Place: Hyderabad
Date : April 26, 2019

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (h) under 'Report on Other Legal and Regulatory Requirements' 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 Aerospace Engineering Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses has been identified in the Company's internal financial controls over financial reporting as at March 31, 2019:

The Company did not have adequate controls over estimation of impairment in value of investments, loans given and trade receivables from a wholly owned subsidiary company, as more fully explained in the Note 34 to the standalone financial statements as at March 31, 2019, in particularly those related to key assumptions made by the Management in business plan, which could potentially result in the Company not providing for adjustments, if any, that may be required to be made to such carrying amount of investment, loans and trade receivables.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

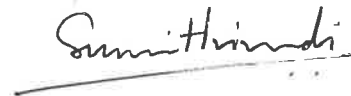
In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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**Deloitte
Haskins & Sells LLP**

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the said standalone financial statements of the Company and we have issued a qualified opinion on the Standalone financial statements of the Company.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N.117366W/W-100018)



Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date : April 26, 2019



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 fixed assets.
 - (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, fixed assets were physically verified during the year and the management is in the process of reconciling the assets physically verified with asset register. Discrepancies arising on such reconciliation would be dealt with on completion of such reconciliation.
 - (c) In respect of immovable properties of buildings constructed on leasehold land and disclosed as fixed asset in the financial statements, the lease agreement (for land) is in the name of the Company, where the Company is the lessee.
 - (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
 - (iii) According to the information and explanations given to us, the Company has granted loans to Company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- Also refer our comments as described in the "Basis for Qualified Opinion" paragraph in the Auditor's Report.
- (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 during the year 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, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2019 on account of disputes.
- (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) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (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) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (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 188 and 177 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
(F.R.N. 117366W/W-100018)



Sumit Trivedi
(Partner)

(Membership No. 209354)

Place: Hyderabad
Date: April 26, 2019



GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Balance Sheet as at March 31, 2019
(All amounts are in ₹ lakhs, unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	3	3,002.01	3,415.98
Investment property	4	9,296.64	9,951.11
Financial assets			
Investments	5A	22,786.36	20,308.84
Loans	5B	3,895.16	2,895.35
Other financial assets	5D	11.00	9.87
Deferred tax assets (net)	6	-	-
Non-current tax asset		11.35	41.37
Other non-current assets	7	159.41	162.55
		39,161.93	36,785.07
Current assets			
Financial assets			
Trade receivables	8	7,315.33	6,912.91
Cash and cash equivalents	9	5.07	94.53
Derivative instruments	5C	-	81.69
Other current assets	7	3.14	366.66
		7,323.54	7,455.79
Total assets		46,485.47	44,240.86
Equity and liabilities			
Equity			
Equity share capital	10	33,840.00	32,490.00
Other equity	11	(398.58)	(848.40)
Total equity		33,441.42	31,641.60
Non-current liabilities			
Financial liabilities			
Borrowings	12	9,968.45	9,962.74
		9,968.45	9,962.74
Current liabilities			
Financial liabilities			
Trade payables	13	-	-
(i) total outstanding dues of micro enterprises and small enterprises;		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,071.54	2,550.35
Other financial liabilities	14	2.34	84.22
Other current liabilities	15	1.72	1.95
		3,075.60	2,636.52
Total equity and liabilities		46,485.47	44,240.86

Corporate information and Significant accounting policies 1 & 2

The accompanying notes are an integral part of the Standalone 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 of
GMR Aerospace Engineering Limited

Rajesh Kumar Arora
Rajesh Kumar Arora
Director
DIN : 03074536

SCK Kishore
SCK Kishore
Director
DIN : 02916539

Ashok Gopinath
Ashok Gopinath
Chief Executive Officer

K Venkata Ramana
K Venkata Ramana
Chief Financial Officer

Apeksha Naidu
Apeksha Naidu
Company Secretary
M.No.ACS 42119

Place : Hyderabad
Date: April 26, 2019

Place : Hyderabad
Date: April 26, 2019



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Statement of Profit and Loss for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	16	2,027.05	2,862.23
Other income	17	568.04	2,219.78
Total income (i)		2,595.09	5,082.01
Expenses			
Employee benefits expense	18	5.48	39.64
Finance cost	19	860.83	2,712.77
Depreciation and amortization expense	20	1,068.44	1,063.53
Other expenses	21	710.52	1,866.13
Total expenses (ii)		2,645.27	5,682.07
Loss before tax (i-ii)		(50.18)	(600.06)
Tax expense			
Current Tax		-	-
Deferred Tax		-	-
Loss for the year		(50.18)	(600.06)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Remeasurement gains/(losses) on defined benefit plans		-	-
Other comprehensive income		-	-
Total Comprehensive Loss		(50.18)	(600.06)
Earnings per equity share of ₹ 10 each			
Basic and diluted (₹ per share)	22	(0.01)	(0.19)

Corporate information and Significant accounting policies 1 & 2

The accompanying notes are an integral part of the Standalone 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 of
GMR Aerospace Engineering Limited

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

Ashok Copinath
Chief Executive Officer

K Venkata Ramana
Chief Financial Officer

Apeksha Naidu
Company Secretary
M.No.ACS 42119

Place : Hyderabad
Date: April 26, 2019

Place : Hyderabad
Date: April 26, 2019



GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Statement of Cash flows for the year ended March 31, 2019
(All amounts are in ₹ lakhs, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from operating activities		
Loss before tax	(50.18)	(600.06)
Adjustment for		
Depreciation on property, plant and equipment	413.97	409.57
Depreciation of investment properties	654.47	653.96
Liabilities no longer required, written back	(0.76)	(35.64)
Fair value gain on financial instruments at fair value through profit or loss	81.69	1,279.21
Unrealised foreign exchange (Gain)/ Loss	(93.60)	41.04
Interest income	(360.98)	(823.11)
Finance income on cross currency swap arrangement and fair value change in financial instruments	2.01	(1,360.68)
Trade Receivable written off	43.78	-
Finance costs	860.83	2,712.77
Operating profit before working capital changes	1,551.23	2,277.06
Changes in working capital		
Increase in trade payables	521.95	551.97
(Decrease) in other liabilities	(0.23)	(6.65)
(Decrease) in provisions	-	(7.37)
(Increase) in trade receivables	(374.48)	(1,817.63)
Decrease in other financial assets	-	20.98
Decrease in other assets	363.52	461.83
Cash from operations	2,061.99	1,480.19
Direct taxes refund / (paid)	30.02	(1.97)
Net cash flow from operating activities (A)	2,092.01	1,478.22
Cash flows from investing activities		
Purchase of property, plant and equipment and investment property	(60.00)	(30.96)
Interest income received	10.65	436.12
Bank balance not considered as cash and cash equivalents - Matured / (Placed)	-	500.00
Loans realised from subsidiary	-	17,701.50
Loan given to subsidiary	(3,127.00)	(3,255.00)
Net cash (used in)/from investing activities (B)	(3,176.35)	15,351.66
Cash flows from financing activities		
Proceeds from issue of share capital (including share application money)	1,850.00	3,650.00
Refund of share application money	-	(1,150.00)
Proceeds from long-term borrowings - Non-Convertible Debentures	-	10,000.00
Repayment of long-term borrowings	-	(27,838.71)
Interest paid (net off settlement of cross currency swap arrangement)	(855.12)	(1,405.06)
Net cash flow from/(used in) financing activities (C)	994.88	(16,743.77)
Net Increase/(decrease) in cash and cash equivalents (A + B + C)	(89.46)	86.11
Cash and cash equivalents at the beginning of the year	94.53	8.42
Cash and cash equivalents at the end of the year (see note below)	5.07	94.53
Components of cash and cash equivalents		
With banks - on current accounts	4.07	92.19
With banks - on escrow accounts	1.00	2.34
Total cash and cash equivalents	5.07	94.53

Reconciliation of liabilities from financing activities:

Particulars	As at March 31, 2018	Proceeds	Fair Value Changes	As at March 31, 2019
Borrowings	9,962.74	-	5.71	9,968.45
Total	9,962.74	-	5.71	9,968.45

The accompanying notes are an integral part of the Standalone 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 of
GMR Aerospace Engineering Limited

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

Ashok Gopinath
Chief Executive Officer

K Venkata Ramana
Chief Financial Officer

Apeksha Naidu
Company Secretary
M.No.ACS 42119

Place : Hyderabad
Date: April 26, 2019

Place : Hyderabad
Date: April 26, 2019



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Statement of Changes in Equity for the year ended March 31, 2019
(All amounts are in ₹ lakhs, unless otherwise stated)

A. Equity Share Capital:

Equity shares of ₹ 10 each issued, subscribed and fully paid

As at April 1, 2017

Issue of shares during the year

As at March 31, 2018

Issue of shares during the year

As at March 31, 2019

No. of shares	₹ in lakhs
292,900,000	29,290.00
32,000,000	3,200.00
324,900,000	32,490.00
13,500,000	1,350.00
338,400,000	33,840.00

B. Other Equity

(i) Retained earnings

As at April 01, 2018 / April 01, 2017

Loss for the year

Remeasurement gains/(losses) on defined benefit plans

Closing Balance

As at March 31, 2019	As at March 31, 2018
(1,348.40)	(748.34)
(50.18)	(600.06)
-	-
(1,398.58)	(1,348.40)

(ii) Share application money pending allotment

Total Other Equity

1,000.00	500.00
(398.58)	(848.40)

The accompanying notes are an integral part of the Standalone 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 of
GMR Aerospace Engineering Limited

Rajesh Kumar Arora
Director
DIN : 03174536

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Company Secretary
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GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

1. Corporate information

GMR Aerospace Engineering Limited ("the Company") was incorporated on February 29, 2008 to carry out the business of Investment and development of infrastructure for Maintenance, Repair and Overhaul facility (MRO) of Aircrafts at Rajiv Gandhi International Airport at Shamshabad. (also Refer Note 36).

The Standalone financial statements for the year ended March 31, 2019 were adopted by the Board of Directors and authorized for issue in accordance with a resolution on April 26, 2019.

2. Significant Accounting Policies

2.1 Basis of preparation and presentation:

(a) Statement of Compliance:

The Standalone 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 Standalone 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 Standalone 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 period. 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 its assumptions and estimates on parameters available when the Standalone Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b) Investment in Subsidiary

The Company has accounted for its investment in subsidiary at cost.

c) 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:

- i) It is expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii) It is held primarily for the purpose of trading,
- iii) It is expected to be realised within twelve months after the reporting period, or
- iv) 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.



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

A liability is current when:

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

All other liabilities are classified 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.

d) Foreign currencies

Functional and presentation currency

The Standalone 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. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

e) 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 Standalone Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

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

For assets and liabilities that are recognized in the Standalone Financial Statements on a recurring basis, 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.

f) Revenue recognition

Revenue is recognised upon 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. Revenue is reduced for estimated customer returns, rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

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

Rental income:

Rental income arising from operating leases on investment properties is accounted over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

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 assets net carrying amount on initial recognition.

Dividend income:

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

g) 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.



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

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

Deferred tax:

Deferred tax is 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.

h) 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 assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.



GMR Aerospace Engineering Limited**CIN: U45201TG2008PLC067141****Notes to the Standalone Financial Statements for the year ended March 31, 2019****(All amounts are in ₹ lakhs, unless otherwise stated)**

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	10 - 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 the 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 ₹ 5,000 are fully depreciated in the year of acquisition.

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. Machinery spares which are specific to a particular item of Property, plant and equipment and whose use is expected to be irregular are capitalized as fixed assets.

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.

i) Investment property

Investment property comprises of buildings on leasehold land that is held for long-term rental yields and/or for capital appreciation. Investment property is initially recognized at cost, including transaction costs. Subsequently investment property comprising of building is carried at cost less accumulated depreciation and accumulated impairment losses, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

The Company depreciates the building on leasehold land on straight line basis over the period of lease, i.e. 27 years.

For certain categories of buildings, accelerated depreciation has been provided over the life of 10-27 years.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.

j) 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.

k) 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.

l) 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 fulfillment 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 01, 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.

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.



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

m) 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.

n) 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.



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

Contingent liability is disclosed in the case of:

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

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

o) 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 balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of Superannuation Fund and Employees 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 funds.

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 recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes 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.



GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

p) Financial instruments

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

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.



GMR Aerospace Engineering Limited

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Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

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.

Equity Investments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. Company has accounted for its investments in subsidiaries at cost.

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:

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

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

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

Impairment of financial assets:

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI



GMR Aerospace Engineering Limited

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Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

- 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 115.
- 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.

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:

- a. 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.



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(All amounts are in ₹ lakhs, unless otherwise stated)

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.

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 recognized 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.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.



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Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortisation.

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 recognized in the statement of profit or loss.

q) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses Interest Rate Swap derivative (IRS) to hedge its interest rate risks. The IRS is initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently re-measured at fair value. It is carried as financial asset when the fair value is positive and as financial liability when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivative are taken directly to profit or loss statement.

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.

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.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

s) 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



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(All amounts are in ₹ lakhs, unless otherwise stated)

t) Indian Accounting Standards (Ind AS) issued but not yet effective

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind AS 116, Leases. The amendment rules are effective from reporting periods beginning on or after April 1, 2019. This standard replaces current guidance in Ind AS 17 and is a far reaching change in accounting by lessees in particular.

Ind AS 116 sets out the principles for recognition, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for finance leases under Ind AS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Ind AS 116 requires lessees to recognize a 'right-of-use asset' and a 'lease liability' for almost all leasing arrangements. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. The lessor still has to classify leases as either finance or operating.

Ind AS 116 is effective for the Group in the first quarter of fiscal year 2019 using either one of two methods:

(a) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 116 (the full retrospective method); or

(b) retrospectively with the cumulative effect of initially applying Ind AS 116 recognized at the date of initial application (April 01, 2019) and providing certain additional disclosures as defined in Ind AS 116 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on leases resulting from the application of Ind AS 116 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 116 related to leases and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

A reliable estimate of the quantitative impact of Ind AS 116 on the financial statements will only be possible once the implementation project has been completed.

(u) Amendments to Indian Accounting Standards (Ind AS) issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 amending the following standards:



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Notes to the Standalone Financial Statements for the year ended March 31, 2019

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Appendix C, Uncertainty over Income Tax Treatments to Ind AS 12, 'Income taxes'

The appendix corresponds to IFRIC 23, Uncertainty over Income Tax Treatments issued by the IFRS Interpretations Committee.

This amendment clarifies how the recognition and measurement requirements of Ind AS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. The amendment applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The company is evaluating the impact of the amendment on the financial position, results of operation and cash flow.



SP
VK

3 Property, plant and equipment

	Plant and equipments	Office equipments	Computer equipment and IT systems	Furniture and fixtures	Vehicles	Total
Cost or deemed cost						
As at April 01, 2017	4,542.36	172.16	4.16	48.54	10.32	4,777.54
Additions	70.22	-	-	-	-	70.22
As at March 31, 2018	4,612.58	172.16	4.16	48.54	10.32	4,847.76
Additions	-	-	-	-	-	-
As at March 31, 2019	4,612.58	172.16	4.16	48.54	10.32	4,847.76
Accumulated Depreciation						
As at April 01, 2017	823.22	172.16	3.93	18.39	4.51	1,022.21
Depreciation charge for the year	400.50	-	0.23	6.59	2.25	409.57
As at March 31, 2018	1,223.72	172.16	4.16	24.98	6.76	1,431.78
Depreciation charge for the year	405.12	-	-	6.60	2.25	413.97
As at March 31, 2019	1,628.84	172.16	4.16	31.58	9.01	1,845.75
Net block value						
As at March 31, 2019	2,983.74	-	-	16.96	1.31	3,002.01
As at March 31, 2018	3,388.86	-	-	23.56	3.56	3,415.98

Note:

All the above Property, plant and equipment are given on operating lease by the company to its subsidiary GMR Aero Technic Limited.

4 Investment property

	Buildings on leasehold land #
Cost or deemed cost	
As at April 01, 2017	11,728.83
Additions	201.65
As at March 31, 2018	11,930.48
Additions	-
As at March 31, 2019	11,930.48
Accumulated Depreciation	
As at April 01, 2017	1,325.41
Depreciation charge for the year	653.96
As at March 31, 2018	1,979.37
Depreciation charge for the year	654.47
As at March 31, 2019	2,633.84
Net block	
As at March 31, 2019	9,296.64
As at March 31, 2018	9,951.11

Building is constructed on lease hold land taken from GMR Hyderabad Aviation SEZ Limited ("GHASL") who has obtained the same from GMR Hyderabad International Airport Limited ("GHIAL") (holding company). GHIAL has obtained such land under the land lease agreement with the Government of Telangana.



Information regarding income and expenditure of Investment property

Rental income derived from investment properties
Direct operating expenses (including repairs and maintenance) generating rental income
Profits arising from investment properties before depreciation and indirect expenses
Less: Depreciation
Profits arising from investment properties before indirect expenses

For the year ended March 31, 2019	For the year ended March 31, 2018
1,532.25	2,130.64
420.70	398.45
1,111.55	1,732.19
654.47	653.96
457.08	1,078.23

The Company's investment property consists of MRO (maintenance, repair and overhaul) hangers facility, designed to perform base maintenance checks. These hangers are supported by the workshops that are necessary for airframe heavy maintenance. As at March 31, 2019 and March 31, 2018, the fair values of the property are Rs. 12,630.00 lakhs and Rs. 13,318.00 lakhs respectively. These valuations are based on valuations performed by an accredited independent valuer who are specialists in valuing these types of investment properties. Fair value hierarchy disclosures for investment properties have been provided in Note 30.

Reconciliation of fair value

Opening balance as at April 01, 2017
Fair value difference
Additions
Closing balance as at March 31, 2018
Fair value difference
Additions
Closing balance as at March 31, 2019

Investment property
12,728.30
589.70
-
13,318.00
(688.00)
-
12,630.00

Description of valuation techniques used and key inputs to valuation on investment property:

The fair value of investment property has been computed using Market Approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business. The fair value has been arrived at using a market value of Rs. 3,490 per square feet reduced by average depreciation for the year.

5A. Investments

Investment equity instruments (fully paid-up)

Unquoted investment in subsidiaries
25,000,000 (March 31, 2018: 25,000,000) Equity shares of Rs. 10 each fully paid up in GMR Aero Technic Limited.
Add: Investment on account of fair value of interest free loans and financial guarantee
Total investments

Non-current	
As at March 31, 2019	As at March 31, 2018
2,500.00	2,500.00
20,286.36	17,808.84
22,786.36	20,308.84

5B. Loans

Loan and advances

- Considered good- Secured
- Considered good-Un Secured *
- Have significant increase in Credit Risk
- Credit impaired

Non-current	
As at March 31, 2019	As at March 31, 2018
-	-
3,895.16	2,895.35
-	-
3,895.16	2,895.35

Note:

* The unsecured loan is interest free and receivable in twenty equal half yearly instalments beginning from September 30, 2031.

5C. Derivative instruments

Derivative instruments at fair value through profit or loss

Derivatives not designated as hedges
Embedded derivative (Refer Note 25)
Total

Current	
As at March 31, 2019	As at March 31, 2018
-	81.69
-	81.69

5D. Other financial assets

Security deposit, unsecured, considered good (Refer Note 25)

Total

Non-current	
As at March 31, 2019	As at March 31, 2018
11.00	9.87
11.00	9.87



6 Deferred tax assets (net)

		As at March 31, 2019	As at March 31, 2018
Deferred tax liability (DTL) relating to			
Accelerated depreciation for tax purposes		(295.95)	(295.95)
Deferred tax assets (DTA) relating to	(A)	(295.95)	(295.95)
Unused tax losses/depreciation		295.95	295.95
Deferred tax assets (net)	(B) (A+B)	295.95	295.95

For the year ended March 31, 2019:

	Opening Balance	Recognised in statement of profit and loss	Closing balance
DTL Accelerated depreciation for tax purposes	(295.95)	-	(295.95)
DTA Unused tax losses/depreciation	295.95	-	295.95
	-	-	-

For the year ended March 31, 2018:

	Opening Balance	Recognised in statement of profit and loss	Closing balance
DTL Accelerated depreciation for tax purposes	(315.38)	19.43	(295.95)
DTA Unused tax losses/depreciation	315.38	(19.43)	295.95
	-	-	-

Note:

The Company is entitled to claim tax holiday for any 10 consecutive years out of 15 years, from the year of commencement of commercial operations in 2011-12 under Section 80-IAB of the Income Tax Act, 1961. The Company has recognised deferred tax asset on unabsorbed depreciation and carried forward losses only to the extent the company has sufficient taxable temporary differences.

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

	As at March 31, 2019	As at March 31, 2018
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	(6,337.38)	(1,650.82)
	(6,337.38)	(1,650.82)

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting profit/(loss) before Tax	(50.18)	(600.06)
Applicable Tax Rate in India (%)	26.00%	30.90%
Expected Income tax expense	-	-
Tax expense reported in statement of profit and loss	-	-

7 Other assets

	Non-current		Current	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Unbilled Revenue - Straight lining of lease rentals (Refer Note 33)	-	-	-	363.52
Prepaid expenses	56.49	59.63	3.14	3.14
Balances with Government authorities	102.92	102.92	-	-
Total	159.41	162.55	3.14	366.66



8 Trade receivables

Unsecured, considered good
- Considered good- Secured
- Considered good-Un Secured *
- Have significant increase in Credit Risk
- Credit impaired
Less: Provision for Trade receivables- credit impaired

As at March 31, 2019	As at March 31, 2018
7,315.33	6,912.91
7,315.33	6,912.91

*The entire trade receivables represent the amount receivable from its wholly owned subsidiary GMR Aero Technic Limited. Trade receivables are non-interest bearing.

9 Cash and cash equivalents

Balances with banks :
- On current accounts
- On escrow accounts

Current	
As at March 31, 2019	As at March 31, 2018
4.07	92.19
1.00	2.34
5.07	94.53

10 Equity share capital

Authorized share capital

As at April 1, 2017
Increase during the year

As at March 31, 2018
Increase during the year

As at March 31, 2019

No. of shares	₹ in lakhs
305,000,000	30,500.00
50,000,000	5,000.00
355,000,000	35,500.00
355,000,000	35,500.00

Issued, subscribed and fully paid share capital

338,400,000 fully paid equity shares of ₹ 10 each (March 31, 2018: 324,900,000)

As at March 31, 2019	As at March 31, 2018
33,840.00	32,490.00
33,840.00	32,490.00

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

As at April 1, 2017
Issue of shares during the year
As at March 31, 2018
Issue of shares during the year
As at March 31, 2019

No. of shares	₹ in lakhs
292,900,000	29,290.00
32,000,000	3,200.00
324,900,000	32,490.00
13,500,000	1,350.00
338,400,000	33,840.00

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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 the 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 :

As at March 31, 2019	As at March 31, 2018
33,840.00	32,490.00

GMR Hyderabad International Airport Limited and its nominees

338,400,000 (March 31, 2018 : 324,900,000) equity shares of ₹ 10 each fully paid up

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

Equity shares of Rs.10 each fully paid

GMR Hyderabad International Airport Limited and its nominees

As at March 31, 2019		As at March 31, 2018	
No. of shares	% holding	No. of shares	% holding
338,400,000	100%	324,900,000	100%

11 Other equity

Retained earnings

Opening balance
Add: Loss for the year
Remeasurement gains/(losses) on the net defined benefit plans
Closing balance

As at March 31, 2019	As at March 31, 2018
(1,348.40)	(748.34)
(50.18)	(600.06)
(1,398.58)	(1,348.40)

Share application money pending allotment

1,000.00	500.00
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Total Other Equity

(398.58)	(848.40)
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Note: In the absence of adequate profits, the Company has not created Debenture Redemption Reserve as per the provisions of the Companies Act, 2013.



12 Borrowings

Secured

Redeemable Non Convertible Debentures (Refer Note below)

Non-current	
As at March 31, 2019	As at March 31, 2018
9,968.45	9,962.74
9,968.45	9,962.74

Note:

(i) During the year ended March 31, 2018 the Company has issued 1,000 Senior, Rated, Listed, Secured, 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:

- First pari-passu charge by way of equitable mortgage of leasehold rights of the land to the extent of 16.46 acres on which MRO facilities are constructed along with the buildings, structures, etc. on the land.
- 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.
- 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, present and future of the Company.
- 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.
- Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.
- As per the Debenture Trust Deed dated October 04, 2017, Debenture Trustee (acting on the instruction of Majority Resolution) may permit the Company to create a charge on the Security in favour of lenders advancing Loan Equivalent Risk Facility ("LER Facility") to the Company. The Security Interest created over the Security for securing the LER Facility shall be second charge and shall rank subservient to the charge of the Debenture Holders.
- Redeemable Non-Convertible debentures includes an adjustment of unamortised upfront fee paid of ₹ 31.55 lakhs as at March 31, 2019 (As at March 31, 2018: ₹ 37.26 lakhs).

13 Trade payables

Trade Payables other than acceptances:

(i) total outstanding dues of micro enterprises and small enterprises (Refer Note (i) below);

(ii) total outstanding dues of creditors other than micro enterprises and small enterprises

(a) Related parties (Refer Note 25)

(b) Others

Current	
As at March 31, 2019	As at March 31, 2018
3,062.83	2,542.26
8.71	8.09
3,071.54	2,550.35

Notes :

(i) 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.

14 Other current financial liabilities

Payables for purchase of property, plant and equipment (Refer Note 25)

Interest accrued but not due on borrowings

Total other financial liabilities

As at March 31, 2019	As at March 31, 2018
-	81.88
2.34	2.34
2.34	84.22

15 Other current liabilities

Statutory liabilities

As at March 31, 2019	As at March 31, 2018
1.72	1.95
1.72	1.95



16 Revenue from operations

	For the year ended March 31, 2019	For the year ended March 31, 2018
Income from Services		
Lease Rentals (Refer Note 25 and Note 33)	2,027.05	2,862.23
	2,027.05	2,862.23

17 Other income (Refer Note 37)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest income on loan to a subsidiary (Refer Note 25)	350.33	807.50
Interest on bank deposits	-	15.61
Interest on income tax refund	10.65	0.35
Liabilities no longer required, written back	0.76	35.64
Gain on account of foreign exchange fluctuation (net)	205.17	-
Finance income on:		
- cross currency swap arrangement	-	1,353.18
- fair value change in financial instruments (Refer Note 25)	1.13	7.50
	568.04	2,219.78

18 Employee benefits expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	5.26	36.38
Contribution to provident and other funds	0.22	2.54
Gratuity expense	-	0.72
	5.48	39.64

19 Finance cost

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest on debt and borrowings	-	2,217.69
Interest on Redeemable Non-Convertible Debentures	860.71	417.35
Interest others	0.01	0.23
Bank and Finance charges	0.11	77.50
	860.83	2,712.77

20 Depreciation and amortization expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation of property, plant and equipment (Refer Note 3)	413.97	409.57
Depreciation on investment property (Refer Note 4)	654.47	653.96
	1,068.44	1,063.53

21 Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
Land lease rentals (Refer Note 25)	556.55	535.27
Fair value loss on financial instruments at fair value through profit or loss	81.69	1,279.21
Rates and taxes	1.48	57.85
Travelling and conveyance	0.04	0.06
Sitting Fees	2.33	1.60
Communication costs	0.03	0.10
Repairs and maintenance - Others	0.96	-
Legal and professional fees	10.11	25.75
Payment to auditors (Refer Note below)*	11.09	8.73
Loss on account of foreign exchange fluctuation (net)	-	(42.44)
Trade receivable write off	43.78	-
Miscellaneous expenses	2.46	-
	710.52	1,866.13

Note: Payment to auditors**As auditor:**

	For the year ended March 31, 2019	For the year ended March 31, 2018
Statutory audit fee including Limited Review	6.60	6.60
Other services	4.25	1.00
Reimbursement of expenses	0.24	1.13
	11.09	8.73

*net of reimbursement, aggregating ₹ 37.13 Lakhs



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Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

22. Earnings per Share (EPS)

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Loss for the year	(50.18)	(600.06)
Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted)	334,935,616	316,779,452
Earnings Per Share (Basic and diluted) ₹	(0.01)	(0.19)

23. Segment Information

The Company is engaged in development of infrastructure for Maintenance, Repair and Overhaul facility (MRO) at Rajiv Gandhi International Airport at Shamshabad and operating the same and related activities, 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. Accordingly, the amounts appearing in the Standalone Financial Statements relate to the Company's single business segment.

24. Leases

Operating lease: Company as lessor

The Company has entered into operating lease on its entire fixed assets of the Company. This lease is for a period of seven years lock-in period with further renewal option included in the contract. There are no restrictions placed upon the company by entering into this lease.

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

Particulars	March 31, 2019	March 31, 2018
Within one year	2,412.72	2,053.21
After one year but not more than five years	9,890.62	-
More than 5 Years	2,537.42	-
Total	14,840.76	2,053.21



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(All amounts are in ₹ lakhs, unless otherwise stated)

25. Related Party Disclosures:**A. Names of related parties and description of relationship:**

Sl. No	Relationship	Name of related party
(i)	Holding Company	GMR Hyderabad International Airport Limited (GHIAL)
(ii)	Subsidiary Company	GMR Aero Technic Limited (GATL)
(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 (formerly known as GMR Holdings Private Limited)
(vi)	Fellow Subsidiaries (Where transactions have taken place during the year).	GMR Hyderabad Aviation SEZ Limited (GHASL)
(vii)	Key Managerial Personnel (KMP)	Mr. Srinivas Bommidala -Director (Resigned w.e.f. March 31, 2018)
		Mr. SGK Kishore -Director
		Mr. P. S. Nair -Director
		Mr. Rajesh Kumar Arora -Director
		Mr. Buchisanyasi Raju Grandhi- Director (w.e.f. April 30, 2018)
		Mr. P. Vijay Bhaskar- -Independent Director (Resigned w.e.f. September 18, 2017)
		Mr. Ramamurti Akella -Independent Director (Resigned w.e.f. September 18, 2017)
		Dr. Kavitha Gudapati- -Independent Director
		Mr. Abdul Rahman Harith Saif Al Busaidi-Independent Director (w.e.f. April 18, 2018)
		Mr. Uday Naidu - Chief Executive Officer (Retired on July 31, 2017)
		Mr. Ashok Gopinath - Chief Executive Officer (w.e.f. from August 01 2017)
		Mr. K Venkata Ramana - Chief Financial Officer
		Mr. Lalit Kumar Tiwari - Company Secretary (Resigned w.e.f. March 24, 2018)
		Ms. Apeksha Naidu- Company Secretary (w.e.f. May 02, 2018)

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

Details of Key Managerial Personnel	March 31, 2019		March 31, 2018	
	Remuneration	Sitting Fees	Remuneration	Sitting Fees
Mr. Ramamurthi Akella	-	-	-	0.60
Mr. P. Vijay Bhaskar	-	-	-	0.65
Ms. Kavita Gudapati	-	1.15	-	0.35
Mr. Abdul Rahman Harith Saif Al Busaidi	-	1.19	-	-
Mr. Lalit Kumar Tiwari	-	-	5.69	-
Ms. Apeksha Naidu	5.48	-	-	-
Total	5.48	2.34	5.69	1.60



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Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

C. Summary of Transactions with related parties for the year ended:

	Particulars	March 31, 2019	March 31, 2018
(a)	GMR Aero Technic Limited		
	Facility Lease rental Income	2,027.05	2,862.23
	Loans and advances given	3,127.00	3,255.00
	Investments in subsidiary on account of amortization of loan given	2,477.52	2,705.39
	Investments in subsidiary on account of fair value of financial guarantee	-	6.49
	Loans and advances (RTL) -Secured - Repaid/prepaid	-	7,424.00
	Loans and advances (RTL) -Un Secured - Repaid/prepaid	-	8,592.43
	Loans and advances (FITL) -Unsecured - Prepaid	-	1,685.07
	Investments in subsidiary on account of amortisation on repayment/prepayment of loan	-	(7,910.92)
	Interest on Loans	-	420.50
	Interest on account of amortisation of interest free loan	350.33	386.99
	Fair Value loss on financial instruments at FVTPL - Embedded Derivative	-	414.74
	Purchase of Fixed Assets	-	271.87
(b)	GMR Hyderabad International Airport Limited		
	Allotment of share capital	1,350.00	3,200.00
	Receipt of share application money	1,850.00	3,650.00
	Refund of share application money	-	(1,150.00)
	Corporate guarantee given in relation to NCDs	10,000.00	10,000.00
(c)	GMR Hyderabad Aviation SEZ Limited		
	Lease rental	553.41	532.13
	Lease rental- amortization of prepaid expenses	3.14	3.14
	Finance income from debt instrument through FVTPL	1.13	1.01
(d)	GMR Airports Limited		
	Reimbursement of Expenses	37.13	-

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



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D. Outstanding balances at the end of the year:

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	GMR Aero Technic Limited		
	Investments in Equity share capital	2,500.00	2,500.00
	Investments in subsidiary on account of amortization of loan given and fair value of financial guarantee	20,286.36	17,808.84
	Trade receivables	7,315.33	6,912.91
	Lease Rentals (Straight lining impact)	-	363.52
	Loans and advances (Including FITL)	3,895.16	2,895.35
	Derivative instruments at FVTPL - Embedded Derivative	-	81.69
	Payables for purchase of fixed assets	-	(81.88)
(b)	GMR Hyderabad International Airport Limited		
	Share application money pending allotment	(1000.00)	(500.00)
	Pledge of equity shares with bankers against the loan taken by the Company (Refer Note below)	-	13,586.40
	Corporate guarantee given in relation to Redeemable Non-Convertible Debentures	10,000.00	10,000.00
(c)	GMR Hyderabad Aviation SEZ Limited		
	Security Deposit	11.00	9.87
	Prepaid Expenses	59.63	62.77
	Trade Payables	(3,062.83)	(2,542.26)

Note: During the year ended March 31, 2018, the Company repaid term loans availed from consortium of banks and received no objection certificate from the lead bank evidencing the repayment of term loans. The shares pledged with the banks got released subsequently.

26. Commitments and Contingencies**a) Financial Guarantee**

Corporate guarantee amounting to ₹ Nil. (March 31, 2018: ₹ Nil)

b) Capital commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ Nil (March 31, 2018: ₹ Nil).

c) Other commitments

- The Company has committed to provide such financial support as necessary, to enable its subsidiary (GMR Aero Technic Limited) to meet the operational requirements as they arise and to meet its liabilities as and when they fall due.
- The Company has commitment to pay monthly lease rentals of ₹ 5 per s.f.t (with an escalation clause of 4% every year from the date of commencement of operations) on the land taken from GMR Hyderabad Aviation SEZ limited of 16.46 acres (1 acre = 43,560 sft) for the period up to March 2038.

d) Contingent Liabilities

The Company has filed an appeal with Customs, Excise and Service Tax Appellate Tribunal (CESTAT) against the order of Commissioner of Service Tax for the rejection of service tax refund claim amounting to ₹ 102.92 lakhs



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Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

27. 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 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 March 31, 2019 and March 31, 2018.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2019.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity; provisions.

The following assumption have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

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 12 for fixed interest rate.

The exposure of the Company's borrowing to fixed interest rate is mentioned below:-

Particulars	March 31, 2019	March 31, 2018
Redeemable Non-Convertible Debentures	10,000.00	10,000.00
	10,000.00	10,000.00

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
March 31, 2019/ March 31, 2018		
There are no borrowings with floating rate of interest		



GMR Aerospace Engineering Limited

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Notes to the Standalone Financial Statements for the year ended March 31, 2019

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Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the 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 INR are as follows:

Currencies Exposure	As at March 31, 2019		As at March 31, 2018	
	Amount in Foreign currency (US\$)	₹ in Lakhs	Amount in Foreign currency (US\$)	₹ in Lakhs
Trade receivables	-	-	10,628,028	6,912.91
Unbilled Revenue	-	-	558,884	363.52

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.

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. The Company's exposure to foreign currency changes for all other currencies is not material.

Foreign currency sensitivity

Particulars	March 31, 2019	March 31, 2018
	Impact on profit after tax	Impact on profit after tax
USD Sensitivity		
INR/USD- Increase by 5%	-	363.82
INR/USD- Decrease by 5%	-	(363.82)

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 summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Year ended March 31, 2019	Upto 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Borrowings and interest thereon	855.00	3,422.34	10,440.38	14,717.72
Trade payables	3071.54	-	-	3071.54
Other financial liabilities	2.34	-	-	2.34

Year ended March 31, 2018	Upto 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Borrowings and interest thereon	855.00	3,422.34	11,295.29	15,572.63
Trade payables	2,550.35	-	-	2,550.35
Other financial liabilities	84.22	-	-	84.22



GMR Aerospace Engineering Limited**CIN: U45201TG2008PLC067141****Notes to the Standalone Financial Statements for the year ended March 31, 2019****(All amounts are in ₹ lakhs, unless otherwise stated)****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

The Company has constructed the airframe MRO (Maintenance, Repair and Overhaul) facility and has given the entire facility to GMR Aero Technic Limited (GATL), wholly owned subsidiary of the company on lease for rent. The company entered into lease agreement with GATL for 7 years which will be renewable. The company bills GATL as per the lease rentals as per the lease agreement. GATL has entered into long term contracts with all the top airline operators and pays the rent to the company in order to meet the interest obligations, repayment of Term Loan Installments. As at March 31, 2019, the receivables outstanding from GATL are ₹. 7,315.33 lakhs

28. Fair values:

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

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
Valued at cost				
Investments	22,786.36	20,308.84	22,786.36	20,308.84
Valued at fair value through profit or loss				
Embedded derivatives	-	81.69	-	81.69
Valued at amortised cost				
Loans	3,895.16	2,895.35	3,895.16	2,895.35
Trade receivable	7,315.33	6,912.91	7,315.33	6,912.91
Other financial assets	11.00	9.87	11.00	9.87
Cash and cash equivalent	5.07	94.53	5.07	94.53
Total Financial Assets	34,012.92	30,303.19	34,012.92	30,303.19
Financial liabilities				
Valued at amortised cost				
Borrowings	9,968.45	9,962.74	9,968.45	9,962.74
Trade payables	3,071.54	2,550.35	3,071.54	2,550.35
Other financial liabilities	2.34	84.22	2.34	84.22
Total Financial Liabilities	13,042.33	12,597.31	13,042.33	12,597.31

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.



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Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

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:

(i) **Interest rate swaps:-** The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observables yield curve.

(ii) **Embedded Derivative:-** During the previous year, the Company receives payment in USD towards a rent payment obligation fixed in Indian Rupee converted at a 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 receivable 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.

29. 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, 2019	As at March 31, 2018
Borrowings	9,968.45	9,962.74
Cash and cash equivalents	(5.07)	(94.53)
Net debt	9,963.38	9,868.21
Equity	33,441.42	31,641.60
Net debt to capital ratio	0.30	0.31

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019.



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Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

30. Fair Value Hierarchy:**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2019:**

	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
Assets measured at fair value					
Investment property	March 31, 2019	12,630.00	-	12,630.00	-

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
Assets measured at fair value					
Investment property	March 31, 2018	13,318.00	-	13,318.00	-
Embedded derivatives	March 31, 2018	81.69	-	81.69	-

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

31. 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.

Impairment of investments in subsidiaries

The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. For the purpose of impairment testing, 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 risks specific to the asset / CGU for assessing the value in use. The recoverable amount of an asset / CGU is the greater of its value-in-use and its fair value less costs to sell.

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.



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(All amounts are in ₹ lakhs, unless otherwise stated)

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

32. Employee benefits plan

There is one employee on the rolls of the Company as at March 31, 2019 and hence disclosure in regards to employee benefits plan has not been provided.

33. Lease Rentals includes reversal of opening balance of straight lining of lease rentals for year ended March 31, 2019 of ₹ 363.52 lakhs on account of modification of terms of lease w.e.f April 01, 2018.

34. Investments, Loans and Trade receivables related to the Subsidiary:

As at March 31, 2019, the Company has investment, loans and trade receivables aggregating to ₹ 22,786.36 Lakhs, ₹ 3,895.16 Lakhs and ₹ 7,315.33 Lakhs, respectively (As at March 31, 2018: ₹ 20,308.84 Lakhs, ₹ 2,895.35 Lakhs and ₹ 6,912.91 Lakhs, respectively) in its wholly owned subsidiary GMR Aero Technic Limited (GATL). The subsidiary has been incurring continuing losses and its accumulated losses have fully eroded its net-worth as at March 31, 2019. Management has undertaken several initiatives to improve its income from operations and establish profitable operations including proposed scheme of arrangement as stated in note 36 below. Based on the future business plan, projections approved by the Board of Directors of the Company, valuation assessment done by the Management and other management initiatives (Refer Note 36), the Management is of the view that there is no impairment, in the value of such investment, loans and trade receivables. As such, no provision, for impairment in the value of the same has been made.

35. The Company has accumulated losses amounting to ₹ 1,398.13 Lakhs as at March 31, 2019, and as explained in Note 34, given the significant erosion in net-worth of the wholly owned subsidiary and management initiatives as stated in note 36 there will be significant increase in operations of Maintenance, Repair, Overhauling (MRO) business of Subsidiary Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

GMR Hyderabad International Airport Limited ("Holding Company") has confirmed its continuous financial support to the Company to meet its operational requirements as they arise and to meet its liabilities as and when they fall due.

Accordingly, these Standalone Financial Statements have been prepared on a Going Concern basis and 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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GMR Aerospace Engineering Limited

CIN: U45201TG2008PLC067141

Notes to the Standalone Financial Statements for the year ended March 31, 2019

(All amounts are in ₹ lakhs, unless otherwise stated)

36. (a) The Board of Directors in their meeting held on December 10, 2018 has approved, subject to the required approvals, the Composite Scheme of Arrangement amongst GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL"/"Transferor Company") and GMR Aero Technic Limited ("GATL"/"Demerged company") and GMR Aerospace Engineering Limited ("GAEL"/"Transferee"/"Resulting Company") and their respective Shareholders and Creditors ("Scheme"), wherein GHACLPL will merge with GAEL and GATL will demerge the MRO Business undertaking into GAEL with an Appointed Date of April 01, 2018. The Company is in the process of obtaining requisite approvals (including from the National Company Law Tribunal (NCLT)), under applicable laws/regulations to give effect to the above Scheme, pending aforesaid approvals no impact of the scheme has been considered in the Standalone Financial Statements.

(b) Pursuant to the Scheme, with effect from the Appointed Date and upon the Scheme becoming effective:

i) MRO business/demerged undertaking of the GATL shall be transferred on a going concern basis to the Resulting Company. Pursuant to the Scheme, no shares will be issued in relation to the Demerger since the Demerged Company is a wholly owned subsidiary of the GAEL. The shares of the Demerged Company, to the extent of 24,900,000 equity shares of ₹ 10 each, which reflect the MRO business/Demerged Undertaking being demerged to GAEL shall stand cancelled and shares to the extent of 100,000 equity shares of ₹ 10 each which represent the Residual Business shall continue in the books of the demerged company.

ii) Undertakings of the transferor Company/GHACLPL shall be transferred on a going concern basis to the Transferee Company. Pursuant to the Scheme, a total of 91,912,200 equity shares of face value ₹ 10/- (Rupees Ten Only) each of the Transferee Company to be issued to the equity shareholder of the Transferor Company holding 1,020,000 equity shares of face value of ₹ 10/- (Rupees Ten Only) each therein, as on the Record Date in the Share Exchange Ratio of 90.11:1, a total of 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of ₹ 10,000/- (Rupees Ten Thousand Only) each of the Transferee Company to be issued to the 11.97% Series A CCCPS holder of the Transferor Company holding 18,000, 11.97% Series A CCCPS of ₹ 10,000/- (Rupees Ten Thousand Only) each therein as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1, a total of 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of ₹ 10/- (Rupees Ten Only) each of the Transferee Company to be issued to the 11.97% Series B CCCPS holder of the Transferor Company holding 18,735, 11.97% Series B CCCPS of ₹ 10/- (Rupees Ten Only) each as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1

37. Other income includes reversal of exchange gain on lease rentals for year ended March 31, 2019 ₹ 481.07 Lakhs (year ended March 31, 2018: ₹ Nil) on account of modification of terms of lease w.e.f. March 01, 2019.




For and on behalf of the Board of Directors
GMR Aerospace Engineering Limited


Rajesh Kumar Arora
Director
DIN : 03174536


SGK Kishore
Director
DIN : 02916539


Ashok Copinath
Chief Executive Officer


K Venkata Ramana
Chief Financial Officer


Apeksha Naidu
Company Secretary
M No. ACS 42119

Date: **April 26, 2019**
Place: **Hyderabad**

