

INDEPENDENT AUDITOR'S REPORT

To the Members of GMR Aero Technic Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of GMR Aero Technic Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies (collectively known as the 'Ind AS Financial Statements') and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standard (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 2.1 to the Ind AS financial statements, the Company has incurred a net loss of Rs. 391,091,494 during the year ended March 31, 2017. As at March 31, 2017 the Company has accumulated losses of Rs. 3,639,247,761, its net worth has been fully eroded and the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in Note No. 2.1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The going concern matter described in Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

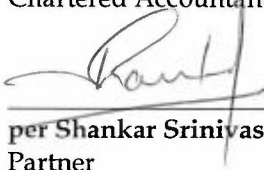


S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 15(B) to the Ind AS financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. The Company has provided disclosures in Note 11 to these Ind financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our enquiries, test check of the books of account and other details maintained by the Company and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants



per **Shankar Srinivasan**
Partner

Membership Number: 213271



Place: Hyderabad

Date: May 03, 2017

Annexure I referred to in our report of even date

Re: GMR Aero Technic Limited ("the Company")

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
 - (b) All Property, Plant and Equipment have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given by the management, the company does not have immovable property. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to financial institution, government, and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given by the management, the company has utilised the term loan for the purpose which they were raised. The company has not raised money by way of initial public offer or debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm Registration Number: 101049W/E300004
Chartered Accountants



per Shankar Srinivasan
Partner

Membership Number: 213271



Place: Hyderabad

Date: May 03, 2017

ANNEXURE 2 To the Independent Auditor's Report of even date on the Ind As Financial Statements of GMR Aero Technic Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of GMR Aero Technic Limited

We have audited the internal financial controls over financial reporting of GMR Aero Technic Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the internal financial controls system over financial reporting.



Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. BATLIBOI & ASSOCIATES LLP**

ICAI Firm Registration Number: 101049W/E300004

Chartered Accountants



per **Shankar Srinivasan**

Partner

Membership Number: 213271



Place: Hyderabad

Date: May 03, 2017

GMR Aero Technic Limited
CIN:U35122TG2010PLC070489
Balance sheet as at March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

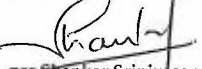
	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	3	254,931,708	262,692,107	274,494,454
Capital work-in-progress		-	3,550,000	-
Intangible assets	4	874,026	38,866,684	117,148,452
Financial assets				
Other financial assets	5	790,407	790,407	790,407
Deferred tax asset (net)	8	-	-	-
Non current tax assets	6	42,361,375	8,880,307	12,368,766
Other non-current assets	7	-	1,333,183	1,147,781
		298,957,516	316,112,688	405,949,860
Current assets				
Inventories	9	263,995,758	272,465,465	235,386,894
Financial assets				
Trade receivables	10	43,805,603	77,344,152	73,395,816
Cash and cash equivalents	11	8,345,665	2,166,379	14,349,894
Other current financial assets	5	-	44,620	50,788
Current tax assets	6	17,268,059	17,268,059	11,282,777
Other current assets	7	12,519,979	15,978,955	43,016,693
		345,935,064	385,267,630	377,482,862
Total assets		644,892,580	701,380,318	783,432,722
Equity and liabilities				
Equity				
Equity share capital	12	250,000,000	250,000,000	250,000,000
Other equity				
Equity component of other financial instruments	13	1,654,643,303	1,273,382,589	1,206,880,776
Retained earnings		(3,639,247,761)	(3,248,156,267)	(2,514,913,115)
Total Equity		(1,734,604,458)	(1,724,773,678)	(1,058,032,339)
Non-current liabilities				
Financial Liabilities				
Borrowings	14	1,144,933,774	1,062,333,555	986,381,263
Long term provisions	16	9,573,049	6,826,517	4,422,925
Other non-current liabilities	17	36,311,995	83,826,079	101,300,000
		1,190,818,818	1,152,986,151	1,092,104,188
Current liabilities				
Financial Liabilities				
Borrowings	14	240,484,044	241,755,106	224,079,264
Trade payables	15A	823,382,841	820,532,786	491,336,384
Derivative instruments	15B	49,643,375	166,595,622	-
Other current payables	15C	2,245,063	2,632,806	574,071
Short term provisions	16	17,993,312	13,578,154	11,437,569
Other current liabilities	17	54,929,585	28,073,371	21,933,585
Total liabilities		1,188,678,220	1,273,167,845	749,360,873
Total equity and liabilities		644,892,580	701,380,318	783,432,722

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: : 101049W/E300004
Chartered Accountants


per Shankar Srinivasan
Partner
Membership No. 213271



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


Rajesh Kumar Arora Director
DIN - 03174536


S.K. Kishore Director
DIN - 02916539


K Venkata Ramana Chief Financial Officer


Lalit Kumar Tiwari Company Secretary

Place : Hyderabad
Date : May 03, 2017

Place : Hyderabad
Date : May 03, 2017

GMR Aero Technic Limited
CIN:U35122TG2010PLC070489

Statement of profit and loss for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

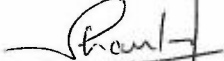
	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue			
Revenue from operations	18	580,019,846	752,272,398
Other income	19	138,845,517	6,164,147
Total revenue (i)		718,865,363	758,436,545
Expenses			
Lease rentals		299,951,468	324,316,414
Cost of stores and spares consumed	20	175,384,511	210,210,384
Employee benefits expense	21	374,967,607	354,825,785
Other expenses	22	188,432,961	372,768,319
Total Expenses (ii)		1,038,736,547	1,262,120,902
Earnings before interest, tax, depreciation and amortization (EBITDA) [(i) - (ii)]		(319,871,184)	(503,684,357)
Depreciation and amortization expenses	23	64,932,517	106,530,367
Finance costs	24	158,541,338	144,919,351
Loss before tax		(543,345,039)	(755,134,075)
Tax expenses			
Deferred tax income		(151,577,501)	(21,474,290)
Loss for the year		(391,767,538)	(733,659,785)
Other comprehensive income for the year			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Re-measurement gains on defined benefit plans		676,044	416,633
Other comprehensive income for the year		676,044	416,633
Total comprehensive loss for the year		(391,091,494)	(733,243,152)
Earnings per share [nominal value of share Rs.10 (March 31, 2016: Rs.10)]¹⁷			
Basic and diluted	25	(15.67)	(29.35)
Summary of significant accounting policies	2.2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.


For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: : 101049W/E300004


Chartered Accountants


per Shankar Srinivasan
Partner
Membership No. 213271



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


Rajesh Kumar Arora
Director
DIN - 03174536


SGK Kishore
Director
DIN - 02916539


K Venkata Ramana
Chief Financial Officer


Lalit Kumar Tiwari
Company Secretary

Place : Hyderabad
Date : May 03, 2017



Place : Hyderabad
Date : May 03, 2017

GMR Aero Technic Limited
CIN:U35122TG2010PLC070489

Statement of Changes in Equity for the year ended March 31, 2017

(All amounts in Indian Rupees except otherwise stated)

a. Equity Share Capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid
As at April 1, 2015
Issue of shares
As at March 31, 2016
Issue of shares
As at March 31, 2017

No.	Rs.
25,000,000	250,000,000
-	-
25,000,000	250,000,000
-	-
25,000,000	250,000,000

b. Other Equity

(i) Equity component of other financial instruments

As at April 1, 2016 / April 1, 2015

Additions during the year

As at March 31, 2017 / March 31, 2016

March 31, 2017	March 31, 2016
1,273,382,589	1,206,880,776
381,260,714	66,501,813
1,654,643,303	1,273,382,589

* Net of deferred tax March 31, 2017 Rs. 1,654,643,303, March 31, 2016 Rs. 1,273,382,589 and April 01, 2015 Rs. 1,206,880,776.

(ii) Retained earnings

As at April 1, 2016 / April 1, 2015

Loss for the year

Other comprehensive income for the year

Total comprehensive income

As at March 31, 2017 / March 31, 2016

March 31, 2017	March 31, 2016
(3,248,156,267)	(2,514,913,115)
(391,767,538)	(733,659,785)
676,044	416,633
(391,091,494)	(733,243,152)
(3,639,247,761)	(3,248,156,267)

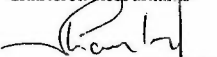
The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S. R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: : 101049W/E3100004

Chartered Accountants



per Shankar Srinivasan

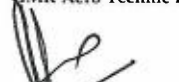
Partner

Membership No : 213271



For and on behalf of the Board of Directors

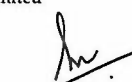
GMR Aero Technic Limited



Rajesh Kumar Arora

Director

DIN : 03174536



SCK Kishore

Director

DIN : 02916539


K Venkata Ramana
Chief Financial Officer


Lalit Kumar Tiwari
Company Secretary

Place : Hyderabad

Date : May 03, 2017



Place : Hyderabad

Date : May 03, 2017

GMR Aero Technic Limited
CIN:U35122TG2010PLC070489
Cash flow statement for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Loss before tax	(543,345,039)	(755,134,075)
Adjustment to reconcile loss before tax to net cash flows		
Depreciation and amortization expenses	64,932,517	106,530,367
Unrealized foreign exchange gain	(14,022,923)	(1,128,842)
Provisions no longer required, written back	(22,686)	(4,290)
Inventory written off	7,541,244	4,812,613
Fair value (gain)/loss on financial instruments at fair value through profit or loss	(116,952,247)	166,595,622
Finance costs (including fair value change in financial instruments)	155,949,915	142,574,417
Operating loss before working capital changes	(445,919,219)	(335,754,188)
Movements in working capital :		
Increase in trade payables	16,832,652	329,385,157
Decrease in other liabilities	(19,363,046)	(6,406,832)
Increase in provisions	7,837,734	4,960,810
Decrease/(increase) in trade receivables	32,478,785	(7,393,697)
Decrease/(increase) in inventories	928,463	(41,891,184)
Decrease in other financial assets	44,620	6,168
Decrease in other current assets	3,458,976	27,037,738
Cash used in operations	(403,701,035)	(30,056,029)
Direct taxes paid (net of refund)	(33,481,068)	(2,496,823)
Net cash used in operating activities (A)	(437,182,103)	(32,552,852)
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,684,021)	(18,122,919)
Net cash used in investing activities (B)	(14,684,021)	(18,122,919)
Cash flows from financing activities		
Proceeds from long-term borrowings	598,900,000	60,000,000
Repayment of short-term borrowings	(23,671,062)	10,075,842
Interest paid	(117,011,481)	(31,046,022)
Net cash flow from financing activities (C)	458,217,457	39,029,820
Net increase in cash and cash equivalents (A + B + C)	6,351,333	(11,645,951)
Effect of exchange differences on cash & cash equivalents held in foreign currency	(172,048)	(537,566)
Cash and cash equivalents at the beginning of the year	2,166,379	14,349,894
Cash and cash equivalents at the end of the year	8,345,665	2,166,379
Components of cash and cash equivalents		
With banks - on current accounts	61,989	661,313
- Exchange Earner's Foreign Currency account	8,283,676	1,505,066
Total cash and cash equivalents (Note 11)	8,345,665	2,166,379

Note: Interest on loan from holding company has been converted into Funded Interest Term Loan as per the terms of the agreement. The said transaction is considered as a non-cash transaction for the purpose of cash flow statement.

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES LLP

ICAI Firm registration number: : 101049

Chartered Accountants

Per Shankar Srinivasan

Partner

Membership No. 213271



For and on behalf of the Board of Directors

GMR Aero Technic Limited

Kash Kumar Arora

Director

DIN: 03174536

K Venkata Ramana

Chief Financial Officer

Place: Hyderabad

Date : May 3, 2017

SGK Kishore

Director

DIN : 02916539

Lalit Kumar Fuyari

Company Secretary

Place: Hyderabad

Date : May 3, 2017

Place: Hyderabad

Date : May 3, 2017

1 Corporate information

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

The financial statements were authorised for issue in accordance with a resolution of the directors passed in the Board Meeting held on May 03, 2017.

2 Significant accounting policies

2.1 Basis of preparation

(i) Statement of compliance

In accordance with the notification issued by Ministry of Corporate Affairs, the Company is required to prepare its financial statements under Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 with effect from April 1, 2016. Accordingly, the Company's management has now prepared Ind AS financial statements which comprise the Balance Sheets as at March 31, 2017 and March 31, 2016, the Opening Balance Sheet as at April 1, 2015 (transition date), the Statements of Profit and Loss, the Statements of Cash Flow and the Statements of Changes in Equity for the year ended March 31, 2017 and for the year ended March 31, 2016, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Ind AS Financial Statements").

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first, the Company has prepared in accordance with Ind AS. Refer to note 36 for information on how the Company adopted Ind AS.

(ii) Going concern

The Company has incurred a net loss of Rs. 391,091,494 (March 31, 2016: Rs. 733,243,152) during the year ended March 31, 2017. Further as at March 31, 2017, the Company has accumulated losses of Rs. 3,639,247,761 (March 31, 2016: Rs. 3,248,156,267) and its net-worth had been fully eroded. The Company has incurred net loss/cash loss in the current and previous year and, the Company's current liabilities exceeded its current assets as at the balance sheet date. The Management expects that there will be significant increase in the operations of the Company that will lead to improved cash flows and long term sustainability. GMR Aerospace Engineering Limited (the Holding Company) has undertaken to provide such financial support as necessary, to enable the Company to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, these financial statements do not include any adjustments relating to the recoverability of assets or the amounts of liabilities that may be necessary if the entity is unable to continue as a going concern.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis and on an accrual basis, except for derivative instruments and certain financial assets and liabilities which have been measured at fair value as required by relevant Ind AS (refer accounting policy regarding financial instruments).

2.2 Summary of significant accounting policies

a. Use of estimates

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

b. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

c. Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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

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



d. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

e. Revenue recognition

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

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

Income from Services:

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

Interest income:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

f. Taxes

Current income tax:

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it is probable that future taxable profits will allow the deferred tax asset to be recovered.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Sales/ value added taxes paid on acquisition of assets or on incurring expenses:

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

g. Property, plant and equipment

Property, plant and equipment's 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.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

Particulars	2016-17 (Years)
Plant and equipments	15
Office equipments	5
Computer equipment and IT systems	3 to 6
Furniture and fixtures	10
Vehicles	8

The Company, based on technical 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 Rs. 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 fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

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

h. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each year. Cost relating to software licenses, which are acquired, are capitalized and amortized on a straight - line basis over their useful life not exceeding six years.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

i. Borrowing costs

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



j. Leases

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

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

Company as a lessee :

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

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

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

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

k. Inventories

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

l. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or, cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

m. Provisions, contingent liabilities and commitments

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

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

Contingent liability is disclosed in the case of:

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

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

n. Contingent assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.



o. Retirement and other employee benefits

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

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.

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

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

- 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.

Debt instrument at FVTPL

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.



Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's 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
- Lease receivables under Ind AS 17
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- 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, an entity is required to consider:

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

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

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

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

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 bank overdrafts, 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.

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 is taken directly to profit or loss statement.

Loans and borrowings

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

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

This category generally applies to borrowings. For more information refer Note 12.

Derecognition

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

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.

t. Segment reporting policies

The Company has only one reportable business segment, which is operation of airport and providing allied services and operates in a single business segment. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

u. Measurement of Earnings before interest, tax, depreciation and amortisation (EBITDA)

The company presents EBITDA as a separate line item on the face of statement of Profit and Loss, but including other income as separate line item on the face of statement of Profit and Loss.



3 Plant, property and equipment

	Tools and equipments	Vehicles	Office equipments	Computer equipments	Furniture and fixtures	Total
Cost						
Deemed cost as at April 1, 2015	260,957,202	367,487	905,606	504,020	11,760,139	274,494,454
Additions	15,341,142	-	182,814	880,296	42,000	16,446,252
Disposals	-	-	-	-	-	-
As at 31 March 2016	276,298,344	367,487	1,088,420	1,384,316	11,802,139	290,940,706
Additions	17,689,063	-	233,400	315,000	-	18,237,463
As at 31 March 2017	293,987,407	367,487	1,321,820	1,699,316	11,802,139	309,178,169
Depreciation						
Depreciation charge for the year	25,558,922	36,989	505,204	428,413	1,719,071	28,248,599
Disposals	-	-	-	-	-	-
As at 31 March 2016	25,558,922	36,989	505,204	428,413	1,719,071	28,248,599
Depreciation charge for the year	23,335,846	36,888	378,240	512,117	1,734,773	25,997,862
As at 31 March 2017	48,894,768	73,877	883,444	940,530	3,453,844	54,246,461
Net Block						
As at 31 March 2017	245,092,639	293,610	438,376	758,786	8,348,295	254,931,708
As at 31 March 2016	250,739,422	330,498	583,216	955,903	10,083,068	262,692,107
Deemed cost as at April 1, 2015	260,957,202	367,487	905,606	504,020	11,760,139	274,494,454

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, wherein the carrying value of Property, plant & equipment (PPE) has been carried forward at the amount as determined under the previous GAAP. Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows :

Block of assets	Gross Block	Accumulated Depreciation	Net previous GAAP Value
Tools and equipments	309,160,395	48,203,193	260,957,202
Vehicles	368,877	1,390	367,487
Office equipments	1,654,796	749,190	905,606
Computer equipments	8,391,273	7,887,253	504,020
Furniture and fixtures	20,678,033	8,917,894	11,760,139
Total	340,253,374	65,758,920	274,494,454

4 Intangible assets

	Computer software	Technical Know-how	Total
Cost			
Deemed cost as at April 1, 2015	27,319,054	89,829,398	117,148,452
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2016	27,319,054	89,829,398	117,148,452
Additions	941,997	-	941,997
Disposals	-	-	-
As at 31 March 2017	28,261,051	89,829,398	118,090,449
Amortization			
Charge for the year	17,115,415	61,166,353	78,281,768
Disposals	-	-	-
As at 31 March 2016	17,115,415	61,166,353	78,281,768
Charge for the year	10,271,610	28,663,045	38,934,655
Disposals	-	-	-
As at 31 March 2017	27,387,025	89,829,398	117,216,423
Net Block			
As at 31 March 2017	874,026	-	874,026
As at 31 March 2016	10,203,639	28,663,045	38,866,684
Deemed cost as at April 1, 2015	27,319,054	89,829,398	117,148,452

Ind AS 101 Exemption : The Company has availed the exemption available under Ind AS 101, wherein the carrying value of intangible assets has been carried forward at the amount as determined under the previous GAAP. Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows :

Block of assets	Gross Block	Accumulated Depreciation	Net previous GAAP Value
Computer Software	85,192,431	57,873,377	27,319,054
Technical Know-how	313,496,389	223,666,991	89,829,398
	398,688,820	281,540,368	117,148,452



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5 Financial assets	Non Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Loans						
Security deposit						
Unsecured, considered good, to related parties	504,407	504,407	504,407	-	-	-
Unsecured, considered good, to other parties	286,000	286,000	286,000	-	-	-
Loans to employees						
Unsecured, considered good	-	-	-	-	44,620	50,788
	790,407	790,407	790,407	-	44,620	50,788

6 Tax assets	Non Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2016	March 31, 2017	March 31, 2016	April 1, 2015
Advance income tax (net of provision for current tax)	42,361,375	8,880,307	12,368,766	17,268,059	17,268,059	11,282,777
	42,361,375	8,880,307	12,368,766	17,268,059	17,268,059	11,282,777

7 Other assets	Non Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2016	March 31, 2017	March 31, 2016	April 1, 2015
Capital advances	-	1,333,183	1,147,781	-	-	-
Un-billed revenue	-	-	-	-	-	31,641,327
Advances recoverable in cash or kind	-	-	-	1,832,916	3,990,200	3,917,066
Prepaid expenses	-	-	-	9,671,677	9,566,857	6,900,314
Balances with statutory/ government authorities	-	-	-	1,015,386	2,421,898	557,986
	-	1,333,183	1,147,781	12,519,979	15,978,955	43,016,693

8 Deferred tax (asset)/ liability (net)	Non-Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liability(DTL) relating to			
Impact due to temporary difference of interest free loans from related party	(644,494,085)	(492,916,584)	(471,442,293)
Gross deferred tax liability	(644,494,085)	(492,916,584)	(471,442,293)
Deferred tax asset (DTA) relating to			
Unused tax losses/depreciation	644,494,085	492,916,584	471,442,293
	644,494,085	492,916,584	471,442,293
Net deferred tax asset	-	-	-
Deferred tax assets/ (liability):			
For the year ended March 31, 2017:			
	Opening balance	Statement of profit and loss	Closing balance
DTL on impact due to temporary difference of interest free loans from related party	(492,916,584)	(151,577,501)	(644,494,085)
DTA on unused tax losses/depreciation	492,916,584	151,577,501	644,494,085
	-	-	-
Deferred tax assets/ (liability):			
For the year ended March 31, 2016:			
	Opening balance	Statement of profit and loss	Closing balance
DTL on impact due to temporary difference of interest free loans from related party	(471,442,293)	(21,474,290)	(492,916,584)
DTA on unused tax losses/depreciation	471,442,293	21,474,290	492,916,584
	-	-	-

Note:

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

Since, the entire Deferred tax asset/Deferred tax liability on accelerated depreciation and unbilled revenue is reversed in the tax holiday period. No Deferred tax asset/Deferred tax liability is accounted for the same.



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9 Inventories

	March 31, 2017	March 31, 2016	April 1, 2015
Stores and spares (valued at lower of cost or net realisable value)	263,995,758	272,465,465	235,386,894
	263,995,758	272,465,465	235,386,894

10 Trade receivable

	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, considered good			
Trade receivables	43,645,055	77,179,907	73,395,816
Receivables from related party (refer note 28)	160,548	164,245	-
	43,805,603	77,344,152	73,395,816

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

For terms and conditions relating to related party receivables, refer Note 28.

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

11 Cash and cash equivalents

	March 31, 2017	March 31, 2016	April 1, 2015
Balances with banks :			
- On current accounts	61,989	661,313	331,717
- Exchange earner's foreign currency account	8,283,676	1,505,066	14,018,177
	8,345,665	2,166,379	14,349,894

Cash and banks does not earn interest.

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	ODNs	Total
Closing cash on hand as on November 8, 2016	-	4,119	4,119
(+) Withdrawal from bank accounts	-	30,000	30,000
(+) Permitted receipts	-	2,350	2,350
(-) Permitted payments	-	34,465	34,465
(-) Deposited in bank accounts	-	-	-
Closing cash on hand as on December 30, 2016	-	2,004	2,004

12 Equity share capital

Authorized share capital

	No.s	Rs.
As at April 1, 2015	25,000,000	250,000,000
Increase during the year	-	-
As at March 31, 2016	25,000,000	250,000,000
Increase during the year	-	-
As at March 31, 2017	25,000,000	250,000,000

(b) Terms/ rights attached to equity shares

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

Issued equity capital

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

	No.s	Rs.
As at April 1, 2015	25,000,000	250,000,000
Changes during the year	-	-
As at March 31, 2016	25,000,000	250,000,000
Changes during the year	-	-
As at March 31, 2017	25,000,000	250,000,000

Shares held by Holding Company

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

	March 31, 2017	March 31, 2016
GMR Aerospace Engineering Limited and its nominees		
25,000,000 (March 31, 2016: 25,000,000) equity shares of Rs.10 each fully paid up	250,000,000	250,000,000

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

	March 31, 2017		March 31, 2016	
	Nos.	% holding	Nos.	% holding
Equity shares of Rs.10 each fully paid				
GMR Aerospace Engineering Limited and its nominees	25,000,000	100%	25,000,000	100%

As per records of the Company, including its Register of shareholders/ members, the above shareholding represent legal and beneficial ownership of shares.

No Shares have been issued by the Company for consideration other than cash, during the period of five years immediately preceding the reporting date:

No shares are reserved for issue under options.



13 Other equity

	March 31, 2017	March 31, 2016	April 1, 2015
Equity component of other financial instruments			
Opening balance	1,273,382,589	1,206,880,776	1,206,880,776
Additions during the year	381,260,714	66,501,813	-
Closing balance	1,654,643,303	1,273,382,589	1,206,880,776
Retained Earnings			
Opening balance	(3,248,156,267)	(2,514,913,115)	(2,514,913,115)
Add: Loss for the year	(391,767,538)	(733,659,785)	-
Items recognised directly in other comprehensive income			
Remeasurement of post-employment obligation	676,044	416,633	-
Closing balance	(3,639,247,761)	(3,248,156,267)	(2,514,913,115)
	(1,984,604,458)	(1,974,773,678)	(1,308,032,339)

14 Borrowings

	Non current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Secured						
Loan from the holding company	712,400,000	742,400,000	750,000,000	30,000,000	7,600,000	-
Funded Interest Term Loan from holding company	111,380,730	103,206,394	48,209,557	-	-	-
Unsecured						
Loan from Holding Company	321,153,044	216,727,161	188,171,706	-	-	-
Cash credit facility from a bank	-	-	-	210,484,044	234,155,106	224,079,264
	1,144,933,774	1,062,333,555	986,381,263	240,484,044	241,755,106	224,079,264

1. Secured Loan from the holding company (GMR Aerospace Engineering Limited) carries interest at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The effective interest rate during the year was 11% p.a. (March 31, 2016 : 11% p.a, April 1, 2015 : 11% p.a). In the earlier year, the secured loan from the holding company was modified with a moratorium period of two years in repayment of loan beginning from May 2014. The secured loan is now repayable in 40 quarterly unequal instalments beginning from June 2016 as against earlier repayment term of 40 quarterly unequal instalments beginning from February 2014. Further, the interest for a period of 25 months commencing from March 2014 has been converted into Funded Interest Term Loan (FITL). FITL is interest free and repayable in 28 quarterly unequal instalments beginning from June 2016. The unsecured loan is interest free and repayable in twenty equal half yearly instalments after a moratorium period of five years.

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

(a) First charge (pari-passu) by way of hypothecation of all the movable assets belonging to the Company and including, but not limited to plant and machinery, machinery spares, tools and accessories, current assets.

(b) First charge (pari-passu) on book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and wherever arising, present and future of the Company.

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

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

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

3. Cash credit facility from bank is secured by way of:

a) First charge on entire current assets and cash flows including stocks, receivables, bank balances etc., (Paripassu charge with existing loan taken from the Holding company).

b) First pari passu charge by way or extension of equitable mortgage of leasehold rights of land to the extent of 16.46 acres standing in the name of the Holding Company, GMR Aerospace Engineering Limited in Sy.No.99/1, Mamidipally village, Sarror nagar mandal, RR Dist, Telangana on which MRO facilities have been created along with all the buildings, structures.

c) First pari passu charge by way of hypothecation of all the movable assets belongs to the Company and the Holding Company (i.e.) GMR Aerospace Engineering Limited and including but not limited to plant and machinery, machinery spares, tools & accessories. (Paripassu charge with existing loan taken from the Holding Company).

d) Corporate guarantee from the Holding Company, GMR Aerospace Engineering Limited.

The cash credit facility is repayable on demand and carries interest of base rate plus 3.95%. (Presently 13.70%) (March 31, 2016 : 13.75%, April 1, 2015 14.20%)

15 A. Trade payables

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables	46,625,232	94,038,667	55,322,824
Trade payables to related parties	776,757,609	726,494,119	436,013,560
	823,382,841	820,532,786	491,336,384

The company has not dealt with any party as defined under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 during the year.

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30 to 60 days terms.

For terms and conditions with related parties, refer to Note 28

For explanations on the Company's credit risk management processes, refer to Note 33.

B. Derivative instruments

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Derivative instruments	49,643,375	166,595,622	-
	49,643,375	166,595,622	-

C. Other payables

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Capital creditors	865,050	2,000,048	481,111
Deposit from customers	92,960	92,960	92,960
Retention money	1,287,053	539,798	-
	2,245,063	2,632,806	574,071



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16 Provisions

	Long term			Short term		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Gratuity	9,573,049	6,826,517	4,422,925	-	-	-
Leave benefits	-	-	-	17,993,312	13,578,154	11,437,569
Total	9,573,049	6,826,517	4,422,925	17,993,312	13,578,154	11,437,569

17 Other liabilities

	Non-Current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Advance from customers	-	-	-	1,325,291	440,234	9,812,970
Lease rentals	36,311,995	83,826,079	101,300,000	45,598,152	18,328,892	3,000,000
Statutory liabilities	-	-	-	8,006,142	9,304,245	9,120,615
Total	36,311,995	83,826,079	101,300,000	54,929,585	28,073,371	21,933,585



18 Revenue from operations

	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from services	580,019,846	752,272,398
	580,019,846	752,272,398

19 Other income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Gain on account of forex fluctuation (net)	13,463,137	2,729,217
Fair value gain on financial instruments at fair value through profit or loss	116,952,247	-
Provisions no longer required, written back	22,686	4,290
Miscellaneous income	8,407,447	3,430,640
	138,845,517	6,164,147

20 Cost of stores and spares consumed

	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventory at the beginning of the year	272,465,463	235,386,894
Add: Purchases	174,456,048	252,101,568
	446,921,511	487,488,462
Less: Inventory written off	7,541,244	4,812,613
Less: Inventory at the end of the year	263,995,758	272,465,465
Cost of stores and spares consumed	175,384,511	210,210,384

21 Employee benefits expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	331,771,855	307,144,799
Contribution to provident and other fund (refer note 26)	16,313,798	15,760,610
Gratuity expenses	4,106,917	3,953,308
Staff welfare expenses	16,096,438	15,761,503
Staff insurance	3,769,732	3,466,468
Staff training cost	2,908,867	8,739,097
	374,967,607	354,825,785

22 Other expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Rates and taxes	15,741,363	16,966,014
Electricity and water charges	30,563,617	29,869,998
Equipment hire charges	1,266,004	3,031,444
Insurance	14,420,090	17,615,610
Repairs and Maintenance		
IT Systems	8,522,500	7,557,295
Others	29,438,079	37,051,094
Sub-contracting expenses	8,475,506	11,560,998
Travelling and conveyance	13,292,508	14,166,150
Communication expenses	2,548,662	3,028,170
Printing and stationery	2,701,416	1,912,698
Security expenses	2,268,000	2,268,000
House Keeping Charges	3,003,127	2,736,491
Business development expenses	1,290,668	1,306,123
Membership and Subscriptions	3,709,486	3,572,500
Legal and professional fees	42,521,336	47,633,868
Fair value loss on financial instruments at fair value through profit or loss	-	166,595,622
Board meeting expenses	215,600	315,000
Payment to auditors (Refer details below)	836,549	674,431
Inventory written off	7,541,244	4,812,613
Miscellaneous expenses	77,206	94,200
	188,432,961	372,768,319
Payment to auditors (exclusive of service tax)		
Statutory audit fee	760,000	600,000
Reimbursement of expenses	76,549	74,431
	836,549	674,431

23 Depreciation and amortization expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets	25,997,862	28,248,599
Amortization of intangible assets	38,934,635	78,281,768
	64,932,517	106,530,367

24 Finance costs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on loan from Holding Company	121,125,792	111,528,395
Interest on cash credit facility from bank	34,822,341	30,872,068
Interest others	1,782	173,954
Bank charges	2,591,423	2,344,934
	158,541,338	144,919,351



25 Earning per Share (EPS)

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

	For the year ended March 31, 2017	For the year ended March 31, 2016
Loss attributable to equity shares	(391,767,538)	(733,659,785)
Weighted average number of Equity shares for basic and diluted EPS	25,000,000	25,000,000

26 Gratuity

a. Defined benefit plans:

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

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

Statement of profit and loss

Net employee benefit expense (recognized in the employee cost)

	March 31, 2017	March 31, 2016
Current service cost	3,601,138	3,207,926
Interest cost on benefit obligation	505,779	745,382
Net benefit expense	4,106,917	3,953,308

Balance sheet

Details of provision for gratuity

	March 31, 2017	March 31, 2016	April 1, 2015
Present value of defined benefit obligation	(13,866,956)	(13,080,863)	(9,855,863)
Fair value of plan assets	4,293,907	6,254,346	5,432,938
Plan liability	(9,573,049)	(6,826,517)	(4,422,925)

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

	March 31, 2017	March 31, 2016	April 1, 2015
Opening defined benefit obligation	13,080,863	9,855,863	5,611,783
Interest cost	864,778	745,382	519,090
Current service cost	3,601,138	3,207,926	2,226,203
Benefits paid	(3,987,921)	(599,372)	-
Actuarial (gain)/loss on obligation	308,098	(128,936)	1,498,787
Closing defined benefit obligation	13,866,956	13,080,863	9,855,863

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

	March 31, 2017	March 31, 2016	April 1, 2015
Opening fair value of plan assets	6,254,346	5,432,938	4,230,066
Expected return	358,999	515,669	407,660
Contributions by employer	684,341	705,187	598,972
Actuarial gains	984,142	199,924	196,240
Benefits paid	(3,987,921)	(599,372)	-
Closing fair value of plan assets	4,293,907	6,254,346	5,432,938

The Company expects to contribute Rs. 684,341 (March 31, 2016: Rs. 705,187, April 1, 2015: Rs. 598,972) towards gratuity for the year ended March 31, 2017.

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

	March 31, 2017	March 31, 2016	April 1, 2015
Investments with insurer	100%	100%	100%

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the Group's plans are shown below:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate	7.10%	7.80%	7.80%
Expected rate of return on assets	9.00%	9.00%	9.00%
Salary escalation Rate	8.00%	8.00%	8.00%
Withdrawal Rate	3.00%	3.00%	5.00%

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

If the discount rate increases (decreases) by 1%, the defined benefit obligations would decrease by INR 1,595,229 (increase by INR 1,933,661) as of March 31, 2017.

If the expected salary growth increases (decreases) by 1%, the defined benefit obligations would increase by INR 1,476,219 (decrease by INR 1,497,183) as of March 31, 2017.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.



Note:

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

b. Defined contribution plan

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

	March 31, 2017	March 31, 2016	April 1, 2015
Contribution to Provident Fund	13,053,132	12,395,941	10,335,092
Contribution to Superannuation Fund	3,260,666	3,364,669	3,494,771
	16,313,798	15,760,610	13,829,863

- c. Leave benefit liabilities provided based on actuarial valuation amounts to Rs. 17,993,312 (March 31, 2016: Rs. 13,578,154, April 1, 2015: Rs. 11,437,569) as at March 31, 2017.

27 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Company has not dealt with any party as defined under the provisions of Micro, Small and Medium Enterprises Development Act, 2006 during the year.



GMR Aero Technic Limited
CIN:U35122TG2010PLC070489

Notes to the financial statements for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

28 Related party transactions

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

I. Names of related parties and description of relationship

Relationship	Name of related party
Holding Company	- GMR Aerospace Engineering Limited (GAEL)
GAEL's holding company	- GMR Hyderabad International Airport Limited (GHIAL)
GHIAL's holding company	- GMR Airports Limited (GAL)
GAL's holding company	- GMR Aviation Private Limited (GAPL)
GAL's holding company	- GMR Infrastructure Limited (GIL)
Ultimate holding company	- GMR Enterprises Private Limited (Formally known as GMR Holdings Private Limited)
Fellow Subsidiaries	- GMR Hyderabad Aviation SEZ Limited
Fellow Subsidiaries	- Raxa Security Services Limited
Fellow Subsidiaries	- GMR Hotels and Resorts Limited
Fellow Subsidiaries	- GMR Airport Developers Limited
Key Managerial personnel	Mr. SGK Kishore -Director
	Mr. P. S. Nair -Director
	Mr. Rajesh Arora -Director
	Mr. Rajsekhar Reddy -Independent Director
	Mr. Ramamurti Akella -Independent Director
	Mr. P. Vijay Bhaskar -Independent Director
	Mr. K. A. Somayajulu -Independent Director (Resigned on September 20, 2016)
	Mr. K Venkata Ramana -CFO
	Mr. Uday Naidu -CEO
	Ms. Neha Agarwal (upto July 21, 2016) -Company Secretary
Mr. Lalit Kumar Tiwari (w.e.f. October 22, 2016) - Company Secretary	

II. Transactions with key managerial personnel

Details of Key Managerial Personnel	Remuneration	
	Short-term employee benefits	Sitting Fees
March 31, 2017		
Mr. Ramamurti Akella	-	65,000
Mr. P. Vijay Bhaskar	-	80,000
Mr. K. A. Somayajulu (Resigned on September 20, 2016)	-	70,000
Mr. Uday Kumar Naidu	10,510,945	-
Ms. Neha Agarwal	249,595	-
	10,760,540	215,000
March 31, 2016		
Mr. Rajsekhar Reddy	-	135,000
Mr. K. A. Somayajulu (Resigned on September 20, 2016)	-	180,000
Mr. Uday Kumar Naidu	9,862,981	-
Ms. Neha Agarwal	765,602	-
	10,628,583	315,000



III. Transactions with related parties during the year:

	March 31, 2017	March 31, 2016
(i) GMR Hyderabad International Airport Limited		
Lease rental and other related expenses	2,134,756	2,860,910
Repairs and Maintenance - IT Systems	-	250,000
Reimbursement of expenses	14,179,111	10,536,455
(ii) GMR Aerospace Engineering Limited		
Lease rental expenses	298,964,015	302,608,217
Loans and advances -taken(transaction amount March 31,2017 Rs. 610,000,000, March 31,2016 Rs. 60,000,000)	77,161,785	7,028,612
Other Equity net on account of amortisation of loan given (net of deferred tax) (March 31, 2017 Rs. 151,577,501 , March 31,2016 Rs. 21,474,290)	381,260,714	31,497,098
Loan repaid	76,000,000	-
Loans and advances -Given (Transaction amount March 31,2017 Rs. Nil, March 31,2016 Rs. 82,500,000)	-	47,495,285
Interest on Funded Interest Term Loan - Repaid	3,500,000	-
Interest on Loans	82,187,359	82,500,000
Interest on account of amortisation of interest free loan	38,938,433	29,028,395
Corporate guarantee given to banks on behalf of Company	-	10,075,842
Reimbursement of expenses	12,980,512	8,003,469
(iii) GMR Hyderabad Aviation SEZ Limited		
Lease rental expenses	-	20,761,770
Electricity and water charges	30,301,396	29,656,144
Communication Expenses	1,095,264	1,011,622
Repairs and Maintenance - Others	1,985,154	2,227,194
(iv) GMR Airport Developers Limited		
Repairs and maintenance	21,636,819	19,366,398
(v) GMR Hotels and Resorts Limited		
Travelling and conveyance	5,304,588	6,197,619
(vi) Raxa Security Services Limited		
Security services	2,268,000	2,268,000
(vii) GMR Airports Limited		
Reimbursement of expenses	-	271,389
(viii) GMR Aviation Private Limited		
Revenue from operations	-	146,458

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



IV. Balances outstanding debit/ (credit):

	Non-Current			Current		
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2017	March 31, 2016	March 31, 2015
(i) GMR Aerospace Engineering Limited						
Loan outstanding (Including FITL)	(1,144,933,774)	(1,062,333,555)	(986,381,263)	(30,000,000)	(7,600,000)	-
Lease rental payable (Straight lining impact)	(36,311,995)	(83,826,079)	(101,300,000)	(45,598,152)	(18,328,892)	(3,000,000)
Trade Payables (Lease rental)	-	-	-	(532,769,118)	(475,624,984)	(242,270,667)
Corporate guarantee given to banks on behalf of Company	-	-	-	210,484,044	234,155,106	224,079,264
(ii) GMR Hyderabad International Airport Limited						
Trade Payables	-	-	-	(8,588,132)	(13,440,583)	(3,780,607)
Security Deposit	504,407	504,407	504,407	-	-	-
(iii) GMR Hyderabad Aviation SEZ Limited						
Trade Payables	-	-	-	(231,469,830)	(228,059,777)	(184,248,853)
(iv) GMR Airport Developers Limited						
Trade payables	-	-	-	(3,314,700)	(6,965,978)	(3,362,553)
(v) GMR Hotels and Resorts Limited						
Trade payables	-	-	-	(426,830)	(1,560,103)	(1,795,220)
(vi) Raxa Security Services Limited						
Trade payables	-	-	-	(189,000)	(563,220)	(555,660)
(vii) GMR Airports Limited						
Trade payables	-	-	-	-	(279,474)	-
(viii) GMR Aviation Private Limited						
Trade receivables	-	-	-	160,548	164,245	-



29 Commitments and contingencies

a. Leases

Operating lease commitments – Company as lessee

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

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

	March 31, 2017	March 31, 2016	April 1, 2015
Within one year	333,809,937	313,137,477	303,270,000
After one year but not more than five years	204,653,339	550,839,616	892,260,000
More than five years	-	-	-
	<u>538,463,276</u>	<u>863,977,093</u>	<u>1,195,530,000</u>

b. Other commitments

a. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)

Commitments to vendors for purchases of various tools and equipments

	March 31, 2017	March 31, 2016	April 1, 2015
	469,409	4,569,776	3,227,377
	<u>469,409</u>	<u>4,569,776</u>	<u>3,227,377</u>

30 Segment Reporting

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



31 Fair values

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

	Carrying value			Fair value		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial assets						
Valued at amortised cost						
Security deposit	790,407	790,407	790,407	790,405	790,407	790,407
Loans to employees	-	44,620	50,788	-	44,620	50,788
Trade receivables	43,805,603	77,344,152	73,395,816	43,805,603	77,344,152	73,395,816
Cash and bank balances	8,345,665	2,166,379	14,349,894	8,345,665	2,166,379	14,349,894
Financial liabilities						
Valued at amortised cost						
Borrowings	1,385,417,818	1,304,088,661	1,210,460,527	1,385,417,818	1,304,088,661	1,210,460,527
Trade payables	823,382,841	820,532,786	491,336,384	823,382,842	820,532,786	491,336,384
Other payables	2,245,063	2,632,806	574,071	2,245,063	2,632,806	574,071
Valued at fair value though profit or loss						
Derivative instruments	49,643,375	166,595,622	-	49,643,375	166,595,622	-
Total	49,643,375	166,595,622	-	49,643,375	166,595,622	-

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

Assumption used in estimating the fair values

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

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

32 Fair Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities. Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2017:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
Financial liabilities					
Other financial liabilities					
Derivative instrument	31-03-2017	49,643,375	-	49,643,375	-

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2016:

	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
Financial liabilities					
Other financial liabilities					
Derivative instrument	31-Mar-16	166,595,622	-	166,595,622	-

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



33 Financial risk management objectives and policies

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, equity risk, commodity risk and demand risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The sensitivity analysis has 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.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations, provisions.

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

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

Interest rate risk

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

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

Particulars

Loan from Holding Company

	31-Mar-17	31-Mar-16	01-Apr-15
	742,400,000	750,000,000	750,000,000
	742,400,000	750,000,000	750,000,000

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
31-Mar-17		
Cash credit facility from a bank	± 0.50%	1,267,395
Loan from Holding Company Secured	± 0.50%	4,109,368
31-Mar-16		
Cash credit facility from a bank	± 0.50%	1,109,477
Loan from Holding Company Secured	± 0.50%	4,125,000

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

Foreign currency risk

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

The Company exposure to foreign currency risk at the end of reporting period expressed in INR are as follows:

Currencies Exposure	31-Mar-17			31-Mar-16				01-Apr-15		
	USD	EURO	SGD	USD	EURO	GBP	SGD	USD	EURO	SGD
Financial Asset										
Trade receivables	43,806,306	-	-	67,392,972	-	-	-	74,126,703	-	-
Cash and bank	8,283,676	-	-	1,505,066	-	-	-	14,018,177	-	-
Net exposure to foreign currency assets	52,089,982			69,098,038				88,144,880		
Financial Liabilities										
Trade payables	372,099,476	460,774	334,055	97,182,342	5,724,154	6,086,215	358,652	29,281,890	3,602,688	310,848
Net exposure to foreign currency liabilities	372,099,476	460,774	334,055	97,182,342	5,724,154	6,086,215	358,652	29,281,890	3,602,688	310,848

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.

Particulars	March 31, 2017	March 31, 2016
	Impact on profit after tax	Impact on profit after tax
USD Sensitivity		
INR/USD: increase by 5% (31st March, 2016: 5%)	(15,932,919)	(1,309,709)
INR/USD: decrease by 5% (31st March, 2016: 5%)	15,932,919	1,309,709
INR/EURO: increase by 5% (31st March, 2016: 5%)	(23,309)	(286,208)
INR/EURO: decrease by 5% (31st March, 2016: 5%)	23,309	286,208
INR/GBP: increase by 5% (31st March, 2016: 5%)	-	(304,311)
INR/GBP: decrease by 5% (31st March, 2016: 5%)	-	304,311
INR/SGD: increase by 5% (31st March, 2016: 5%)	(16,703)	(17,933)
INR/SGD: decrease by 5% (31st March, 2016: 5%)	16,703	17,933



Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. Approximately 4% of the Company's debt will mature in less than one year at 31 March 2017 (31 March 2016: 1%, 1 April 2015: 0%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

Year ended	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
31-Mar-17						
Loan from Holding Company Secured	-	7,500,000	22,500,000	239,900,000	472,500,000	742,400,000
Loan from Holding Company Un Secured	-	-	-	-	321,153,043	321,153,043
Loan from Holding Company Funded Interest Term Loan	-	2,375,000	7,725,000	110,800,000	47,300,000	168,400,000
Cash credit facility from a bank	210,484,044	-	-	-	-	210,484,044
Trade payables	798,635,806	24,747,036	-	-	-	823,382,842
Derivative instruments	49,643,375	-	-	-	-	49,643,375
Other financial liabilities	2,152,103	-	-	92,960	-	2,245,063
Year ended						
31-Mar-16						
Loan from Holding Company Secured	-	1,900,000	5,700,000	202,400,000	540,000,000	750,000,000
Loan from Holding Company Un Secured	-	-	-	-	216,727,161	216,727,161
Loan from Holding Company Funded Interest Term Loan	-	-	3,500,000	73,800,000	94,600,000	171,900,000
Cash credit facility from a bank	234,155,106	-	-	-	-	234,155,106
Trade payables	732,293,613	88,239,173	-	-	-	820,532,786
Derivative instruments	166,595,622	-	-	-	-	166,595,622
Other financial liabilities	2,539,846	-	-	92,960	-	2,632,806
As at						
01-Apr-15						
Loan from Holding Company Secured	-	-	-	112,500,000	607,500,000	750,000,000
Loan from Holding Company Un Secured	-	-	-	-	188,171,706	188,171,706
Loan from Holding Company Funded Interest Term Loan	-	-	-	77,300,000	94,600,000	171,900,000
Cash credit facility from a bank	224,079,264	-	-	-	-	224,079,264
Trade Payables	491,336,384	-	-	-	-	491,336,384
Derivative instruments	-	-	-	-	-	-
Other financial liabilities	481,111	-	-	92,960	-	574,071

Credit Risk

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

Trade receivables

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

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

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company is trying to expand the customers base from middle-east and SAARC countries. Also the additional revenue stream is in the pipeline i.e. from Line Maintenance business.

Capital management

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Company's policy is to keep the gearing ratio at an optimal level to ensure that the debt related covenants are complied with.

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	1,385,417,818	1,304,088,661	1,210,460,327
Total debts	1,385,417,818	1,304,088,661	1,210,460,327
34 Capital Components			
Share capital	250,000,000	250,000,000	250,000,000
Other equity	1,654,643,303	1,273,382,589	1,206,880,776
Retained earnings	(3,639,247,762)	(3,248,156,267)	(2,514,913,115)
Total capital	(1,734,604,459)	(1,724,773,678)	(1,058,032,339)
Capital and total debt	(349,186,641)	(420,685,017)	152,428,188
Gearing ratio (%)	-397%	-310%	79%

The entire borrowings is from holding company except for cash credit facility. There have been no breaches in the financial covenants of any interest-bearing 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, 2017 and March 31, 2016.



35 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(A) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

(B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the 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.

(C) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

(D) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

(F) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(G) Impairment of Financial asset

The impairment provisions for financial assets are based on the assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting year.



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Notes to the financial statements for the year ended March 31, 2017

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36 First Time Adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016 and March 31, 2017.

Exemptions applied:

Mandatory exemptions:

Estimates

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

Impairment of financial assets based on expected credit loss model.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS, as of March 31, 2016.

Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Derecognition of financial assets and financial liabilities

The company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

Classification and measurement of financial assets

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Optional exemptions:

Deemed cost-Previous GAAP carrying value: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE and intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date after making necessary adjustments for de-commissioning liabilities.



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(All amounts in Indian Rupees except otherwise stated)

a. Reconciliation of equity as at April 1 2015 (date of transition to Ind AS)

	IGAAP	Adjustments	Ind AS
Non-current assets			
Property, plant and equipment	274,494,454	-	274,494,454
Intangible assets	117,148,452	-	117,148,452
Financial assets			
Other financial assets	790,407	-	790,407
Deferred tax assets (net)	-	-	-
Non current tax assets	12,368,766	-	12,368,766
Other non-current assets	1,147,781	-	1,147,781
	<u>405,949,860</u>		<u>405,949,860</u>
Current assets			
Inventories	235,386,894	-	235,386,894
Financial assets			
Trade receivables	73,395,816	-	73,395,816
Cash and cash equivalents	14,349,894	-	14,349,894
Other current financial assets	50,788	-	50,788
Current tax assets	11,282,777	-	11,282,777
Other current assets	43,016,693	-	43,016,693
	<u>377,482,862</u>		<u>377,482,862</u>
Total assets	<u>783,432,722</u>		<u>783,432,722</u>
Equity and liabilities			
Equity			
Equity share capital	250,000,000	-	250,000,000
Other equity			
Equity component of other financial instruments	-	1,206,880,776	1,206,880,776
Retained Earnings	(2,951,257,277)	436,344,162	(2,514,913,115)
Total Equity	<u>(2,701,257,277)</u>	<u>1,643,224,938</u>	<u>(1,058,032,339)</u>
Non-current liabilities			
Financial Liabilities			
Borrowings	2,629,606,201	(1,643,224,938)	986,381,263
Long term provisions	4,422,925	-	4,422,925
Other non-current liabilities	101,300,000	-	101,300,000
	<u>2,735,329,126</u>	<u>(1,643,224,938)</u>	<u>1,092,104,188</u>
Current liabilities			
Financial Liabilities			
Borrowings	224,079,264	-	224,079,264
Trade payables	491,336,384	-	491,336,384
Others	574,071	-	574,071
Short term provisions	11,437,569	-	11,437,569
Other current liabilities	21,933,585	-	21,933,585
	<u>749,360,873</u>		<u>749,360,873</u>
Total equity and liabilities	<u>783,432,722</u>		<u>783,432,722</u>



b. Reconciliation of equity as at 31 March 2016

	IGAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, Plant and Equipment	262,692,107	-	262,692,107
Capital work-in-progress	3,550,000	-	3,550,000
Intangible Assets	38,866,684	-	38,866,684
Financial Assets			
Other Financial assets	790,407	-	790,407
Deferred tax asset (net)	-	-	-
Non current tax asset	8,880,307	-	8,880,307
Other non-current assets	1,333,183	-	1,333,183
	-	-	-
	316,112,688	-	316,112,688
Current assets			
Inventories	272,465,465	-	272,465,465
Financial Assets			
Trade receivables	77,344,152	-	77,344,152
Cash and bank balances	2,166,379	-	2,166,379
Other current financial assets	44,620	-	44,620
Current tax assets	17,268,059	-	17,268,059
Other current assets	15,978,955	-	15,978,955
	385,267,630	-	385,267,630
Total assets	701,380,318	-	701,380,318
EQUITY AND LIABILITIES			
Equity			
Equity share capital	250,000,000	-	250,000,000
Other equity			
Equity component of other financial instruments	-	1,273,382,589	1,273,382,589
Retained Earnings	(3,510,350,702)	262,194,435	(3,248,156,267)
Total Equity	(3,260,350,702)	1,535,577,024	(1,724,773,678)
Non-current liabilities			
Financial Liabilities			
Borrowings	2,761,006,201	(1,698,672,646)	1,062,333,555
Long term provisions	6,826,517	-	6,826,517
Other non-current liabilities	83,826,079	-	83,826,079
	2,851,658,797	(1,698,672,646)	1,152,986,151
Current liabilities			
Financial Liabilities			
Borrowings	245,255,106	(3,500,000)	241,755,106
Trade payables	820,532,786	-	820,532,786
Derivative instruments	-	166,595,622	166,595,622
Other current payables	2,632,806	-	2,632,806
Short term Provisions	13,578,154	-	13,578,154
Other current liabilities	28,073,371	-	28,073,371
	1,110,072,223	163,095,622	1,273,167,845
Total equity and liabilities	701,380,318	-	701,380,318



c. Reconciliation of profit or loss for the year ended 31 March 2016

	IGAAP	Adjustments	Ind AS
Revenue			
Revenue from operations	752,272,398	-	752,272,398
Other income	6,164,147	-	6,164,147
Total income (i)	758,436,545	-	758,436,545
Lease rentals	324,316,414		324,316,414
Cost of stores and spares consumed	210,210,384	-	210,210,384
Employee benefits expense	354,409,152	416,633	354,825,785
Other expenses	206,172,697	166,595,622	372,768,319
Total expenses (ii)	1,095,108,647	167,012,255	1,262,120,902
Earnings before interest, tax, depreciation and amortization (EBITDA)			
[(i) - (ii)]	(336,672,102)	(167,012,255)	(503,684,357)
Depreciation and amortisation expenses	106,530,367	-	106,530,367
Finance costs	115,890,956	29,028,395	144,919,351
Profit/(Loss) before tax (i-ii)	(559,093,425)	(196,040,650)	(755,134,075)
Tax expenses:			
Deferred tax income	-	(21,474,290)	(21,474,290)
Loss for the year	(559,093,425)	(174,566,360)	(733,659,785)
Other comprehensive income for the year			
Re-measurement gains (losses) on defined benefit plans	-	416,633	416,633
Total comprehensive income for the year	(559,093,425)	(174,149,727)	(733,243,152)

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and total comprehensive income for the year ended March 31, 2016.

1. Loan from related parties

Under previous GAAP, the Company recognized loan from related party at its face value. Loans taken from holding company in earlier years with an outstanding amount on transition date at Rs. 2,629,606,201 are interest free loans, therefore, they have been fair valued and the differential amount of the carrying value and fair value has been recognised as equity as per guidance under Ind AS 32. The Company has recognised Rs. 1,206,880,776 as additional equity contribution (net of deferred tax) from the parent as on the date of transition. Interest expense of Rs. 35,098,132 upto the date of transition has been recognised in retained earnings. Additional equity contribution of Rs. 87,976,104 is included in other equity and notional interest expense of Rs. 29,028,395 has been recognised in the statement of profit and loss during the period ended March 31, 2016.

2. Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Interest free loan from related parties adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in component of equity. On the date of transition, the net impact on deferred tax liability is of Rs. 471,442,293. Consequently, the other equity is decreased by Rs. 471,442,293 as on the transition date. The Company has recognised a deferred tax liability of Rs. 21,474,290 during the year ended March 31, 2016. Consequently, the other equity is decreased by Rs. 471,442,293 for March 31, 2016.

3. Embedded derivative

Under Ind AS, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in statement of profit or loss. The fair value of swap resulted in loss of Rs. 166,595,622 as at March 31, 2016 (April 1, 2015 Rs. Nil).

6. Re-measurements of post-employment benefit plans

Under Ind AS, re-measurements i.e. actuarial gain and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year.

7. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to Ind AS profit or loss. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

8. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

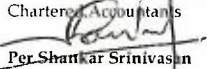


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37 The Company has undertaken necessary steps to comply with the transfer pricing regulations. The Management is of the opinion that the international and domestic transactions are at arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

As per our report of even date.


For S.R. BATLIBOI & ASSOCIATES LLP
ICAI Firm registration number: 101049W/E300004
Chartered Accountants

Per Shankar Srinivasan
Partner
Membership No. 213271



Place: Hyderabad
Date: May 3, 2017




For and on behalf of the board of directors
GMR Aero Technic Limited


Rajesh Kumar Arora
Director
DIN - 03174536


K Venkata Ramana
Chief Financial Officer

Place: Hyderabad
Date: May 3, 2017


SGK Kishore
Director
DIN - 02916539


Lalit Kumar Tiwari
Company Secretary