8th Annual Report
GMR Aero Technic Limited
2017-18

Contents

GENERAL INFORMATION

CIN: U45201TG2008PLC067141

Board of Directors

Mr. Puthalath Sukumaran Nair
Director

Mr. S.G.K. Kishore
Director

Mr. Rajesh Arora
Director

Dr. Kavitha Gudapati
Woman and Independent Director

Mr. Abdul Rahman Harith Saif Al Busaidi
Independent Director

Key Managerial Personnel
Mr. Ashok Gopinath, Chief Executive Officer
Mr. Venkata Ramana Kenguva, Chief Financial Officer
Ms. Apeksha Naidu, Company Secretary

Registered Office
Plot No.1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport,
Shamshabad, Hyderabad -500108, Telangana

Audit Committee
Mr. Rajesh Arora - Chairman
Dr.Kavitha Gudapati - Member
Mr.Abdul Rahman Harith Saif Al Busaidi - Member

Nomination and Remuneration Committee
Dr.Kavitha Gudapati – Chairperson
Mr. Rajesh Arora – Member
Mr.Abdul Rahman Harith Saif Al Busaidi - Member

Non-Convertible Debentures Committee
Mr. S.G.K. Kishore
Mr. Rajesh Arora

Statutory Auditors
M/s. Deloitte Haskins & Sells LLP,
Chartered Accountants
[Firm Reg. No. 117366W/W-100018]
KRB Towers, Plot No.1 to 4&4A
1st,2nd & 3rd Floor, Jubilee Enclave,
Madhapur, Hyderabad - 500081

Secretarial Auditors
M/s. KBG Associates
Flat #101,Sri Sai Krishna Residency
#1-2-234/13,Aravind Nagar
Domalaguda , Hyderabad - 500 029

Bankers
Axis Bank Limited
State Bank of India
Andhra Bank
HDFC Bank

Registrar and Share Transfer Agent
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032

Debenture Trustee
Axis Trustee Services Limited
Corporate Office Address
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai- 400 028

GMR Aero Technic Limited

(CIN: U35122TG2010PLC070489)
Regd. Office: Plot No. 1, GMR Hyderabad Aviation SEZ Limited,
Rajiv Gandhi International Airport, Shamshabad, Hyderabad-108
Tel : +91 40 6725 1115/ 6725 1149 Website : www.gmraerotech.in

NOTICE TO THE MEMBERS OF THE
EIGHTH (8TH) ANNUAL GENERAL MEETING OF THE COMPANY

Notice is hereby given that the **Eighth (08th) Annual General Meeting** of the Members of **GMR Aero Technic Limited** will be held on Thursday, 27th September, 2018, at 12:30 PM, at Plot No. 1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500108, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018 together with the reports of the Board of Directors and Auditors thereon.

2. To Appoint a Director in place of Mr. S.G.K. Kishore (DIN: 02916539) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. **Appointment of Dr. Kavitha Gudapati as Independent Women Director**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Dr. Kavitha Gudapati (DIN: 02506004), who was appointed as Additional Independent Director on January 07, 2018 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Independent Woman Director, be and is hereby appointed as an Independent Woman Director of the Company, to hold office for the first term commencing from January 07, 2018 upto the conclusion of the 15th Annual General Meeting to be held in the year 2022 and that he shall not be liable to retire by rotation."

RESOLVED FURTHER THAT Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

4. **Appointment of Mr. Abdul Rahman Harith Saif Al Busaidi as Independent Director**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and 160 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, including any amendment, modification, variation or re-enactment thereof read with Schedule IV to the Companies Act, 2013, for the time being in force, Mr. Abdul Rahman Harith Saif Al Busaidi (DIN: 08106809), who was initially appointed as additional Independent Director of the Company on April 18, 2018 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, to hold office for the first term commencing from April 18, 2018 upto the conclusion of the 15th Annual General Meeting to be held in the year 2022 and that he shall not be liable to retire by rotation."

RESOLVED FURTHER THAT Directors/Company Secretary of the Company, be and is hereby severally authorized to file necessary returns/forms to the Registrar of Companies and to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid resolution."

By Order of the Board of Directors
For **GMR Aero Technic Limited**

Sd/-

Place: Hyderabad **Company Secretary**
Date: August 10, 2018 **Apeksha Naidu**

Notes:-

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL ONLY) INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

3. Relevant documents referred to in the accompanying Notice, Explanatory statement and the registers required to be maintained under the Companies Act, 2013, are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours and shall be available for inspection up to the conclusion of the Annual General Meeting of the Company.

4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

5. Corporate members intending to send their authorised representative to attend the Meeting are requested to send to the Company Authorisation Letters along with certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Annual General Meeting.

6. As required under Secretarial Standard-2 on General Meetings issued by the Institute of the Company Secretaries of India, the statement containing the details of Directors being appointed or reappointed is also annexed.

7. In terms of the requirements of the Secretarial Standard-2, a Route Map for venue of the meeting is also annexed.

8. The requirement to place the matter relating to appointment of the Statutory Auditors of the Company for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of the Joint Statutory Auditors of the Company, who were appointed in the 07th Annual General Meeting held on August 21, 2017.

ANNEXURE TO NOTICE OF THE 8TH ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.3 & 4

Dr. Kavitha Gudapati and Mr. Abdul Rahman Harith Saif Al Busaidi were appointed as an Additional Independent woman Director and Additional Independent Director w.e.f. January 7, 2018 and April 18, 2018 respectively in accordance with the provisions of Section 161 of the Companies Act, 2013. The above Directors hold office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing Dr. Kavitha Gudapati's candidature for appointment as Independent Woman Director and Mr. Abdul Rahman Harith Saif Al Busaidi's candidature as Independent Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013. The Board feels that presence of Dr. Kavitha Gudapati and Mr. Abdul Rahman Harith Saif Al Busaidi on the Board is desirable and would be beneficial to the company and hence recommend resolution No. 3 & 4 for adoption. None of the Directors, except Dr. Kavitha Gudapati and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

The Board recommends resolutions under Item No. 3 & 4 to be passed as an ordinary resolution.

Brief Profile of Director seeking appointment at the 8th Annual General Meeting

Mr. S G K Kishore

Mr. S G K Kishore is presently the Chief Executive Officer of GMR Hyderabad International Airport Ltd, which operates Rajiv Gandhi International Airport at Hyderabad. He also serves as a Director on the Boards of GMR Hyderabad Aerotropolis Limited, GMR Hyderabad Aviation SEZ Limited, GMR Aerospace Engineering Limited, Hyderabad Menzies Air Cargo Private Limited and other GMR Group Companies.

He is an Electronics & Communications Engineer from Andhra University with Master's Degree in Computer Science from Indian Institute of Technology, Bombay. A Rank holder during Engineering and a Gold Medalist during Master's, Mr. Kishore has an illustrious career spanning Government and Private sector and has about 27 years of Experience.

Joining the coveted, Indian Administrative Service in 1989, he served several senior positions in the Government including District Collector, Vice Chairman of Urban Development Authority, and Regional Head (South Zone) for Food Corporation of India. During the Tsunami of 2004, he was actively involved in Food logistics to affected island of Andaman.

Prior to his current role as CEO, GMR Hyderabad International Airport Limited (GHIAL), Mr. Kishore was CEO for land-side developments at GMR Hyderabad & Male Airports.

Dr. Kavitha Gudapati

Dr. Kavitha Gudapati is a doctorate in management, specializing in Organizational Behavior and has an MA in Psychology along with a Post Graduate diploma in counseling skills. She is an organizational psychologist having consulting experience over 10 years in India and Abroad. Her expertise lies in Career development and Counseling and Work - Life balance. She has undergone Basic Human processes lab and Advanced Human processes lab under Indian Society for Applied Behavioral Science (ISABS). She is accredited Certified Coach by Results Coaching which is recognized by the ICF (International Coach Federation). She operates in the areas of Coaching in Personal/Life, Business, Executive and Workplace.

Mr. Abdul Rahman Harith Saif Al Busaidi

Mr. Abdul Rahman Harith Saif Al Busaidi, a Master of Business Administration and a Bachelor of Science in Aviation Management, graduated with honors (Cum Laude). He is a Senior corporate executive with about 37 years' experience in the aviation industry. He has got extensive experience in management, strategic planning, and marketing he also possesses 10 years' experience as a Board of Director for a variety of businesses.

With his Strong analytical ability, effective negotiating skills, in-depth understanding of financial data, good interpersonal skills, effective leadership style and high level of integrity he spent 25 years in the Gulf and Middle East working for Gulf Air and Oman Air. He was also associated with Jet Airways as a senior executive for 8 years.

By Order of the Board of Directors
For GMR Aero Technic Limited

Sd/-

Place: Hyderabad **Company Secretary**
Date: August 10, 2018 **Apeksha Naidu**

GMR Aero Technic Limited
CIN: U35122TG2010PLC070489

Registered Office: Plot No.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500 108, Telangana State

Attendance Slip

Annual General Meeting to be held on Thursday, 27th of September, 2018, at 12:30 PM at Plot No.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad – 500108

Regd. Folio No. / DP ID & Client ID ………………………..

I certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company held on, Friday 7th of September, 2018, at 12:00 Noon, at Plot No.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500108

Member's / Proxy name in BLOCK letters   Member's / Proxy's Signature

FORM NO MGT-11
PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN	: U35122TG2010PLC070489
Name of the Company	: GMR Aero Technic Limited
Registered Office	: Plot no.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad 500 108, Telangana

Name of the Member(s) :	
Registered Address	
E mail Id :	
Folio No / Client Id	
DP ID :	

I/We, being the member(s) of shares of the above named company, hereby appoint:

(1) Mr. ……………………………………………… r/o ………………………………………
Having email ID ………………………………….. failing him;
(2) Mr. ……………………………………………… r/o ………………………………………
Having email ID ………………………………….. failing him;

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8th Annual General Meeting of the Company, to be held on Thursday, 27th of September, 2018, at 12:30 PM, at 12.00 AM at Plot no.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International, Airport, Shamshabad, Hyderabad 500 108, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	**Resolutions**	**Vote**	
Ordinary Business		**Vote for**	**Against**
1	Adoption of Audited Financial Statements along with the Report of the Board of Directors and Auditors for the financial year ended March 31, 2018		
2	Appoint a Director in place of Mr. S G K Kishore (DIN: 02916539), who retires by rotation and being eligible, offers himself for reappointment		
Special Business			
3	Appointment of Dr. Kavitha Gudapati as Independent Woman Director.		
4	Appointment of Mr. Abdul Rahman Harith Saif Al Busaidi as Independent Director		

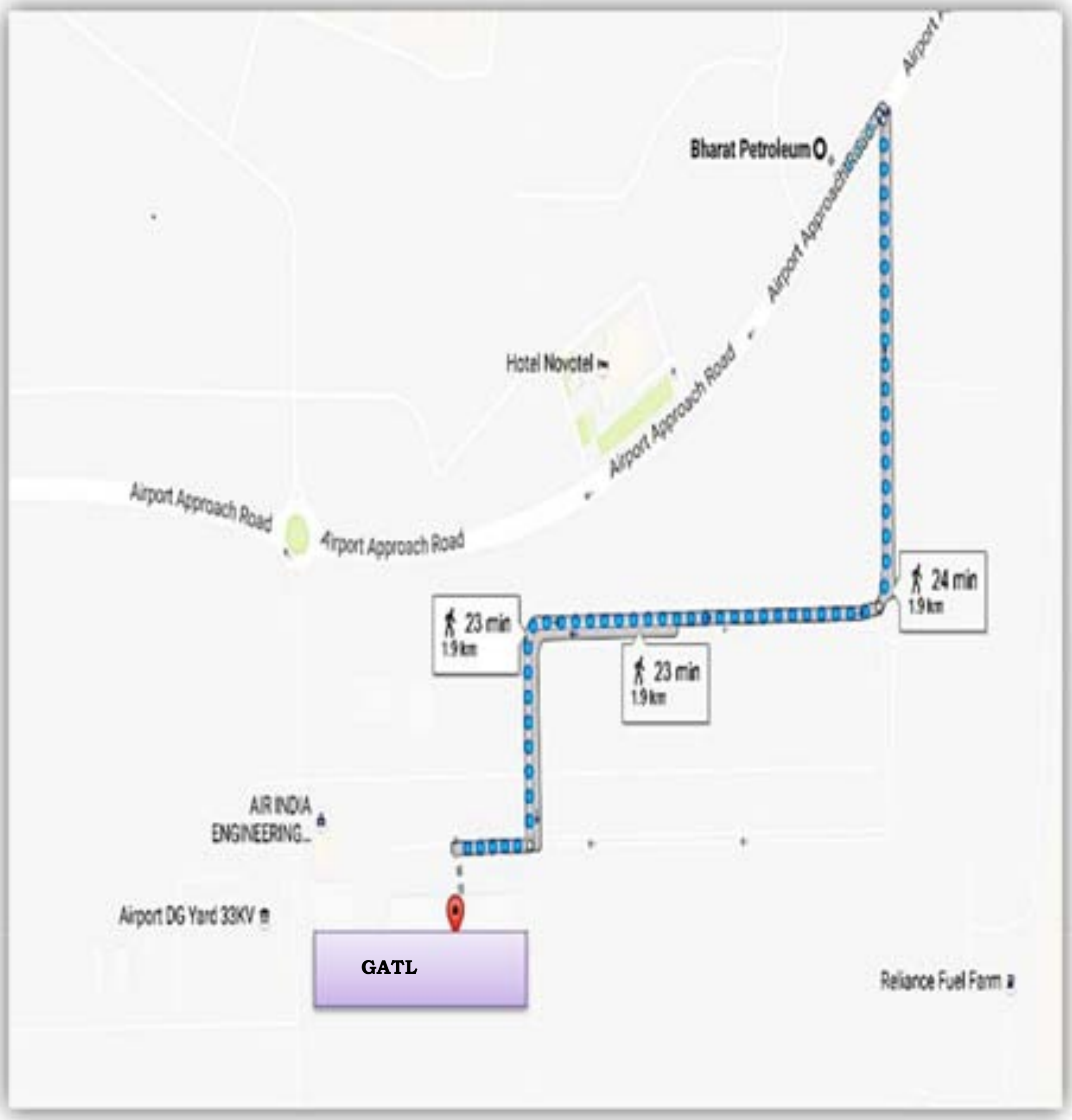
Signed this__________ day of …………………., 2018

Affix Revenue Stamp

Signature of the Shareholder

ROUTE MAP FOR THE VENUE OF THE 08TH ANNUAL GENERAL MEETING

Venue: 8th Annual General Meeting to be held on Thursday 27th of September, 2018, at 12:30 P.M. at GMR Aero Technic Limited Plot No. 1, GMR Hyderabad Aviation SEZ limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad – 500 108, Telangana State.



BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

Dear Shareholders,

Your Directors have pleasure in presenting the Eighth (8^{th}) Board's Report of the Company together with the audited financial statements for the financial year ended March 31, 2018 and the auditors' Report thereon.

FINANCIAL RESULTS: **(Rs. In Lakhs)**

Particulars	2017-18	2016-17
Revenue		
Turnover	10455.94	5,800.20
Other Income	496.04	1,253.82
Total Income (i)	**10,951.98**	**7,054.02**
Expenses		
Lease rentals	2,876.56	2,999.51
Cost of stores and spares consumed	3,322.30	1,753.85
Employee benefits expense	3,846.71	3,749.68
Other expenses	2,090.50	1,749.70
Total expenses (ii)	**12134.07**	**10252.74**
Earnings before interest, tax, depreciation and amortization (i) – (ii)	**(1,184.09)**	**(3,198.72)**
Depreciation and amortization expenses	269.51	649.33
Finance costs	1,827.86	1,585.41
Loss before tax	**(3,281.46)**	**(5,433.46)**
Deferred tax income	2,465.92	(1,515.78)
Loss for the year – (iii)	**(5,747.38)**	**(3,917.68)**
Other comprehensive income for the year		
Re-measurement gains on defined benefit plans	(31.48)	6.76
Other comprehensive income for the year – (iv)	**(31.48)**	**6.76**
Total comprehensive loss for the year (iii)+(iv)	**(5,778.86)**	**(3,910.92)**

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK:

For the year ended 31^{st} March, 2018, your company earned revenue from operations of INR 10,455.94 lakhs and other income of INR 496.04 lakhs, as against the previous year's revenue from operations of INR 5800.20 lakhs and other income of INR 1253.82 lakhs. The operations of the company during the year under review resulted in a net loss of 5747.36 lakhs as compared to a net loss of INR 3917.68 lakhs in the previous year.

We are happy to inform that the Company's EASA license has been restored and the Company received FAA part-145 approval in May 2018, it has also been accepted as approved Vendor by OEM ATR for providing 145 services in South Asia region, and the Company can now handle A320 NEO.

Following are the approvals received by the Company:

- **FAA:** Received FAA Part – 145 approval in May 2018.

- **UAE Gulf Civil Aviation Authority (GCAA):** Received approval in April 2018.
- **DGCA Kuwait:** Received approval for HYD & KTM line stations in Jan 2018.
- **CAA Bangladesh:** Received approval in June 2018.

Apart from the professional achievements the company was awarded with the Best Management Award from Government of Telangana in May 2018. This is one of the most venerated recognitions given by the State Government to select establishment of the state, these establishments are recognized for their outstanding contribution in the areas of industrial relation and employee welfare activity. GMR Aero Technic Limited has been awarded for maintaining of cordial relation with employees and their welfare.

With all the approvals and achievements the company look forward to have healthy growth in the financial year 2018-19.

CREDIT RATING

The Company has obtained credit rating from two Credit Rating Agencies; both ICRA Limited and India Ratings and Research Private Limited rated the debt instrument of the Company as [ICRA] AA (SO) (Stable) and as IND AA(SO)/Stable respectively.

DIVIDEND

In view of insufficient profits / losses your directors do not recommend payment of any dividend for the year under review.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting the financial position of the Company between March 31, 2018 and the Board's Report dated August 10, 2018.

APPROPRIATIONS

Due to losses, no amount has been transferred to reserves.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There were no changes in the nature of the company's business during the period under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

In order to reduce the interest burden and reduce the cash outflow on account of existing term loans the company raise funds by way of issue and allotment of Rated, senior, listed, unsecured, redeemable, non–convertible debentures ["NCDs"] for a nominal value of INR 10.00 lakh each aggregating to not more than INR 175.00 Crores on private placement basis @ 8.55% per annum to refinance the loans availed by the Company from the holding company to the extent of INR 175.00 Crores.

These NCD's were listed on Bombay stock Exchange and National stock Exchange in October, 2017 and since then the companies status has changed from unlisted to listed company to Debt listed Company.

DEBENTURE TRUSTEE DETAILS:

Name of Debenture Trustee

Axis Trustee Services Limited

Corporate Office Address
Axis Trustee Services Limited
The Ruby, 2nd Floor, SW,
29, Senapati Bapat Marg,
Dadar West, Mumbai- 400 028 Tel : 022-6230 0451
Email: debenturetrustee@axistrustee.com

Registered Office Address
Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli, Mumbai - 400 025
Email: debenturetrustee@axistrustee.com

SHARE CAPITAL

There is no change in the structure of Share Capital of the Company during the period under review. The paid up capital of the Company as on 31st March, 2018 is 2.5 Crore equity shares of INR 10/- each aggregating to INR 25 Crores.

BOARD MEETINGS:

The Board of Directors of the company met 5 times during financial year under review. The meetings were held on May 03, 2017, July 6, 2017, July 22, 2017, September 20, 2017 and January 16, 2018.The intervening gap between the Meetings was within the period prescribed under the Section 173(1) of the Act.

DIRECTORS AND KEY MANANGERIAL PERSONNEL:

The Board of Directors and Key Managerial Persons of your company presently comprise of the following:

Sl. No.	Name	Designation
1	Mr. Puthalath Sukumaran Nair	Director
2	Mr. Gopalakrishna Kishore Surey	Director
3	Mr. Rajesh Arora	Director
4	Dr. Kavitha Gudapati	Independent and Woman Director
5	Mr. Abdul Rahman Harith Saif Al Busaidi	Independent Director

Sl. No	Name of the Key Managerial Person	Designation
1	Mr. Ashok Gopinath	Chief Executive Officer
2	Mr. K. Venkata Ramana	Chief Financial Officer
3	Ms. Apeksha Naidu	Company Secretary (appointed with effect from 02.05.18)
4	Mr. Lalit Kumar Tiwari	Company Secretary (ceased to be CS with effect from 24.03.18)

<u>Changes in the Composition of Directors and KMPs during the year:-</u>

1. Late Mr. P. Vijay Bhaskar and Dr. Ramamurti Akella ceased to be the Directors with effect from 18th September, 2017.

2. Dr. Kavitha Gudapati, who was appointed as an Additional Independent Woman Director on 07th January, 2018, is proposed to be appointed (regularized) as an Independent Woman Director of the Company for a term of 5 (Five) years with effect from Annual General Meeting (AGM) of the Company to be held in the year 2018.

3. Mr. Lalit Kumar Tiwari ceased to be the Company Secretary of the Company with effect from 24th March, 2018.

4. Mr. Gopalakrishna Kishore Surey, Director retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

<u>Changes in the Composition of Directors and KMPs after March 31, 2018 till the date of Board Report.</u>

1 Mr. Abdul Rahman Harith Saif Al Busaidi was appointed as an Additional Independent Director on 18th April, 2018, and is proposed to be regularized as an Independent Director of the Company for a term of 5 (Five) years with effect from the date of the Annual General Meeting (AGM) of the Company to be held in the year 2018.

2 Ms. Apeksha Naidu was appointed as the whole time Company Secretary of the Company with effect from the 02nd May, 2018 and also as the whole time Company Secretary of the holding company i.e. GMR Aerospace Engineering Limited.

COMMITTEES OF BOARD

In accordance with the Companies Act, 2013, the Board re-constituted some of its Committees. There are currently three Committees of the Board; following is the composition of the Committees:

Sl. No.	Name of the Committee	Composition
1.	Audit Committee	(i) Mr. Rajesh Arora, Chairman
		(ii) Dr. Kavitha Gudapati, Member
		(iii) Mr. Abdul Rahman Harith Saif Al Busaidi, Member
2.	Nomination and Remuneration Committee	(i) Dr. Kavitha Gudapati, Chairperson
		(ii) Mr. Rajesh Arora, Member
		(iii) Mr. Abdul Rahman Harith Saif Al Busaidi, Member
3.	Non - Convertible Debentures (NCDs) Committee)	(i) Mr. SGK Kishore, Member
		(ii) Mr. Rajesh Arora, Member

NUMBER OF MEETINGS OF THE BOARD

Number of Board Meetings held during financial year 2017-18 and details attendance of Directors (Attended-Yes; Leave of Absence-LOA; Not Applicable - NA). The intervening gap between the Meetings was within the period prescribed under the Section 173(1) of the Act.

S. No.	Name of the Director	03-May-2017	06-July-2017	22-July-2017	20-Sep-2017	16-Jan-2018
1.	Mr. GopalaKrishna Kishore Surey	Yes	Yes	Yes	Yes	LOA
2.	Mr. Puthalath Sukumaran Nair	Yes	Yes	Yes	LOA	Yes
3.	Mr. Rajesh Kumar Arora	Yes	Yes	LOA	Yes	Yes
4.	Late Mr. P. Vijay Bhaskar*	Yes	Yes	Yes	NA*	NA*
5.	Dr. Ramamurti Akella*	Yes	Yes	Yes	NA*	NA*
6.	Dr. Kavitha Gudapati**	NA**	NA**	NA**	NA**	Yes

* Resigned as Directors of Company during the financial year with effect from September 18, 2018.

**Appointed during the financial year 2017-18 as additional independent woman Director with effect from January 07, 2018:

NUMBER OF COMMITTEE MEETINGS

Number of Committee Meetings held during financial year 2017-18 and details of attendance of Directors (Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

Audit Committee Meetings

S.No.	Name of the Member	03-May-2017	22-July-2017
1	Mr. Rajesh Kumar Arora	Yes	Yes
2	Late Mr. P. Vijaya Bhaskar*	Yes	Yes
3	Dr. Ramamurti Akella*	Yes	Yes

*Resigned as member of Audit Committee during the financial year with effect from September 18, 2018**.**

Appointments as member of Audit Committee during the financial year 2017-18 and till the date of this Report:-

Sl. No	Name of the Member	Effective date
1	Dr.Kavitha Gudapati	April 18, 2018
2	Mr. Abdul Rahman Harith Saif Al Busaidi	April 18, 2018

The Audit Committee was reconstituted on April 18, 2018.

Nomination & Remuneration Committee:-

S. No.	Name of the Member	22-July-2017
1.	Mr. Rajesh Kumar Arora	LOA
2.	Late Mr. P Vijaya Bhaskar*	Yes
3.	Dr. Ramamurti Akella*	Yes

*Resigned as member of Nomination & Remuneration Committee during the financial year with effect from September 18, 2018**.**

Appointments as member of Nomination & Remuneration Committee during the financial year 2017-18 and subsequent to financial year till the date of Boards Report

Sl. No	Name of the Member	Effective date
1	Dr. Kavitha Gudapati	April 18, 2018
2	Mr. Abdul Rahman Harith Saif Al Busaidi	April 18, 2018

The Nomination & Remuneration Committee was reconstituted on April 18, 2018.

Non-Convertible Debentures Committee:

S. No.	Name of the Member	24-October-2017
1.	Mr. SGK Kishore	Yes
2.	Mr. Rajesh Arora	Yes

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors confirm the following statements in terms of Section 134 (3) (c) & 134(5) of the Companies Act, 2013:

a. that in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b. that such accounting policies as mentioned in Note 2.1 of the Notes to the financial statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the annual financial statements have been prepared on a going concern basis ;

e. that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SECRETARIAL STANDARDS

The applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Based on the confirmation / disclosures received from the Independent Directors and on evaluation of the relationships disclosed, the following Directors are Independent in terms of Section 149(6) of the Companies Act, 2013 :-

- Late Mr. P. Vijay Bhaskar (resigned with effect from 18th September, 2017)
- Dr. Ramamurti Akella (resigned with effect from 18th September, 2017)
- Dr. Kavitha Gudapati (appointed with effect from 07th January, 2018)

During year under review, the Company has received all the declarations / disclosures as required under the Companies Act, 2013 from the Independent Directors.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The salient features of Nomination and Remuneration Policy of the Company covering Director's appointment, remuneration, criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178, is appended as Annexure -1 to this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not provided any loan or given any guarantee/security to any person. There is no investment made by the Company during the financial year ended 31st March, 2018.

STATEMENT UNDER SECTION 129(3) OF THE COMPANIES ACT, 2013

There is no subsidiary, associate and joint venture companies as on March 31, 2018 thus, the statement under section 129(3) is not applicable to the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT, 2013.

All related party transactions that were entered into during the financial year were on arm's length basis and in the ordinary course of the business and the same were reviewed and approved by the Audit Committee at regular intervals. None of the transactions with related parties falls under the scope of Section 188(1) of the Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company, being engaged in non-manufacturing business, does not have any activity relating to conservation of energy and as such no capital investment has been made on energy conservation equipments. Also, the Company's operations do not require significant absorption of technology. However efforts are made wherever possible to conserve energy and also technology absorption, adaptation and innovations.

During the year ended 31st March, 2018, the particulars regarding foreign exchange earnings and outgo are as given below:

Particulars	**For the year ended 31.03.2018 (Rs in Lakhs)**	**For the year ended 31.03.2017 (Rs in Lakhs)**
Foreign Exchange earnings	10455.94	5181.68
Foreign outgo (expenditure)	3067.08	3156.27

INTERNAL CONTROL SYSTEM

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations.

The Company's internal control procedures ensure compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations. The Management Assurance Group, internal audit team, of the Company, carries out extensive audits throughout the year, across all functional areas and submits its reports to the Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

The Company is not required to constitute Corporate Social Responsibility Committee as the Company is not fulfilling the conditions specified in section 135 of the Companies Act, 2013.

ANNUAL EVALUATION BY THE BOARD

Pursuant to section 134(3)(p) of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, and Nomination and Remuneration Committee.

Structured and separate Questionnaires were prepared for Board Evaluation; Directors Self-Evaluation; Directors Peer Evaluation and the Chairman Evaluation after taking into consideration of various aspects of the management and governance issues.

Nomination and Remuneration Committee members carried out evaluation of every Director performance i.e. Peer Evaluation, on parameters such as engagement & contribution; independence of judgment in the interest of the Company and competence of each Director.

Directors carried out evaluation of the entire Board and it's functioning such as adequacy of the composition of the Board and its Committees, Board Strategies, Board Meetings and procedures, Board and Management Relations, Succession and training and other governance matters. The Independent Directors also carried out evaluation of the Chairman covering his contribution in managing relations and the board meetings and leadership.

The performance evaluation of the Chairman and the Board peer audit was carried out by the Directors. The self-assessment by Individual Directors was carried out on parameters such as knowledge; expertise; contribution and competence of each Director. The Directors expressed their satisfaction with the evaluation process.

VIGIL MECHANISM

The Company has established a vigil mechanism for Directors, regular employees and consultants of the Company, including advisors, in-house consultants, Whole-time Directors and employees on contract. This Policy shall also apply to third parties with any commercial dealings with the Company, including vendors, service providers, partners, joint venture employees and customers. Any Whistle Blower making a complaint under this Policy may make a Disclosure to the Ombudsperson – Mr. HJ Dora of the Company, through the following modes.

(a) Oral Complaints through teleconference or by personally meeting the Ombudsperson, or by calling 1800-1020-467 or such other number as is set out on the Company's website at www.gmraerotech.in

(b) Complaints filed through Electronic Means to gmr@ethicshelpline.in to raise a concern under the Policy.

The Policy provides for maintaining confidentiality and protection to the Whistle Blower against any victimization.

RISK MANAGEMENT POLICY

The Company has established Enterprise Risk Management (ERM) framework to identify, assess, monitor and mitigate various risks that may affect the organization. As per ERM framework, the risks are identified considering the internal and external environment. While there were no risks perceived that threatens the existence of the company, following were identified as certain key risks identified. These risks are being monitored at regular intervals along with mitigating measured:

- Competition and changes in the OEM sale Policy.
- Financial health of Airline Customers.
- Defect in Workmanship.
- Risk of procuring inventory and it's obsolesce and shelf expiry.
- Skilled & Experienced Manpower attrition.

STATUTORY AUDITORS

The present statutory auditors of the Company Deloitte Haskins and Sells, LLP, Chartered Accountants, (Firm Registration No: 117366W/W-100018), were appointed for a term of of 5 (five) consecutive years, at the 7th Annual General Meeting held on September 21st August, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

COMMENTS ON STATUTORY AUDITORS' REPORT

Auditors Emphasis of Matter: We draw your attention to Note 35 of the Ind AS which indicates that as at March 31, 2018, the Company has accumulated losses of Rs. 4,2150.79 Lakhs have completely eroded the net worth of the Company and its current liabilities exceeded its current assets as on that date. These conditions including dependence on continuous support from its holding company, GMR Aero Space Engineering Limited ('GAEL') and the holding company of GAEL, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. This Ind AS Financial statement has been prepared on going concern basis for reason stated in the said note. Our opinion is not modified in respect of this matter.

Directors Comments: The Company has accumulated losses of Rs. 42,150.79 Lakhs which exceeds its net-worth and it has incurred cash loss in the current and previous years 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 restructured its borrowings from banks and has received support letter from its Holding Company, basis which it has undertaken to provide such financial support as necessary, to enable the subsidiary Company i.e. GMR Aero Technic Limited 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.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the financial year under review.

MAINTENANCE OF COST RECORDS

The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for the products of the Company, as per Cost Accounting Records Rules, 2014.

SECRETARIAL AUDIT

The Board of Directors of the Company had appointed Mr. Srikrishna Chintalpati, Partner, KBG Associates, Practicing Company Secretary (ICSI M No. 5984 and CP No.6262), to conduct the Secretarial Audit and his Report on Company's Secretarial Audit dated July 23, 2018, is appended to this Report as Annexure - 2.

There are no qualifications, reservations or adverse remarks in the secretarial audit report for financial year 2017-18.

EXTRACT OF ANNUAL RETURN:

The extract of the annual return as on March 31, 2018 in the format provided under sub-section (3) of section 92 of the Companies Act, 2013 is annexed to this Report as Annexure-3.

FIXED DEPOSITS

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public as per the provisions of Companies Act 2013.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal)

Act, 2013. Internal Complaint Committee is set up to redress complaints received regularly. All employees (permanent, contractual, temporary trainees) are covered under the policy.

During the financial year, the Company has not received any complaints pertaining to sexual harassment.

PARTICULARS OF EMPLOYEES

Particulars required in accordance with the provisions of Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules are appended in Annexure -4 to this report.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

There are no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere thanks and gratitude to GMR Aero Technic Limited, Various Government and Semi Government Agencies and all the employees who have extended their co-operation and support in achieving the goals that the company is established for.

By Order of the Board of Directors
For GMR Aero Technic Limited

	Sd/-	Sd/-
Place: Hyderabad	**Rajesh Arora**	**P.S.Nair**
Date: August 10, 2018	**Director**	**Director**
	DIN: 03174536	**DIN: 00063118**

Annexure-1

Features of Nomination and Remuneration Policy

INTRODUCTION

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of every Public Company having a Paid up Capital of Rs. 10 Crores or more or Turnover of Rs. 100 Crores or more or having in aggregate outstanding loans or borrowing or debentures or deposits exceeding Rs. 50 Crores or more, as existing on the date of last audited Financial Statements, shall constitute a Nomination and Remuneration Committee. In order to align with the provisions of the Companies Act, 2013, the Board on May 05, 2014 renamed the

"Remuneration Committee" as "Nomination and Remuneration Committee" and modified its terms of reference.

This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

1.1. **Purpose of the Policy**

The Key Objectives of the Committee are:

(a) To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

(b) To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation.

(c) To recommend to the Board a policy relating to Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

The Policy ensures that:

(a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

(b) Relationship of remuneration to performance is clear and meets appropriate performance benchmark; and

(c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

1.2.1. "Board" means the Board of Directors of the Company.

1.2.2. "Company" means "GMR Aerospace Engineering Limited."

1.2.3. "Employees' Stock Option" means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre- determined price.

1.2.4. **"Independent Director"** means a director referred to in Section 149 (6) of the Companies Act, 2013.

1.2.5. **"Key Managerial Personnel"** or **"KMP"** means Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and the Rules made thereunder.

(As per Section 203 of the Companies Act, 2013, the following are whole-time Key Managerial Personnel:

(i) Managing Director or Chief Executive Officer or the Manager and in their absence a whole-time Director;
(ii) *Company Secretary; and*
(iii) Chief Financial Officer

1.2.6. **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

1.2.7. "**Policy or This Polic**y" means, "Nomination and Remuneration Policy."

1.2.8. "**Remuneration**" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

1.2.9. "**Senior Management**" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

1.3. Interpretation

Words and expressions used in this Policy shall have the same meanings assigned to them in the Companies Act, 2013 or the rules framed thereon.

2. NOMINATION AND REMUNERATION COMMITTEE

2.1. Role of the Committee

(a) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

(b) Formulatingthe criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

(c) Formulating the criteria for evaluation of individual Directors and the Board;

(d) Devising a policy on Board diversity and shall formulate a policy after taking into consideration the following:

a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully

b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks

c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

(e) Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors;

(f) All information about the Directors / Managing Directors / Whole time Directors / Key Managerial Personnel i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders, where required;

(g) The Committee shall take into consideration and ensure the compliance of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Whole-time Directors;

(h) While approving the remuneration, the Committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee;

(i) The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders;

2.2. Composition of the Committee

(a) The Committee shall comprise of at least three (3) Directors, all of whom shall be non-executive Directors and at least half shall be Independent.

(b) The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.

(c) Minimum two (2) members shall constitute a quorum for the Committee meeting.

(d) Membership of the Committee shall be disclosed in the Annual Report.

(e) Term of the Committee shall be continued unless terminated by the Board of Directors.

2.3. Frequency of the Meetings of the Committee

The meeting of the Committee shall be held at such regular intervals as may be required.

2.4. Committee Member's Interest

(a) A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

(b) The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

2.5. Voting at the Meeting

(a) Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

(b) In the case of equality of votes, the Chairman of the meeting will have a casting vote.

2.6. Minutes of the Meeting

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

3. APPLICABILITY

This Policy is Applicable to:

(a) Directors (Executive, Non-Executive and Independent)
(b) Key Managerial Personnel
(c) Senior Management Personnel
(d) Other employees as may be decided by the Nomination and Remuneration Committee

4. APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR

MANAGEMENT PERSONNEL

4.1. Appointment criteria and qualifications

(a) Subject to the applicable provisions of the Companies Act, 2013, other applicable laws, if any and Company's HR Policy, the Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

(b) The Committee has discretion to decide the adequacy of qualification, expertise and experience for the concerned position.

(c) The Company shall not appoint or continue the employment of any person as Managing Director / Whole-time Director / Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

4.2. Term / Tenure

4.2.1. Managing Director / Whole-time Director / Manager (Managerial Personnel)

The Company shall appoint or re-appoint any person as its Managerial Personnel for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

4.2.2. Independent Director

a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

b) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

c) Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

d) At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

e) The maximum number of companies in which a person shall hold office as Director, including any alternate directorship, shall not exceed twenty. Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten.

For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary company of a public company shall be included.

4.3. Familiarization Program for Independent Directors

The company shall familiarize the Independent Directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programs.

4.4. Evaluation

Subject to Schedule IV of the Companies Act, 2013 the Committee shall carry out the evaluation of Directors at such intervals as may be considered necessary.

4.5. Removal

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable laws, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP, subject to the provisions and compliance of the applicable laws, rules and regulations.

4.6. Retirement

The Director, KMP and Personnel of Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Personnel of Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, in the interest and for the benefit of the Company.

5. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT PERSONNEL

5.1. General

(a) The remuneration / compensation / commission etc. to Managerial Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

(b) The remuneration and commission to be paid to the Managerial Personnel shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

(c) Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Personnel.

(d) Where any insurance is taken by a company on behalf of its Managing Director, Whole-time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

5.2. Remuneration to Managerial Personnel, KMP, Senior Management and Other Employees

5.2.1. Fixed Pay

Managerial Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

5.2.2. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

5.2.3. Provisions for excess remuneration

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

5.2.4. The remuneration to Personnel of Senior Management shall be governed by the Company's HR Policy.

The remuneration to other employees shall be governed by the Company's HR Policy.

5.3. Remuneration to Non-Executive / Independent Director

5.3.1. Remuneration / Commission

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

5.3.2. Sitting Fees

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The sitting fee paid to Independent Directors and Woman Directors, shall not be less than the sitting fee payable to other directors.

5.3.3. Limit of Remuneration / Commission

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

5.3.4. Stock Options

An Independent Director shall not be entitled to any stock option of the Company.

6. DISCLSOURES

The Company shall disclose the Policy on Nomination and Remuneration in the Annual Report as per the requirements of the Companies Act 2013.

7. AMENDMENT

Any amendment or modification in applicable laws relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

Annexure-2

Form No. MR-3
Secretarial Audit Report
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
GMR AeroTechnic Limited
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500108

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **GMR Aero Technic Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by its officers, agents and authorized representatives during the conduct of Secretarial Audit; we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018,complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

Sl. No.	Particulars
1.	The Companies Act, 2013 (the Act) and the Rules made thereunder;
2.	The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
3.	The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (c) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015

Hyderabad

#101, Sri Sai Krishna Residency,Lane adjacent to Bake Zone, 1-2-234/13, Aravindnagar, Domalguda, Hyderabad - 500 029.
Phone: +91-40-66785426 Fax: +91-40-66785427

Sl. No.		Particulars
4.		We have also examined compliance with the applicable clauses of the following: Secretarial Standards issued by The Institute of Company Secretaries of India.
1.		**Under the Companies Act, 2013**
A.		That based on our examination and verification of the records produced to us and according to the information and explanations given to us by the Company that the Company has, in our opinion, complied with the provisions of the Companies Act. 2013 ("the Act") and the rules made under the Act and Memorandum, and Articles of Association of the Company, inter alia with regard to :
	a.	Maintenance of various statutory registers and documents and making necessary entries therein;
	b.	Forms, returns, documents and resolutions required to be filed with the Register of Companies and the Central Government;
	c.	Service of documents by the company on its members and Registrar of Companies.
	d.	Notices, Agenda and Minutes of proceedings of General Meetings and of the Board and its Committee meetings including Circular Resolution;
	e.	The meetings of Board of Directors held on 03-05-2017, 06-07-2017, 22-07-2017, 20-09-2017 and 16-01-2018. Audit Committees of Directors (including passing of resolutions by circulation) held on 03-05-2017, 22-07-2017 and Nomination & remuneration Committee held on 22-07-2017.
	f.	The Annual General Meeting held on 21-08-2017. The Extra Ordinary General Meeting was held on 22-09-2017;
	g.	Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;
	h.	Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors.
	i.	Payment of remuneration to Directors
	j.	Appointment and remuneration of Auditors;
	k.	Transfer and transmission of Company's shares and issue and dispatch of duplicate share certificates. There was one transfer and no transmission of shares during the financial year.
	l.	Declaration and distribution of dividends the Company has not declared any dividend during the financial year under review.
	m	Transfer of Unpaid and Unclaimed dividend to the Investor Education and Protection Fund. (Not applicable as the Company does not have any unpaid and unclaimed dividend).
	n.	Borrowings and registration, modification and satisfaction of charges wherever applicable;
	o.	Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule III to the Act;
	p.	Directors' Report;
	q.	Contracts, common seal, registered office and publication of name of the Company; and

Sl. No.	Particulars
B.	**Under the Companies Act, 2013, we further report that**
i.	The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, since the Company got debt listed during the period under review, as per Section 149(4) of the Companies Act, 2013, every listed public company shall have at least one-third of the total number of directors as independent directors whereas the Company has only 1 Independent Director on the board during said period of review. Further as on the date of signing this report, we have been given to understand that the Company has duly appointed the required number of independent directors on the board to be complied with the provisions of the Companies Act, 2013.
ii.	Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
iii.	All decisions at Board Meetings and Committee Meetings are carried out on requisite majority and recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
iv.	There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, Depositories Act, and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
v.	The Directors (including Independent Directors) have complied with the disclosure requirements in respect of their eligibility of appointment, initial and annual disclosures / declarations.
vi.	The Company has raised funds by way of issue and allotment of Rated, senior, listed, unsecured, redeemable, non–convertible debentures [**"NCDs"**] for a nominal value of INR 10.00 lakh (Rupees Ten Lakh Only) each aggregating to INR 175.00 Crore (Rupees One Hundred Seventy Five Crore Only) on private placement basis @ 8.55% per annum.
2.	**Under the Depositories Act, 1996, we report that**
	The Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

3.	**Under FEMA, 1999, we report that**
	The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.
4.	**Under the SEBI Act, We report that**
a.	The Company got listed during the year under review only and has complied with the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
b.	The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with regard to disclosures and maintenance of records required under the Regulations.
c.	The Company is not required to comply with the provisions of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 with regard to implementation of Employees Stock Option Scheme, Grant of Options and related disclosures and other aspects as no such transaction had arisen in this respect during the year under review.
5.	**Under other Applicable laws, we report that**
	Based on the Quarterly Compliance Certificate issued by CEO of the Company (and submitted to the Board of Directors at the Board Meetings held during the financial year 2017-2018 (for all 4 quarters), we are of opinion there has been due compliance of all the Laws to the extent applicable.
6.	**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
7.	**We further report that** during the audit period there are no specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards taken place.

For **KBG Associates**
Company Secretaries

Hyderabad

(Srikrishna S Chintalapati)
Partner
CP # 6262

Place: Hyderabad
Date: 23rd July, 2018

#101, Sri Sai Krishna Residency,Lane adjacent to Bake Zone, 1-2-234/13, Aravindnagar, Domalguda, Hyderabad - 500 029.
Phone: +91-40-66785426 Fax: +91-40-66785427

'ANNEXURE-A'

To,
The Members
GMR Aero Technic Limited
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500108

Our report for the even date to be read with the following Letter;

Sl	Particulars
1.	Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility isto express an opinion on these secretarial records based on our audit.
2.	We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3.	We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4.	Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5.	The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6.	The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7.	Though the audit scope includes such other Acts (not involving Companies Act, all Securities related Acts and FEMA); due to time, legal verification, transaction validation, expert knowledge (at certain peak levels) limitations and resulting in consequent omission of even random checking on various Acts (such as Labour Laws, Pollution and Environment related Laws, Laws governing Aircraft and Airport Authorities of India Act,1994, all connected State and Central such other applicable Acts); we had to rely upon the undertaking, declaration and written representation from the management only and had to be certified thereon.

For **KBG Associates**
Company Secretaries

KBG Associates Hyderabad Company Secretaries

(Srikrishna S Chintalapati)
Partner
CP # 6262

Place: Hyderabad
Date: 23rd July, 2018

Flat # 101, Sri Sai Krishna Residency, 1-2-234/13, Aravind Nagar,
Domalguda, Hyderabad, India -500 029

Annexure -3

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2018

[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:		
i	CIN	U35122TG2010PLC070489
ii	Registration Date	20th September, 2010
iii	Name of the Company	**GMR AERO TECHNIC LIMITED**
iv	Category / Sub-Category of the Company	Public Company/ Company Limited by shares
v	Address of the Registered office and contact details	Plot No.1, C/o GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad – 500108 Ph: 040 – 67251115 Email: Apeksha.naidu@gmraerotech.in Website: www.gmraerotech.in
vi	Whether listed company	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower – B, Plot no. 31 &32, Financial District, Hyderabad – 500082.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	**Name and Description ofmain products / services**	**NIC Code of theProduct/ service**	**% to total turnover of the company**
1	Maintenance Repair and overhaul of Aircrafts	35308	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl.No	NAME ANDADDRESS OFTHE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	GMR Aerospace Engineering Limited (GAEL) Plot No.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad-500108	U45201TG2008PLC067141	**Holding Company**	100	2(46)
2	GMR Hyderabad International Airport Limited (GHIAL) GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad -500108	U62100TG2002PLC040118	**GAEL's Holding Company**	100	

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Share Holding:

Category of Shareholders	**No. of Shares held at the beginning of the year 01st April, 2017**				**No. of Shares held at the end of the year 31st March, 2018**				**% Change During the year**
	Demat	**Physical**	**Total**	**% ofTotal Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) **Indian**									
Body Corporates (70 shares held by individuals as Beneficiary for and on behalf of GMR Hyderabad International Airport Limited which holds 100% Shares capital of the Company)	0	25000000	25000000	100%	0	25000000	25000000	100%	Nil
(2) **Foreign** **Body Corporates**	0	0	0	0	0	0	0	0	0
B. Public Shareholding					**NIL**				
Grand Total (A+B)	0	25000000	25000000	100%	0	25000000	25000000	100%	Nil

ii) **Shareholding of Promoters**

Sl. No	Shareholder'sName	Shareholding at the beginning of the year 01st April, 2017			Share holding at the end of the year 31st March, 2018			% change in share Holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	GMR Aerospace Engineering Limited	24999940	100%	Nil	24999940	100%	0	
2	GopalaKrishna Kishore Surey	10*	-	-	10*	-	-	
3	Rajesh Kumar Arora	10*	-	-	10*	-	-	
4	Prasanna Challa	10*	-	-	10*	-	-	
5	Bhimasankara Sarma Kakaraparty	10*	-	-	10*	-	-	
6	Atul Kumar	10*	-	-	10*	-	-	
7	Anup Kumar Samal	10*	-	-	10*	-	-	
Total		**25,000,000**	**100%**	**0**	**25,000,000**	**100%**	**0**	**0**

***Holding as Nominee for and on behalf of GMR Aerospace Engineering Limited**

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):**

Sl.No.		Shareholding at the beginning ofthe year		Cumulative Shareholding during theYear	
		No. of shares	% of totalshares of thecompany	No. of shares	% of total shares ofthe company
A.	**At the beginning of the year (01.04.2017)**	25000000	100%	25000000	100%
	Date Wise Increase in Promoters Share Holding during the Year specifying the reasons for Increase/decrease (e.g., allotment/transfer/bonus/sweat equity etc):	No Change		No Change	100%
B.	**At the End of the year (31.03.2018)**	25000000	100%	25000000	100%

(iv)Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during theYear	
	For Each of the Top 10 Shareholders	No. of shares	% of totalshares of thecompany	No. of shares	% of total shares ofthe company
A	At the beginning of the year	NIL*			
B	At the End of the year				

*** As all the shares are held by the holding Company GMR Aerospace Engineering Limited**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning ofthe year		Cumulative Shareholding during theYear	
	For Each of the Directors and KMP	**No. of shares**	**% of totalshares of thecompany**	**No. of shares**	**% of total Shares ofthe company**
1.	**Mr. GopalaKrishna Kishore Surey**				
	At the Beginning of the Year (Shares are held as nominee of GHIAL)	10	0.00	10	0.00
	Date wise Increase/Decrease in Shareholding during the years specifying the reasons for Increase/Decrease.	NIL			
	At the end of the Year (Shares are held as nominee of GHIAL)	10	0.00	10	0.00
2	**Mr. Rajesh Kumar Arora**				
	At the Beginning of the Year (Shares are held as nominee of GHIAL)	10	0.00	10	0.00
	Date wise Increase/Decrease in Shareholding during the years specifying the reasons for Increase/Decrease.	NIL			
	At the end of the Year (Shares are held as nominee of GHIAL)	10	0.00	10	0.00

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10642.65	3211.53	-	13854.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**10642.65**	**3211.53**	-	**13854.18**
Change in Indebtedness during the financial year				
• Addition	-	19918.60	-	19918.60
• Reduction	10642.65		-	10642.65
Indebtedness at the end of the financial year				
i) Principal Amount	-	23130.13	-	23130.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	4.1	-	4.1
Total (i+ii+iii)	**-**	**23134.23**	-	**23134.23**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: **Nil**

Sl.No.	**Particulars of Remuneration**	**Name of MD/WTD/Manager**			**Total Amount**
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit - others, specify…	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)	0	0	0	0
	Ceiling as per the Act	0	0	0	0

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount (Rs. In Lakhs)
		Mr. P. Vijaya Bhaskar	Dr. Ramamurti Akella	Dr. Kavitha Gudapati	
	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	0.80	0.80	0.15	1.75
	Total (1)				
	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify				
	Total (2)				
	Total (B)=(1+2)				
	Total Managerial Remuneration	--	--	--	--
	Overall Ceiling as per the Act	--	--	--	--

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

Sl.No.	**Particulars of Remuneration**	**Amount in Rs. In Lakhs**			
Designation		**CEO**		**CFO**	**Total**
Name of KMP		Uday Naidu	Ashok Gopinath**	K Venkata Ramana	
1.	Gross salary (Per Month) (a) Salary as per provisionscontained in section 17(1) ofthe Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act, 1961 (c) Profits in lieu of salaryunder section 17(3) Income TaxAct, 1961	36.11 -- -- Nil	97.45 -- -- Nil	68.13 -- -- Nil	201.69 -- -- Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit- others, specify…	Nil	Nil	Nil	Nil
5.	Others, pleasespecify	Nil	Nil	Nil	Nil
	Total	**36.11**	**97.45**	**68.13**	**201.69**

***Attained superannuation and retired on 31st August, 2018.**
****Appointed as CEO on 1st August, 2018**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

On behalf of the Board of Directors
For **GMR Aero Technic Limited**

Sd/- Sd/-

Place: Hyderabad
Date: August 10, 2018

Rajesh Arora — Director — DIN: 03174536

P.S.Nair — Director — DIN: 00063118

ANNEXURE -4

Annexure to Report of Directors for the year ended 31st March, 2018 Statement of Employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

i. the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year: Not applicable (None of the Directors are paid any remuneration only the Independent directors are paid sitting fees)

ii. the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name	Designation	Increase %
Ashok Gopinath	CEO	NA*

*Appointed on August 01, 2017

iii. the percentage increase in the median remuneration of employees in the financial year 2017-18: 6.39%

iv. the number of permanent employees on the rolls of company: 377

v. average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

The aggregate remuneration of employees excluding managerial personnel grew by 12.98% over the previous financial year. The aggregate remuneration for KMPs increased by 19.07% over the previous financial year, there were no exceptional circumstances for increase in the managerial remuneration.

vi. We the Board of Directors of Company hereby affirm that the remuneration is as per the remuneration policy of the company.

List of the top ten employees in terms of remuneration drawn in financial year 2017-18

S.N.	Name of the Employee	Designation	Remunera-tion Received Gross (RS.)	Nature of Employ ment (whether contractual or otherwise)	Qualification	Experience (in years)	Date of Commencement of Employment	Age In Years	Last Employment	Percentage Equity (If Any)	Employee is relative of any Director or Manager (Name of director or Manager)
1	KT Sadashivan	Chief Operating Officer	9200004	Regular	AME	39	27-Oct-16	61	Jet Airways	NA	NA
2	Bhupinder Kumar Zand	Senior Manager	5894314	Regular	AME	18	16-Jul-11	42	Airworks	NA	NA
3	Gulshanraj I Hamrapurkar	Senior Manager	4428256	Regular	AME	15	15-Jun-11	39	Kingfisher Airlines	NA	NA
4	Vivek Kumar Gupta	Deputy Manager	3473249	Regular	AME	11	27-Jun-11	36	Airworks	NA	NA
5	Subbanna Mandla	Deputy Manager	3251931	Regular	AME	11	16-Jun-11	33	Go Air	NA	NA
6	Ajmer Singh	Senior Manager	2509884	Regular	M.Tech	20	18-Nov-14	48	DGCA (Govt of Jharkandh)	NA	NA
7	M.Bala Krishna	Deputy Manager	3158592	Regular	DME	18	03-Apr-14	42	Airworks	NA	NA
8	Shivanand Chanayya Swami	Deputy General Manager	3512233	Regular	B.Tech	16	02-May-11	44	GMI	NA	NA

9	Pradeep N Gaurav	Deputy General Manager	2815188	Regular	B.Tech	30	01-Mar-16	55	Jet Airways	NA	NA
10	Vandana Rao	Deputy General Manager	3180000	Regular	Supply Chain & Logistic Certification & EMBA	21	01-Nov-17	46	Sun MRO	NA	NA

DETAILS OF EMPLOYEES WHO WERE IN RECEIPT OF REMUNERATION NOT LESS THAN RUPEES ONE CRORE AND TWO LAKHS PER ANNUM EMPLOYED THROUGH OUT THE FINANCIALYEAR 2017-18: NIL

DETAILS OF THE EMPLOYEES WHO WERE IN RECEIPT OF REMUERATION NOT LESS THAN RUPEES EIGHT LAKH AND FIFTY THOUSAND PER MONTH IF EMPLOYED FOR THE PART OF THE FINANCIAL YEAR 2017-18:

S.N	Name of the Employee	Designation	Remunera-tion Received Gross (RS.)	Nature of Employment (whether contractual or otherwise)	Qualification	Experience (in years)	Date of Commencement of Employment	Age In Years	Last Employment	Percentage Equity (If Any)	Employee is relative of any Director or Manager (Name of director or Manager)
1	Girish Deshmukh	Chief Marketing officer	5359799	Regular	BE & MBA	33years	O1.07.2015	59	Jet Airways	NA	NA

Deloitte Haskins & Sells LLP

Chartered Accountants
KRB Towers, Plot No.1 to 4 & 4A
1st, 2nd & 3rd Floor
Jubilee Enclave, Madhapur
Hyderabad - 500 081
Telangana, India

Tel: +91 40 7125 3600
Fax: +91 40 7125 3601

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **GMR Aero Technic Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Material uncertainty related to Going Concern

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

Our opinion is not modified in respect of this matter.

Other Matters

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

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) The matter described in the Material uncertainty related to Going Concern paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sumit Trivedi

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 30, 2018

VK

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **GMR Aero Technic Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sumit Trivedi

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 30, 2018

VK

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a program of verification of fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, none of the fixed assets were due for physical verification in the current year.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013. There are no unclaimed deposits.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Goods and Services Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration and hence the provisions of Section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary, or associate Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sumit Trivedi

Sumit Trivedi
(Partner)
(Membership No. 209354)

Place: Hyderabad
Date: April 30, 2018

VK

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

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

Corporate information and Significant accounting policies	1 & 2		

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi

Sumit Trivedi
Partner

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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

Rajesh Kumar Arora
Director
DIN - 03174536

SGK Kishore
Director
DIN - 02916539

K Venkata Ramana
Chief Financial Officer

Place : Hyderabad
Date : April 30, 2018

Place : Hyderabad
Date : April 30, 2018

VR

GMR Aero Technic Limited
Hyderabad

GMR Aero Technic Limited
CIN:U35122TG2010PLC070489
Statement of Profit and Loss for the year ended March 31, 2018
(All amounts are in Rs. lakhs, unless otherwise stated)

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

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Place : Hyderabad
Date : April 30, 2018

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

Rajesh Kumar Arora
Director
DIN - 03174536

SGK Kishore
Director
DIN - 02916539

K Venkata Ramana
Chief Financial Officer

Place : Hyderabad
Date : April 30, 2018

GMR Aero Technic Limited Hyderabad

GMR Aero Technic Limited
CIN:U35122TG2010PLC070489
Cash Flow Statement for the year ended March 31, 2018
(All amounts are in Rs. lakhs, unless otherwise stated)

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

Reconciliation of liabilities from financing activities:

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

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Place: Hyderabad
Date : April 30, 2018

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

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Place : Hyderabad
Date : April 30, 2018

GMR Aero Technic Limited Hyderabad

GMR Aero Technic Limited
CIN:U35122TG2010PLC070489
Statement of Changes in Equity for the year ended March 31, 2018
(All amounts are in Rs. lakhs, unless otherwise stated)

A. Equity Share Capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid	No. of shares	Rs. in lakhs
As at April 1, 2016	25,000,000	2,500.00
Issue of shares during the year	-	-
As at March 31, 2017	25,000,000	2,500.00
Issue of shares during the year	-	-
As at March 31, 2018	25,000,000	2,500.00

B. Other Equity

(i) Equity component of other financial instruments	As at March 31, 2018	As at March 31, 2017
As at April 01, 2017 / April 01, 2016	16,546.44	12,733.83
Additions during the year (net of deferred tax)	3,114.46	3,812.61
Deletions during the year (net of deferred tax)	(5,854.08)	-
As at March 31, 2018 / March 31, 2017	13,806.82	16,546.44

(ii) Retained earnings	As at March 31, 2018	As at March 31, 2017
As at April 01, 2017/ April 01, 2016	(36,403.41)	(32,485.73)
Loss for the year	(5,747.38)	(3,917.68)
Closing Balance	(42,150.79)	(36,403.41)

(iii) Items recognised directly in other comprehensive income	As at March 31, 2018	As at March 31, 2017
Remeasurement of the net defined benefit plans		
As at April 01, 2017/ April 01, 2016	10.93	4.17
Acturial gain/(loss) recognised	(31.48)	6.76
Closing Balance	(20.55)	10.93
Total Other Equity	(28,364.52)	(19,846.04)

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Place : Hyderabad
Date : April 30, 2018

Place : Hyderabad
Date : April 30, 2018

GMR Aero Technic Limited Hyderabad

1. **Corporate information**

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

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

2. **Significant Accounting Policies**

2.1 **Basis of preparation and presentation:**

(a) Statement of Compliance:

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

(b) Basis of measurement:

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

2.2 **Summary of Significant Accounting Policies**

a) Use of estimates

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

b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

GMR Aero Technic Limited Hyderabad

c) Foreign currencies

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

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

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

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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GMR Aero Technic Limited Hyderabad

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.

<u>Income from Services:</u>

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

<u>Interest income:</u>

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

f) Income Tax

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

<u>Current income tax:</u>

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

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

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GMR Aero Technic Limited Hyderabad

Deferred tax:

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

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

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

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

g) **Property, plant and equipment**

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

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

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

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

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

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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

GMR Aero Technic Limited Hyderabad

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

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

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

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

h) **Intangible assets**

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

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

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

i) **Borrowing cost**

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

j) **Leases**

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

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

Company as a lessee:

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

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

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

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

k) Inventories

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

l) Impairment of non-financial assets

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

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

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

m) Provisions, contingent liabilities and commitments

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

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

Contingent liability is disclosed in the case of:

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

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

n) Retirement and other Employee Benefits

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

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

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

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

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

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

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

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

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

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o) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement:

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

Subsequent measurement:

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

For the purpose of subsequent measurement, financial instruments of the Company are classified into categories as explained below:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

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

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

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

Derecognition:
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets:
In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:
a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables under Ind AS 17
d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on;
- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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

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

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

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

p) Derivative financial instruments

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

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

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

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

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

s) **New standards and interpretations not yet adopted**

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

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

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

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

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

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

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

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

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

3 Property, plant and equipment

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

4 Intangible assets

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

5 Financial assets

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

6 Tax assets

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

7 Other assets

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

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8 Deferred tax assets / (liability) (net)

	Non-Current	
	As at March 31, 2018	As at March 31, 2017
Deferred tax liability(DTL) relating to		
Impact due to temporary difference of interest free loans from related party	(3,701.69)	(6,444.94)
Gross deferred tax liability	(3,701.69)	(6,444.94)
Deferred tax assets (DTA) relating to		
Unused tax losses/depreciation	3,701.69	6,444.94
	3,701.69	6,444.94
Net deferred tax assets	-	-

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

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

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

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

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

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

	As at March 31, 2018	As at March 31, 2017
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- unused tax losses	25,964.13	13,083.33
	25,964.13	13,083.33

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Accounting profit/(loss) before Tax	(3,281.46)	(5,433.46)
Applicable Tax Rate in India (%)	30.90%	30.90%
Expected Income tax expense	-	-
<u>Adjustments:</u>		
Deferred Tax asset on changes in equity component of holding Company interest free loan	2,465.92	(1,515.78)
Tax expense reported in statement of profit and loss	2,465.92	(1,515.78)

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9 Inventories

	As at March 31, 2018	As at March 31, 2017
Stores and spares (valued at lower of cost or net realisable value)	3,126.44	2,639.96
	3,126.44	2,639.96

10 Trade receivables

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Trade Receivables	1,933.80	436.45
Receivables from related parties (Refer Note 28)	7.31	1.61
	1,941.11	438.06
Unsecured, considered doubtful	20.68	16.74
	1,961.79	454.80
Provision for doubtful debts	(20.68)	(16.74)
	1,941.11	438.06

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

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

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

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

11 Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Cash on hand	-	-
Balances with banks :		
- On current accounts	0.61	0.62
- On escrow accounts	4.10	-
- On cash credit facility	88.82	-
- Exchange earner's foreign currency account	129.28	82.84
	222.81	83.46

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GMR Aero Technic Limited
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12 **Equity share capital**

Authorized share capital

	No. of shares	Rs. in lakhs
As at April 1, 2016	25,000,000	2,500.00
Increase during the year	-	-
As at March 31, 2017	25,000,000	2,500.00
Increases during the year	-	-
As at March 31, 2018	25,000,000	2,500.00

	As at March 31, 2018	As at March 31, 2017
Issued, subscribed and fully paid share capital		
25,000,000 fully paid equity shares of Rs. 10 each (March 31, 2017: 25,000,000)	2,500.00	2,500.00
	2,500.00	2,500.00

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

	No. of shares	Rs. in lakhs
As at April 01, 2016	25,000,000	2,500.00
Issue of shares during the year	-	-
As at March 31, 2017	25,000,000	2,500.00
Issue of shares during the year	-	-
As at March 31, 2018	25,000,000	2,500.00

(b) Terms/ rights attached to equity shares

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

(c) Shares held by Holding Company

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

	As at March 31, 2018	As at March 31, 2017
GMR Aerospace Engineering Limited and its nominees		
25,000,000 (March 31, 2017: 25,000,000) equity shares of Rs.10 each fully paid up	250,000,000	250,000,000

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

	March 31, 2018		March 31, 2017	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs.10 each fully paid				
GMR Aerospace Engineering Limited and its nominees	25,000,000	100%	25,000,000	100%

13 **Other equity**

	As at March 31, 2018	As at March 31, 2017
Equity component of other financial instruments		
Opening balance	16,546.44	12,733.83
Additions during the year (net of deferred tax)	3,114.46	3,812.61
Deletions during the year (net of deferred tax)	(5,854.08)	-
Closing balance	13,806.82	16,546.44
Retained Earnings		
Opening balance	(36,403.41)	(32,485.73)
Add: Loss for the year	(5,747.38)	(3,917.68)
Closing balance	(42,150.79)	(36,403.41)
Items recognised directly in other comprehensive income		
Remeasurement of the net defined benefit plans		
Opening balance	10.93	4.17
Acturial gain/(loss) recognised	(31.48)	6.76
Closing balance	(20.55)	10.93
	(28,364.52)	(19,846.04)

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

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GMR Aero Technic Limited
CIN:U35122TG2010PLC070489
Notes to the Financial Statements as at March 31, 2018
(All amounts are in Rs. lakhs, unless otherwise stated)

14 Borrowings

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

(i) During the year the Company has issued 1,750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.
The Debentures are secured by:
(a) First ranking pari passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.
(b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, of Issuer, present and future of the Company.
(c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.
(d) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.
(e) The Charge Created against Debt as per the Debenture Trust Deed dated October 04, 2017 in all respects, rank pari-passu inter se amongst the Debenture Holders and the Working capital lenders, without any preference or priority to one over the other or others. The Working Capital Facility to be availed, shall be in the form and substance, satisfactory to the debenture holders, shall not exceed an amount of Rs. 3,500 lakhs (Rupees Three Thousand Fie Hundred Lakhs Only)

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

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

(iv) The Secured Loan from the holding company (GMR Aerospace Engineering Limited) carries interest at base rate plus agreed spread. The interest rate during the year was 11% p.a (March 31, 2017 : 11% p.a.).
The loan from holding company was secured to the extent of Rs. 750,000,000 by:
(a) First charge (pari-passu) by way of hypothecation of all the movable assets belonging to the Company and including, but not limited to plant and machinery, machinery spares, tools and accessories, current assets.
(b) First charge (pari-passu) on book debts, operating cash flows, receivables, commissions, revenue of whatsoever nature and wherever arising, present and future of the Company.
Secured loan and FITL, post modification, are further secured by :
(a) First charge (pari-passu) on all rights, title, interests, benefits, claims and demands whatsoever of the Company with respect to the insurance contracts.
(b) First charge (pari-passu) on all the bank accounts of the Company.
During the year, the Company has fully prepaid secured loans.

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

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GMR Aero Technic L.

15 A. Trade payables

	Current	
	As at March 31, 2018	As at March 31, 2017
Trade payables to related parties (Refer Note 28)	9,525.65	7,767.58
Trade payables to others	1,026.59	466.25
	10,552.24	8,233.83

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

B. Other financial liabilities

	Current	
	As at March 31, 2018	As at March 31, 2017
Payables for purchase of fixed assets	68.04	8.65
Deposit from customers	0.93	0.93
Retention money	10.58	12.87
Interest Accrued but not due on Redeemable Non-Convertible Debentures	4.10	-
	83.65	22.45

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

C. Derivative instruments

	Current	
	As at March 31, 2018	As at March 31, 2017
Derivative instruments (Refer Note 28)	81.69	496.43
	81.69	496.43

16 Provisions

	Long-term		Short-term	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Gratuity (Refer Note 26(a))	98.26	95.73	-	-
Leave entitlements (Refer Note 26(c))	-	-	147.49	179.93
	98.26	95.73	147.49	179.93

17 Other liabilities

	Non-Current		Current	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Advance from customers	-	-	4.97	13.26
Straight lining of lease rentals (Refer Note 28)	-	363.12	363.52	455.98
Statutory liabilities	-	-	284.45	80.06
Unearned Revenue	-	-	161.37	-
	-	363.12	814.31	549.30

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

GMR Aero Technic Limited Hyderabad

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

18 Revenue from operations

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

19 Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Fair value gain on financial instruments at fair value through profit or loss	414.89	1,169.52
Provisions no longer required, written back	39.55	0.23
Miscellaneous income	41.60	84.07
	496.04	1,253.82

20 Cost of stores and spares consumed

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventory at the beginning of the year	2,639.96	2,724.65
Add: Purchases	3,861.36	1,744.57
	6,501.32	4,469.22
Less: Inventory written off	52.58	75.41
Less: Inventory at the end of the year	3,126.44	2,639.96
Cost of stores and spares consumed	3,322.30	1,753.85

21 Employee benefits expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	3,307.36	3,317.72
Contribution to provident and other fund (Refer Note 26(b))	160.83	153.98
Gratuity expenses (Refer Note 26(a))	50.64	41.07
Staff welfare expenses	327.88	236.91
	3,846.71	3,749.68

22 Finance costs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on:		
Loan from holding company	807.50	1,211.26
Cash credit and overdraft facility from banks	257.23	348.22
Redeemable Non Convertible Debentures	725.58	-
Interest others	2.38	0.02
Bank and Finance charges	35.17	25.91
	1,827.86	1,585.41

23 Depreciation and amortization expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment (Refer Note 3)	267.50	259.98
Amortization of intangible assets (Refer Note 4)	2.01	389.35
	269.51	649.33

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

GMR Aero Technic Limited Hyderabad

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

24 Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Rates and taxes	228.35	157.41
Electricity and water charges	338.33	305.64
Equipment hire charges	45.99	12.66
Insurance	134.98	144.20
Repairs and Maintenance		
IT Systems	93.24	85.23
Others	297.73	294.38
Sub-contracting expenses	80.92	84.76
Travelling and conveyance	168.96	132.93
Communication expenses	23.55	25.49
Printing and stationery	30.29	27.01
Security expenses	24.30	22.68
House Keeping Charges	29.61	30.03
Business development expenses	58.48	12.91
Membership and Subscriptions	27.15	37.09
Legal and professional fees	414.42	425.21
Board meeting expenses	1.75	2.16
Payment to auditors (Refer Note below)	8.40	8.37
Loss on account of forex fluctuation (net)	27.51	(134.63)
Provision for doubtful receivable	3.94	-
Inventory written off	52.58	75.41
Miscellaneous expenses	0.02	0.76
	2,090.50	1,749.70

Payment to auditors		
As auditor:		
Statutory audit fee	6.60	7.60
Other services	0.50	-
Reimbursement of expenses	1.30	0.77
	8.40	8.37

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

GMR Aero Technic Limited Hyderabad

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

25. Earnings Per Share (EPS)

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

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

26. Employee benefits plan

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

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

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

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

Balance sheet
Details of provision for gratuity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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GMR Aero Technic Limited
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((All amounts are in Rs. lakhs, unless otherwise stated))

28. Related Party transactions:

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

A. Names of related parties and description of relationship:

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

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

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

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GMR Aero Technic Limited Hyderabad

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

C. Transactions with related parties for the year ended:

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

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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

GMR Aero Technic Limited Hyderabad

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

D. Balances Outstanding Debit/ (Credit):

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

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29. Commitments and Contingencies

I. Leases

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

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

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

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

III. Contingent Liabilities

a. A penalty of Rs. 5 lakhs has been imposed on the Company by the Development Commissioner, Vishakhapatnam Special Economic Zone for acceptance of payments in INR for services rendered. The Company, has filed an appeal to the Additional Secretary, Department of Commerce and Industry, Government of India against the penalty order received; and is expecting a favourable order for the same.

b. The Company has received letter from specified officer stating to pay customs duty on components used in Maintenance Repair and Overhaul (MRO) services for aircraft sent from Special Economic Zone to Domestic Tariff Area. Management is confident that no liability in this regard would be payable, based on the clarification obtained by the Company from Ministry of Commerce and Industry, customs duty is not applicable on such transactions.

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30. **Fair values:**

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

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

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

Assumption used in estimating the fair values:

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

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

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31. Fair Value Hierarchy:

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

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

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

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

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

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

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

32. Financial risk management objectives and policies

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

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

Market risk

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

Interest rate risk

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

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Interest rate sensitivity

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

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

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

Foreign currency risk

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

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

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

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

Foreign currency sensitivity

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

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

Liquidity risk

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

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

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

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

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Credit Risk

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

Trade receivables

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

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

Excessive risk concentration

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

33. Capital management

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

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

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

The following table summarises the capital of the Company:

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

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

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

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34. Use of estimates and judgement

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

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

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

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

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

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

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

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

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

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

Rajesh Kumar Arora	SGK Kishore
Director	Director
DIN: 03174536	DIN: 02916539

K Venkata Ramana
Chief Financial Officer

Place: Hyderabad
Date : April 30, 2018

GMR Aero Technic Limited
Hyderabad