GMR Aerospace Engineering Limited
(CIN: U45201TG2008PLC067141)
Regd. Office: Plot No. 1, GMR Hyderabad Aviation SEZ Limited,
Rajiv Gandhi International Airport, Shamshabad, Hyderabad-108

NOTICE

Notice is hereby given that the **Tenth Annual General Meeting** of the Members of **GMR Aerospace Engineering Limited** will be held on Monday, the 21st day of August, 2017, at 03:00 PM, at Plot No. 1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500108, to transact the following business:

ORDINARY BUSINESS

Item no.1 – Adoption of audited financial statements

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon.

Item no.2 – Appointment of Mr. Rajesh Kumar Arora as a director liable to retire by rotation

To appoint a Director in place of Mr. Rajesh Kumar Arora (DIN: 0003174536) who retires by rotation, and, being eligible, seeks reappointment.

Item no.3 - To appoint Statutory Auditors of the Company and fix their remuneration:

"**RESOLVED THAT** pursuant to the provisions of Section 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, pursuant to the recommendation of the Audit Committee of the Board and the recommendation of the Board of Directors, **Deloitte Haskins and Sells, LLP, Chartered Accountants, Firm Registration Number : 117366W/W-100018,** be and is hereby appointed as statutory Auditors of the Company, to hold office from the conclusion of 10th Annual General Meeting (AGM) till the conclusion of the 15th AGM of the Company to be held in the year 2022 (subject to ratification of their re-appointment at every AGM), at such remuneration as may be agreed upon between the Board of Directors and Statutory Auditors, in addition to the reimbursement and actual out of pocket expenses incurred in relation with the audit of accounts of the Company."

SPECIAL BUSINESS:

Item no. 4 – To increase the authorised share capital of the Company

To consider and, if thought fit, to pass the following resolution with or without modification(s), as a **SPECIAL RESOLUTION**:-

"**RESOLVED THAT** pursuant to provision of Section 61(1)(a) of the Companies Act, 2013, and any other applicable provisions and the relevant rules framed there under and in accordance with the provisions of the Articles of Association of the Company, the Authorized Share Capital of the Company be and is hereby increased from Rs. 330 Crores (Rupees Three Hundred and Thirty Crores only) divided into 33.00 Crores (Thirty Three Crores) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 355 Crores (Rupees Three Hundred and Fifty Five Crores) divided into 35.5 Crores (Thirty Five Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each, by creation of additional 2.5 Crores (Two Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each with power to issue new shares upon such terms and conditions and with such rights and privileges attached thereto as the Board of Directors shall deem fit.

RESOLVED FURTHER THAT any Director of the Company, Chief Executive Officer, Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things that may be required to give effect to the above resolution including electronic filing of the relevant Forms with the Registrar of Companies, Andhra Pradesh & Telangana/ Ministry of Corporate Affairs."

RESOLVED FURTHER THAT the new equity shares shall rank pari passu with the existing equity shares."

Item no. 5 – To amend the memorandum of association of the Company.

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**:-

"**RESOLVED THAT** pursuant to provisions of section 13 and other applicable provisions of the Companies Act, 2013 read with the rules made thereunder and subject to any other approvals, Clause V of the Memorandum of Association of the Company is amended as below:

The Clause V of the Memorandum of Association shall be substituted as under:-

V. The authorized Share Capital of the Company is Rs. 355,00,00,000 (Rupees Three Hundred and Fifty Five Crores) divided into 35,50,00,000 (Thirty Five Crores Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each with the powers to increase or reduce the capital of the company, as may be determined by, in accordance with the Articles of Association of this company from time to time, subject to the provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT any Director of the Company, Chief Executive Officer, Chief Financial Officer or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things that may be required to give effect to the above resolution including electronic filing of the relevant Forms with the Registrar of Companies, Andhra Pradesh & Telangana/ Ministry of Corporate Affairs."

By Order of the Board of Directors
For GMR Aerospace Engineering Limited

Place: Hyderabad
Date: July 22, 2017 **Chief Financial Officer**

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. The present statutory auditors of the Company S R Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No: 101049W), hold office up to the conclusion of the 10th Annual General meeting of the Company. In terms of the provisions of the Companies Act, 2013, they are eligible for further appointment of two years i.e. up to financial year ending 2018-19. However, they have expressed their unwillingness to get reappointed. Hence, the Management of the Company has identified Deloitte Haskins and Sells, LLP, Chartered Accountants, Firm Registration Number: 117366W/W-100018 for appointment as the statutory auditors of the Company in place of S R Batliboi & Associates, LLP. The Audit Committee of the Company at the meeting held on 22nd July, 2017, has recommended the appointment of Deloitte Haskins and Sells, LLP, Chartered Accountants, Firm Registration Number : 117366W/W-100018 as the statutory auditors of the Company to the Board of Directors and the Board in its meeting held on 22nd July, 2017 has further recommended the appointment of Deloitte Haskins and Sells, LLP, Chartered Accountants, Firm Registration Number : 117366W/W-100018 as the statutory auditors of the Company to the shareholders. Deloitte Haskins and Sells, LLP, Chartered Accountants, will hold the office from the conclusion of the 10th Annual General Meeting till the conclusion of 15th Annual General Meeting of the Company to be held in the year 2022. The first year of the audit will be of the financial statements for the year ending March 31, 2018..

6. All the members of the Company are hereby informed that pursuant to Section 129 (3) of the Companies Act, 2013, read with second proviso of rule 6 of the Companies (Accounts) Rules, 2014, as amended by Companies (Accounts) Amendment Rules, 2016, your Company being an intermediate wholly-owned subsidiary is not required to prepare consolidated financial statements as it meets the conditions as stated in the said proviso. The members are requested to take note of the same.

ANNEXURE TO NOTICE

(Explanatory Statement pursuant to section 102 of the Companies Act, 2013)

Item No. 4 & 5.

The Company proposes to raise further funds by issuing further equity shares to the existing shareholder of the Company on right issue basis to meet the business requirements. The current capital structure of the Company is as follows:

Authorised share Capital:	Rs. 330.00 Crore (Divided into 33.00 Crores Equity Shares of Rs. 10/- each).
Paid up Share Capital:	Rs. 316.90 Crore (Divided into 31.69 Crores Equity Shares of Rs. 10/- each).

The Board of Directors of the Company at their meetings held from time to time approved an amount of INR 50 crores on rights issue basis to the existing shareholder of the Company i.e. GMR Hyderabad International Airport Limited. The Board of Director allotted an amount of INR 12 crores out of the said approval of INR 50 crores. Hence, in order allot the remaining capital based on the business requirements of the Company; the Authorised capital of the Company shall be sufficient to allot the remaining capital of INR 38 crores. Hence, it is proposed to increase the Authorised Share Capital of the Company which will consequently require alteration in Capital clause V of Memorandum of Association of the Company.

The Special resolution is therefore proposed at item no. 1 of the notice to increase the Authorised Share Capital of the Company from INR 330 crores to INR 355 crores and Special resolution is proposed at item no 2 of the notice for making necessary alterations in Capital clause V of Memorandum of Association of the Company.

The Directors recommend these Resolutions at Item No.1 & 2 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are directly or indirectly concerned or interested in these Resolutions.

The Board recommends the aforesaid resolutions for your approval.

Brief Profile of Director seeking appointment at the 10th Annual General Meeting - Mr. Rajesh Kumar Arora

Mr. Rajesh Kumar Arora is presently the Chief Financial 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 a Cost Accountant and B.Com (H) from Delhi University, and has about 25 years of professional experience in the Manufacturing and Infrastructure sectors and has rich experience in Corporate Finance, Accounts, Taxation, Corporate Laws, etc.

In his previous profile at GMR, he was Chief Financial Officer-Joint Ventures & Corporate Integration for the Airport business of GMR Group. In this position, he made immense contribution to the Airports Sector, building robust relations with joint venture partners and contributed significantly towards increasing shareholder's value in these joint ventures. He has also played an important role in M&A activities of the Airports Sector.

Prior to joining GMR Group in 2007, Rajesh served in senior positions in Chambal Fertilizers and Chemicals.

By Order of the Board of Directors
For GMR Aerospace Engineering Limited

Place: Hyderabad
Date: July 22, 2017 **Chief Financial Officer**

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141

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 Monday, 21st August, 2017, at 03:00 PM at Plot No.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderbad - 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 Monday, 21st day of August, 2017, at 03:00 PM 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	: U45201TG2008PLC067141
Name of the Company	: GMR Aerospace Engineering Limited
Registered Office	: Plot no.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad 500 108, Telangana State

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 Extraordinary General Meeting of the Company, to be held on Monday, the 21st Day of August, 2017, At 03:00 PM at Plot no.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International, Airport, Shamshabad, Hyderabad 500 108, Telangana State and at any adjournment thereof in respect of such resolutions as are indicated below:

S. No	**Particulars of Resolutions**
1.	To approve the audited financial statements of the Company for the financial year ended 31st March, 2017
2.	To appoint a director in place of Mr. Rajesh Arora, who retires by rotation and being eligible seeks reappointment.
3.	To appoint Deloitte Haskins and Sells, LLP, Firm registration no. 117366W/W-100018, as the statutory auditors from the conclusion of the 10th AGM till the conclusion of the 15th AGM of the Company subject to ratification at every AGM**.**
4.	To approve the increase in the authorized capital of the Company from INR 330 crores to INR 355 crores
5.	To amend the capital clause V of the memorandum of association of the Company consequent to the increase in the authorized share capital of the Company.

Signed this__________ day of ...., 2017

Signature of the Shareholder________________________

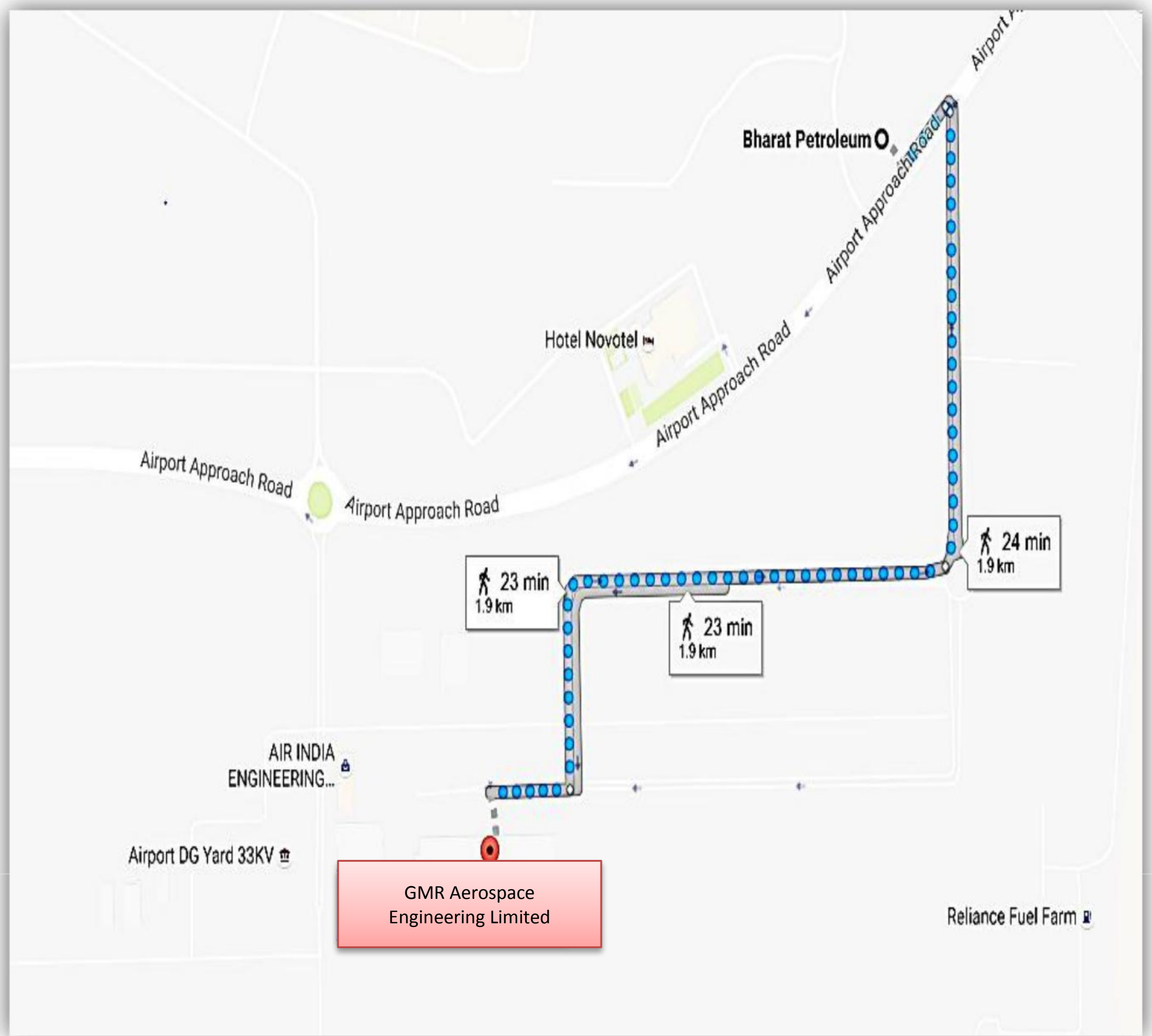
Signature of the Proxy holder(s)

Affix Rs. 1/-
Revenue
Stamp

1. Name______________________________ and Sign________________________________

ROUTE MAP FOR THE VENUE OF THE 10TH ANNUAL GENERAL MEETING

Venue: 10th Annual General Meeting to be held on 12th August, 2017 at 03:00 P.M. at GMR Aerospace Engineering Limited Plot No. 1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad – 500 108, Telangana State.



BOARD'S REPORT FOR THE YEAR ENDED MARCH 31, 2017

To,
The Members,
GMR Aerospace Engineering Limited

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the Company and the audited accounts for the year ended March 31, 2017, together with the auditor's report thereon.

1. FINANCIAL HIGHLIGHTS:

(INR in Crores)

Particulars	2016-17	2015-16
Turnover	29.89	30.40
Other income	4.23	15.08
Finance Income	19.50	11.60
Total Income (i)	**49.82**	**57.09**
Employee benefits expense	5.07	4.40
Other expenses	9.91	6.37
Total expenses (ii)	**10.42**	**6.81**
Earnings before finance charges, Tax, Depreciation/Amortization (PBITDA) (i) – (ii)	39.40	50.27
Less: Finance charges	30.96	29.06
Profit before Depreciation/Amortization (PBTDA)	8.44	21.21
Less: Depreciation	11.38	12.09
(Loss)/Profit before Taxation (PBT)	**(2.94)**	**9.12**
Provision for Taxation	**-**	**-**
Profit/(Loss) after Taxation (PAT)	**(2.94)**	**9.12**
Provision for proposed dividend	-	-
Dividend Tax	-	-
Transfer to General Reserve	-	-

2. STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK:

For the year ended 31st March, 2017, your company earned a total income of 4982.96 lakhs, as against the previous year's total income of Rs. 5709.00 lakhs. The operations of the company during the year under review resulted in a net loss of 294. 32 lakhs as compared to a net profit of Rs. 912.23 lakhs in the previous year.

The Company looks forward for receiving the outstanding lease rentals due from the Wholly Owned Subsidiary (WOS) Company gradually with an improvement in the operational performance of the WOS.

3. DIVIDEND

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

4. APPROPRIATIONS

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

5. 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.

6. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2016-17 of the Company, to which the financial statements relate and the date of the report.

7. SHARE CAPITAL

The paid up equity capital as on March 31, 2017 is INR. 2,92,90,00,000. During the year under review, the Company has issued 49,00,000 (forty nine lakhs) new equity shares of rupees 10 (ten) each aggregating to Rupees 49,00,00,000 (forty nine crores) to GMR Hyderabad International Airport Limited.

8. BOARD MEETINGS:

The Board of Directors of the company met 4 times during financial year under review. The meetings were held on April 26, 2016, July 19, 2016, October 22, 2016 and January 21, 2017.

9. DIRECTORS AND KEY MANANGERIAL PERSONNEL:

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

S. No	Name	Designation
1.	Mr. Srinivas Bommidala	Director
2.	Mr. GopalaKrishna Kishore Surey	Director
3.	Mr. Rajesh Kumar Arora	Director
4.	Mr. Puthalath Sukumaran Nair	Director
5.	Mr. P. Vijay Bhaskar	Independent Director
6.	Dr. Ramamurti Akella	Independent Director
7.	Dr. Kavitha Gudapati	Independent and Women Director

No	Name of the Key Managerial Person	Designation
1	Mr. Uday K. Naidu	Chief Executive Officer
2	Mr. K. Venkata Ramana	Chief Financial Officer
3	Mr. Lalit Kumar Tiwari	Company Secretary

Changes in the Composition of Directors and KMPs during the year:-

1. Mr. Somayajulu Ayyanna Kodukula ceased to be the Director with effect from 20th September, 2016.
2. Mrs. Meena Raghunathan ceased to be a Director with effect from 05th October, 2016.
3. Mr. P. Vijay Bhaskar, who was appointed as an Additional Director on 26th April, 2016, was appointed (regularized) as an Independent Director of the Company for a term of 2 (two) years with effect from the 28th September, 2016, being the date of the Annual General Meeting (AGM) of the Company held in the year 2016.
4. Dr. Ramamurti Akella and Dr. Kavitha Gudapati were appointed as Independent Director and Independent Women Director respectively with effect from 28th September, 2016, (being the date of the Annual General Meeting held in the year 2016) for a term of 5 (five) years.
5. Mr. Lalit Kumar Tiwari was appointed as the whole time Company Secretary of the Company with effect from the 22nd October, 2016.
6. Mr. Rajesh Kumar Arora, Director retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Changes in the Composition of Directors and KMPs after March 31, 2017 till the date of Board Report.

1. Mr. Uday Kumar Naidu, Chief Executive Officer (CEO), at the Board meeting held on 22nd July, 2017 informed to the Board that he would be attending superannuation on 31st July, 2017 and would be ceased to be CEO of the Company.
2. Mr. Ashok Gopinath would be appointed as the Chief Executive Officer of the Company with effect from 01st August, 2017.

10. COMMITTEES OF BOARD

During the period under review, in accordance with the Companies Act, 2013, the Board re-constituted some of its Committees. There are currently two Committees of the Board; following is the composition of the Committees:

	Name of the Board Committee	Composition
	Audit Committee	(i) Mr. P. Vijaya Bhaskar, Chairman
		(ii) Dr. Ramamurti Akella, Member
		(iii) Mr. Rajesh Kumar Arora, Member
	Nomination And Remuneration	(i) Mr. P. Vijaya Bhaskar, Chairman
	Committee	(ii) Dr. Kavitha Gudapati, Member
		(iii) Mr. Rajesh Kumar Arora, Member

11. NUMBER OF MEETINGS OF THE BOARD

Number of Board Meetings held during financial year 2016-17 and details of attendance of Directors (Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

SNo	Name of the Director	26-Apr-2016	19-July-2016	22-Oct-2016	21-Jan-2017
1.	Mr. Srinivas Bommidala	LOA	LOA	Yes	LOA
2.	Mr. GopalaKrishna Kishore Surey	Yes	Yes	Yes	Yes
3.	Mr. Puthalath Sukumaran Nair	Yes	Yes	Yes	Yes
4.	Mr. Rajesh Kumar Arora	Yes	Yes	Yes	Yes
5.	Mr. Somayajulu Ayyanna Kodukula	Yes	Yes	NA*	NA*
6.	Mrs. Meena Raghunathan	LOA	Yes	NA*	NA*
7.	Mr. P. Vijay Bhaskar	NA**	Yes	Yes	LOA
8.	Dr. Ramamurti Akella	NA**	NA**	Yes	Yes
9.	Dr. Kavitha Gudapati	NA**	NA**	Yes	Yes

**Appointments during the financial year 2016-17:-

1	Mr. P. Vijay Bhaskar	with effect from 26-April-2016
2	Dr. Ramamurti Akella	with effect from 28-September-2016
3	Dr. Kavitha Gudapati	with effect from 28- September-2016

*Cessations during the financial year 2016-17:- .

1	Mr. Somayajulu Ayyanna Kodukula	with effect from 20 – September-2016
2	Mrs. Meena Raghunathan	with effect from 05- October- 2016

12. NUMBER OF COMMITTEE MEETINGS

Number of Committee Meetings held during financial year 2016-17 and details of attendance of Directors (Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

Audit Committee Meetings

S.No	Name of the Director	26-Apr-2016	19-July-2016	22-Oct-2016	21-Jan-2017
1	Mr. Somayajulu Ayyanna Kodukula	Yes	Yes	NA*	NA*
2	Mr. Rajesh Kumar Arora	Yes	Yes	Yes	Yes
3	Mr. P. Vijaya Bhaskar	NA**	Yes	Yes	Yes
4	Dr. Ramamurti Akella	NA**	NA**	Yes	Yes

**Appointments as member of Audit Committee during the financial year 2016-17:-

1	Mr. P. Vijaya Bhaskar	With effect from 26-Apr-2016
2	Dr. Ramamurti Akella	With effect from 20-October-2016

*Cessations as member of Audit Committee during the financial year 2016-17:-

1	Mr. Somayajulu Ayyanna Kodukula	with effect from 20-September-2016

The Audit Committee was reconstituted on April 26, 2016 and 20th October, 2016.

Nomination & Remuneration Committee:-

SNo	Name of the Director	26-Apr-2016	19-July-2016	22-Oct-2016
1.	Mr. Somayajulu Ayyanna Kodukula	Yes	Yes	NA
2.	Mr. Rajesh Kumar Arora	Yes	Yes	Yes
3.	Mr. Puthalath Sukumaran Nair	NA**	Yes	NA*
4.	Mr. P Vijaya Bhaskar	NA**	NA**	Yes
5.	Dr. Kavitha Gudapati	NA**	NA**	LOA

**Appointments as member of Nomination & Remuneration Committee during the financial year 2016-17:-

1	Mr. Puthalath Sukumaran Nair	With effect from 26-April-2016
2	Mr. P Vijaya Bhaskar	With effect from 31-August-2016
3	Dr. Kavitha Gudapati	With effect from 20-October-2016

*Cessations as member of Nomination & Remuneration Committee during the financial year 2016-17.

1	Mr. Somayajulu Ayyanna Kodukula	with effect from 20-September-2016
2	Mr. Puthalath Sukumaran Nair	with effect from 20-October-2016

During the year the Nomination & Remuneration Committee was reconstituted on April 26, 2016, 31st August, 2016 and 20th October, 2016.

13. 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(5) of the Companies Act, 2013:

a) that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates 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, 2017 and of the profit and loss of the Company for the year ended on that date;

c) the directors had taken 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) the directors had prepared the annual financial statements on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. 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 :-

- Mr. P. Vijay Bhaskar (appointed with effect from 26th April, 2016)
- Dr. Ramamurti Akella (appointed with effect from 28th September, 2016)
- Dr. Kavitha Gudapati (appointed with effect from 28th September, 2016)
- Mr. Somayajulu Ayyanna Kodukula (resigned with effect from 20th September, 2016)

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

15. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The salient features of Nomination and Remuneration Policy of the Company covering Directors‟ 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.

16. 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.

Details of investment made by the Company are provided in note 5A to the financial statements.

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

During the year under review, GMR Aero Technic Limited (Formerly MAS GMR Aero Technic Limited) is a wholly owned subsidiary and there has been no change in the number of subsidiaries and the nature of business of the subsidiaries.

Being compliant with the conditions as mentioned in the Companies (Accounts) Amendment Rules, 2016, your Company being an intermediate wholly-owned subsidiary, is not required to prepare the consolidated financial statement of the Company and its subsidiaries.

In view of the above, your Company has not prepared the Consolidated Financial Statements for the year ended March 31, 2017. However, pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached is attached as Annexure-2 to the financial statements of the Company.

There are no associate and joint venture companies as on March 31, 2017.

18. 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.

19. 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 Companys 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, 2017, the foreign exchange earnings on accrual basis was INR 29.89 crores and the foreign exchange outgo was NIL.

20. 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.

21. 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.

22. ANNUAL EVALUATION BY THE BOARD

Pursuant to the provisions 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 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.

The Independent 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 Independent 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.

23. 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.

24. 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:

Risk
a. Delay payment of Lease rental by GMR Aero Technic Limited, the subsidiary company b. Synthetic Swap: - US$ becoming stronger and interest rates becoming dearer

25. COMMENTS ON STATUTORY AUDITORS' REPORT

Auditors Qualified Opinion: the Company has investment, loans and trade receivables amounting to Rs. 255,16,12,388, Rs. 117,49,33,774 and Rs. 53,27,69,118 respectively in its wholly owned subsidiary GMR Aero Technic Limited (formerly known as MAS GMR Aero Technic Limited), whose accumulated losses have fully eroded its net worth. Based on the future business plan and projections approved by the Board of Directors of the Company and valuation assessment done by the Management, the Management is of the view that there is no diminution other than temporary, in the value of such investment, loans and trade receivables. However, in view of the current financial position of the wholly owned subsidiary and in the absence of sufficient and appropriate audit evidence to support the assumptions used by the management the business plan, we are unable to comment on the carrying value of such investment, loans and trade receivables including adjustments, if any, that may be required to such carrying amounts of investment, loans and trade receivables.

Directors Comments: As at March 31, 2017, the Company has investment, loans and trade receivables aggregating to Rs. 255,16,12,388, Rs. 117,49,33,774 and Rs. 53,27,69,118 respectively in its wholly owned subsidiary GMR Aero Technic Limited. The subsidiary's accumulated losses have fully eroded its net worth as at March 31, 2017. Management has undertaken several initiatives to improve its income from operations and establish profitable operations and is further committed to provide such financial support as necessary towards its operational requirement. Based on the future business plan and projections approved by the Board of Directors of the Company and valuation assessment done by the management, the management is of the view that there is no permanent diminution in the value of such investment, loans and trade receivables. As such, no provision for diminution in the value of the same has been made.

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

26. 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 13th July, 2017, is appended to this Report as Annexure - 3.

There are no qualifications, reservations or adverse remarks in the secretarial audit report for financial year 2016-17 except that there was a delay in the appointment of the Company Secretary, who was appointed on 22nd October, 2016, as the Company was looking for a suitable candidate to fill the position of Company Secretary to comply with the provisions.

27. EXTRACT OF ANNUAL RETURN:

The extract of the annual return as on March 31, 2017 in the format provided under sub-section (3) of section 92 of the Companies Act, 2013 is annexed to this Report as Annexure-4.

28. 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. As such, no amount of principal or interest was outstanding as on the date of the Balance Sheet.

29. 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.

30. 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 -5 to this report.

31. 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).

32. 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.

33. STATUTORY AUDITORS

The present statutory auditors of the Company S R Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No: 101049W), hold office up to the conclusion of the 10th Annual General meeting of the Company. In terms of the provisions of the Companies Act, 2013, they are eligible for further appointment of two years i.e. up to financial year ending 2018-19. However, they have expressed their unwillingness to get reappointed. Hence, the Management of the Company has identified Deloitte Haskins and Sells, LLP, Chartered Accountants, for appointment as the statutory auditors of the Company in place of S R Batliboi & Associates, LLP. The Audit Committee of the Company at the meeting held on 22nd July, 2017, has recommended the appointment of Deloitte Haskins and Sells, LLP, Chartered Accountants, as the statutory auditors of the Company to the Board of Directors and the Board in its meeting held on 22nd July, 2017 has further recommended the appointment of Deloitte Haskins and Sells, LLP, Chartered Accountants, as the statutory auditors of the Company to the shareholders. Deloitte Haskins and Sells, LLP, Chartered Accountants, will hold the office from the conclusion of the 10th Annual General Meeting till the conclusion of 15th Annual General Meeting of the Company to be held in the year 2022.

34. ACKNOWLEDGEMENT

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

By Order of the Board of Directors
For GMR Aerospace Engineering Limited

Place: Hyderabad	**Rajesh Kumar Arora**	**Puthalath Sukumaran Nair**
Date: 22.07.2017	**Director**	**Director**

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. Definitions

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 Policy" 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) Formulating the 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 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.

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.

(c) 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.

(d) 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 Programme 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 programmes.

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.

5.2.5. 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 Women 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 AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars		Details
1.	Name of the subsidiary	GMR Aero Technic Limited	
2.	The date since when subsidiary was acquired	September, 2, 2010	
3.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	March 31, 2017	
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	
5.	Share capital	INR	25,00,00,000
6.	Reserves & surplus	INR	-198,46,04,458
7.	Total assets	INR	64,48,92,580
8.	Total Liabilities	INR	118,86,78,220
9.	Investments	INR	NIL
10.	Turnover	INR	58,00,19,846
11.	Loss before taxation	INR	54,33,45,039
12.	Deferred tax income	0	15,15,77,501
13.	Loss after taxation	INR	39,10,91,494
14.	Proposed Dividend	0	NIL
15.	Extent of shareholding	100%	

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations : Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

PART B – ASSOCIATES AND JOINT VENTURES (NOT APPLICABLE)

For S.R. Batliboi and Associates LLP
ICAI Firm registration number: 101049W/E300004

per Shankar Srinivasan
Partner
Membership No. 213271

Place: Hyderabad
Date: May 03, 2017

For and on behalf of the Board
GMR Aerospace Engineering Limited

Rajesh Kumar Arora
Director

Puthalath Sukumaran Nair
Director

K.VenkataRamana
Chief Financial Officer

Lalit Kumar Tiwari
Company Secretary

Annexure – 3

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]

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 Aerospace Engineering Limited
(Formerly Known as MAS GMR Aerospace Engineering Limited)
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500 108

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **GMR Aerospace Engineering Limited (Formerly Known as MAS GMR Aerospace Engineering 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, 2017, 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, 2017 according to the provisions of:

Sl	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.	Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

Sl #	Particulars	
4.	We have also examined compliance with the applicable clauses of the following: i. 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.	Closure of Register of Members / Debenture holders;
	c.	Forms, returns, documents and resolutions required to be filed with the Register of Companies and the Central Government;
	d.	Service of documents by the company on its members and Registrar of Companies.
	e.	Notices, Agenda and Minutes of proceedings of General Meetings and of the Board and its Committee meetings including Circular Resolution;
	f.	The meetings of Board of Directors held on 26-04-2016, 19-07-2016, 22-10-2016 and 21-01-2017, Audit Committees of Directors held on 26-04-2016, 19-07-2016, 22-10-2016 and 21-01-2017, Nomination & remuneration Committee held on 26-04-2016, 19-07-2016 and 22-10-2016.
	g.	The Annual General Meeting held on 28-09-2016;
	h.	Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;
	i.	Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors.
	j.	Payment of remuneration to Directors
	k.	Appointment and remuneration of Auditors;
	l.	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
	m	Declaration and distribution of dividends (Due to accumulated losses, the Company has not declared any dividend)
	n.	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).

Sl	Particulars	
	o.	Borrowings and registration, modification and satisfaction of charges wherever applicable;
	p.	Investment of the Company's funds including investments and loans to others;
	q.	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;
	r.	Directors' Report;
	s.	Contracts, common seal, registered office and publication of name of the Company; and
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. During the year under review, the Company Secretary was appointed on 22nd October, 2016 for complying with the provisions under the act.	
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, SCRA, 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.	
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.	

Sl	Particulars
4.	**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 2016-2017 (for all 4 quarters), we are of opinion there has been due compliance of all the Laws to the extent applicable including the Aircraft Act, 1934, the Aircraft Rules, 1937, the AERA Act, 2008, other Civil Aviation Requirements (CAR) Rules, Labour Laws, Finance & Taxation Laws, Corporate and Pollution Laws, Orders Rules, Regulations, Guidelines and other legal requirements of the Central and State Government as well as Local Authorities concerning the business and affairs of the Company.
5.	**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.
6.	**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.
7.	**We further report that** the Company being an Unlisted Company, the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company.

For KBG Associates
Company Secretaries

(**Srikrishna S Chintalapati**)
Partner
CP # 6262

Place: Hyderabad
Date: 13-07-2017

Note: This report is to be read with our letter of even date which is annexed as "ANNEXURE-A" and Forms an integral part of this report.

'ANNEXURE-A'

To,
The Members
GMR Aerospace Engineering Limited
(Formerly Known as MAS GMR Aerospace Engineering Limited)
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500 108

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 is to 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

(**Srikrishna S Chintalapati**)
Partner
CP # 6262

Place: Hyderabad
Date: 13-07-2017

Annexure: - 4

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.17

(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	U45201TG2008PLC067141
ii)	Registration Date [DDMMYY]	29/02/2008
iii)	Company Name	GMR Aerospace Engineering Limited (Formerly MAS GMR Aerospace Engineering Company Limited)
iv)	Category of the Company	Public Company
	Sub Category of the Company	Company Limited by shares
v)	Address	Plot No.1, C/o GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500108, Telangana State.
	Country Code	+91
	Telephone (With STD Area Code Number)	040 – 67251149
	Fax Number :	
	Email Address	Lalitkumar.tiwari@gmraerotech.in
	Website	www.gmraerotech.in
iv)	Whether shares listed on recognized Stock Exchange(s)	NO
Vii)	Name and Address of Registrar & Transfer Agents (RTA):- Full address and contact details to be given. Karvy Computershares Private Limited, Karvy Registry House, 8-2-596, St. No. 1, Banjara Hills, Hyderabad - 500 034, India, Tel: +91 40 2331 2454, Fax: +91 40 2331 1968	

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)

SN	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Maintenance Repair and overhaul of Aircrafts	721, 399, 63033	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES [No. of Companies for which information is being filled]

S.No	Name and Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ASSOCIATE	% of shares held
1	GMR Aero Technic Limited (GATL) Plot No.1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad-500108	U35122TG2010PLC070489	Subsidiary Company	100%
2	GMR Hyderabad International Airport Limited (GHIAL) GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad -500108	U62100TG2002PLC040118	Holding Company	100%
3	GMR Airports Limtied (GAL) SKIP House, 25/1, Museum Road, Bangalore - 560025	U62100TG2002PLC040118	GHIAL's Holding Company	63%
4	GMR Infrastructure Limited (GIL) Naman Centre, 7th Floor, opp. Dena Bank, Plot No.C-31 G Block, Bandra Kurla Complex, Bandra (East), Mumbai City - 400051	L45203MH1996PLC281138	GAL's Holding Company	97.15%

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[As on 1- April -2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
Indian Body Corporates (includes 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)	216899930	27000070	243900000	100	266399930	26500070	292900000	100%	NIL
Foreign Body Corporates.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
B. Public Shareholding:-	NIL		NIL	NIL	NIL	NIL	NIL	NIL	

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1- April -2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	PhysicAl	Total	% of Total Shares	
Grand Total (A+B)	216899930	27000070	243900000	100	266399930	26500070	292900000	100%	NIL

(ii) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the Year [as on 01-Apr-2016]			Shareholding at the end of the year [as on 31-Mar-2017]			% 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 Hyderabad International Airport Limited	243899930	100%	49.74%**	292899930	100%	46.385%**	NIL
2	GopalaKrishna Kishore Surey	10*	-	-	10*	-	-	
3	Rajesh Kumar Arora	10*	-	-	10*	-	-	
4	Prasanna Challa	10*	-	-	10*	-	-	
5	Bhimasankara Kakaraparty	10*	-	-	10*	-	-	
6	Atul Kumar	-	-	-	20*	-	-	100%
7	Anup Kumar Samal	-	-	-	10*	-	-	100%
8	VenkataRamana Tangirala	10*	-	-	-	-	-	100%
9	Radhakrishna Babu Gadi	20*	-	-	-	-	-	100%

* Holding as nominee for and on behalf of GMR Hyderabad International Airport Limited

**As per restructuring agreement with consortium of banks 51% shall be pledged with the lead bank i.e. State Bank of India. As on 31st March, 2017, out of 14,93,79,000 shares required to be pledged with the lead bank, 13,58,64,000 shares have been pledged and the company is in the process of pledging remaining 1,35,15,000 shares. As on 01st April, 2016, out of 12,43,89,000 shares required to be pledged with the lead bank, 12,13,29,000 shares had been pledged and the remaining 3060000 were pledged during the financial year 2016-17.

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

SN	Particulars	Shareholding at the beginning of the year [01.04.2016]		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year (01.04.2016) Date wise Increase in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	**243900000**	**100%**	**243900000**	**100%**
	27/05/2016 - Right Issue Allotment	6000000	100%	249900000	100%
	19/07/2016 – Right Issue Allotment	6000000	100%	255900000	100%
	18/09/2016 – Right Issue Allotment	6000000	100%	261900000	100%
	22/10/2016 – Right Issue Allotment	4500000	100%	266400000	100%
	23/11/2016 – Right Issue Allotment	4000000	100%	270400000	100%
	21/01/2016 – Right Issue Allotment	10000000	100%	280400000	100%
	28/03/2016 – Right Issue Allotment	12500000	100%	292920000	100%
	At the end of the year(31.03.2017)	**292920000**	**100 %**	**292920000**	**100 %**

(iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	NIL	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year:-	NIL		NIL	
	At the end of the year:-	NIL		NIL	

(v) ***Shareholding of Directors and Key Managerial Personnel:***

SN	*Shareholding of each Directors and each Key Managerial Personnel*	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the 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	NIL	NIL	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.

Amount in Rs.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
i) Principal Amount	2,815,149,367	-	-	2,815,149,367
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**2,815,149,367**	-	-	**2,815,149,367**
Indebtedness at the end of the financial year (31.03.2017)				
i) Principal Amount	2,776,003,851	-	-	2,776,003,851
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,007,012	-	-	4,007,012
Total (i+ii+iii)	**2,780,010,863**	-	-	**2,780,010,863**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager as on March 31, 2017:

Amount in Rs.

SN.	Particulars of Remuneration	Name of Manager	Total Amount
1	**Gross salary**	0	0
2	**Stock Option**	0	0
3	**Sweat Equity**	0	0
4	**Commission- (as % of profit or others)**	0	0
5	**Others, please specify**	0	0
	Total (A)	0	0
	Ceiling as per the Act	0	0

B. Remuneration to other directors: NIL

(Amount in Rs.)

SN.	Particulars of Remuneration	Name of Directors				Total
1	Independent Directors	Mr. Somayajulu Ayyanna Kodukula	Mr. P. Vijaya Bhaskar	Dr. Ramamurti Akella	Dr. Kavitha Gudapati	
	Fee for attending board / Committee meetings	70,000	80,000	60,000	30,000	2,40,000
	Commission	--	--	--	--	
	Others, please specify	--	--	--	--	
	Total (1)					
2	Other Non-Executive Directors	--	--	--		
	Fee for attending board committee meetings	--	--	--	--	
	Commission	--	--	--	--	
	Others, please specify	--	--	--	--	
	Total (2)	--	--	--	--	
	Total (B)=(1+2)	70,000	80,000	60,000	30,000	2,40,000
	Total Managerial Remuneration	--	--	--	--	
	Overall Ceiling as per the Act	--	--	--	--	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD as on March 31, 2017.

Amount in Rs.

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**CS**	**CFO**	**Total**
1	**Gross salary**	0.00	3,77,387	0.00	0.00
2	**Stock Option**	0.00	0.00	0.00	0.00
3	**Sweat Equity**	0.00	0.00	0.00	0.00
4	**Commission - as % of profit or Others**	0.00	0.00	0.00	0.00
5	**Others, please specify**	0.00	0.00	0.00	0.00
	Total	0.00	3,77,387*	0.00	0.00

* Mr. Lalit Kumar Tiwari was appointed as Company Secretary with effect from 22nd October, 2016, hence, remuneration details are for part for the financial year ending 31st March, 2017.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No penalties / punishment were imposed on the Company and no compounding of offences was made by the Company during the financial year under review.

Annexure -5

Annexure to Report of Directors for the year ended 31st March, 2017 Statement of Employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013

There is only one employee in the Company and the remuneration drawn during the financial year 2016-17 is as follows:

Amount in Rs

S.N.	NAME OF THE EMPLOYEE	DESIGNATION	REMUNERATION RECEIVED GROSS (RS.)	NATURE OF EMPLOYMENT (whether contractual or otherwise)	QUALIFICATIONS	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	Muthu Krishnan	General Manager	4569973	Regular	B.Tech,M.E. MBA	30	1-Oct-10	52	A to Z Infra Structures	NA	NA
2	Lalit Kumar Tiwari*	Senior Officer	377387	Regular	B.com, A.C.S, L.LB	4	06-Aug-2016	30	GSS Infotech Limited	NA	NA

*Appointed as Company Secretary with effect from 22nd October, 2016

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 2016-17: 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 2016-17: NIL

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

Oval Office, 18, iLabs Centre
Hitech City, Madhapur
Hyderabad-500 081, India
Tel : +91 40 6736 2000
Fax : +91 40 6736 2200

INDEPENDENT AUDITOR'S REPORT

To the Members of GMR Aerospace Engineering Limited

Report on the Ind AS Financial Statements

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

Management's Responsibility for the Ind AS Financial Statements

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

Auditor's Responsibility

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

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

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

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

Basis for Qualified Opinion

As more fully described in Note No. 36 to the Ind AS financial statements, we report that as at March 31, 2017, the Company has investment, loans and trade receivables amounting to Rs. 2,551,612,388, Rs. 1,174,933,774 and Rs. 532,769,118 respectively in its wholly owned subsidiary GMR Aero Technic Limited, whose accumulated losses have fully eroded its net worth. Based on the future business plan and projections approved by the Board of Directors of the Company and valuation assessment done by the Management, the Management is of the view that there is no impairment in the value of such investment, loans and trade receivables. However, in view of the current financial position of the wholly owned subsidiary and in the absence of sufficient and appropriate audit evidence to support the key assumptions made by the management in the business plan, we are unable to comment on the carrying value of such investment, loans and trade receivables including adjustments, if any, that may be required to be made to such carrying amounts of investment, loans and trade receivables.

Qualified opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

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

(b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

(d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;

(g) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;

S.R. BATLIBOI & ASSOCIATES LLP * HYDERABAD * CHARTERED ACCOUNTANTS

(h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

(i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and

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

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 5(C) and 15 to the Ind AS financial statements;

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

iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period.

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

per Shankar Srinivasan
Partner
Membership Number: 213271

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

Place: Hyderabad
Date: May 03, 2017

Annexure 1 referred to in our report of even date
Re: GMR Aerospace Engineering Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) All Property, Plant and Equipment have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for the services of the Company.

(vii)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

viii) In our opinion and according to information and explanations given by the management, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to financial institutions, government, and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given by the management, the company has utilised the term loans for the purpose which they were raised. The company has not raised money by way of initial public offer or debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

per Shankar Srinivasan
Partner
Membership Number: 213271

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

Place: Hyderabad
Date: May 03, 2017

ANNEXURE 2 To the Independent Auditor's Report of even date on the Ind AS Financial Statements of GMR Aerospace Engineering Limited

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

To the Members of GMR Aerospace Engineering Limited

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2017:

The Company has designed internal financial controls over estimation of impairment in value of investments, loans and trade receivables, however, in case of such assessment with respect to a wholly owned subsidiary company, as more fully explained in the note 36 to the Ind AS financial statements as at March 31, 2017, in the absence of sufficient appropriate audit evidence to support the key assumptions made by the management in the business plan, could potentially result in the Company not providing for adjustments, if any, that may be required to be made to such carrying amount of investments, loans and trade receivables.

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

S.R. BATLIBOI & ASSOCIATES LLP ★ HYDERABAD ★ CHARTERED ACCOUNTANTS

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the Ind AS financial statements of GMR Aerospace Engineering Limited, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 Ind AS financial statements of the Company and this report affects our report dated May 03, 2017, which expressed a qualified opinion on those Ind AS financial statements.

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

per Shankar Srinivasan
Partner
Membership Number: 213271

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

Place: Hyderabad
Date: May 03, 2017

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Balance sheet as at March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets				
Non-current assets				
Property, plant and equipment	3	375,532,988	423,176,376	477,753,781
Investment property	4	1,040,341,533	1,106,548,654	1,172,882,069
Investments	5A	2,551,612,388	2,017,949,173	1,929,148,069
Financial assets				
Loans	5B	1,144,933,774	1,062,333,555	986,381,263
Other non-current financial assets	5D	52,984,492	794,896	713,083
Deferred tax asset (net)	6	-	-	-
Non current tax asset		3,940,278	3,822,335	3,681,935
Other non current assets	7	53,053,955	101,074,435	119,755,053
		5,222,399,408	**4,715,699,424**	**4,690,315,253**
Current assets				
Financial assets				
Loans	5B	30,000,000	7,600,000	-
Trade receivables	8	532,769,118	475,624,984	242,270,667
Derivative instruments	5C	136,089,662	166,595,622	-
Cash and cash equivalents	9	841,990	3,757,147	199,503
Other current assets	7	45,912,175	18,642,916	5,804,751
		745,612,945	**672,220,669**	**248,274,921**
Total assets		**5,968,012,353**	**5,387,920,093**	**4,938,590,174**
Equity and liabilities				
Equity				
Equity share capital	10	2,929,000,000	2,439,000,000	2,379,000,000
Other equity	11			
Retained earnings		(74,834,087)	(45,401,311)	(136,625,206)
Share application money pending allotment		120,000,000	-	-
Total equity		**2,974,165,913**	**2,393,598,689**	**2,242,374,794**
Financial liabilities				
Borrowings	12	2,656,410,863	2,781,549,367	2,572,575,931
Long term provisions	13	140,576	64,533	3,829
		2,656,551,439	**2,781,613,900**	**2,572,579,760**
Current liabilities				
Financial liabilities				
Borrowings	12	123,600,000	33,600,000	-
Trade payables	14A	203,401,611	152,349,060	104,120,652
Other payables	14B	8,010,848	8,330,186	17,552,245
Other current financial liabilities	15	825,000	17,049,106	822,746
Other current liabilities	16	860,154	905,224	761,299
Short term provisions	13	597,388	473,928	378,678
Total liabilities		**337,295,001**	**212,707,504**	**123,635,620**
Total equity and liabilities		**5,968,012,353**	**5,387,920,093**	**4,938,590,174**
Summary of significant accounting policies	2.2			

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

As per our report of even date.

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

per Shankar Srinivasan
Partner
Membership No : 213271

Place : Hyderabad
Date : May 03, 2017

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

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Lalit Kumar Tiwari
Company Secretary

Place : Hyderabad
Date : May 03, 2017

S.R.BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

GMR Aerospace Engineering Limited Hyderabad

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Statement of profit and loss for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	17	298,964,015	304,012,216
Other income	18	4,235,435	150,847,547
Finance income	19	195,097,169	116,041,007
Total income (i)		**498,296,619**	**570,900,770**
Expenses			
Employee benefits expense	20	5,070,489	4,408,406
Other expenses	21	99,133,105	63,750,096
Total expenses (ii)		**104,203,594**	**68,158,502**
Earnings before interest, tax, depreciation and amortization (EBITDA) [(i) - (ii)]		**394,093,025**	**502,742,268**
Depreciation and amortization expenses	22	113,850,509	120,910,820
Finance costs	23	309,637,089	290,600,535
(Loss)/Profit before tax		**(29,394,573)**	**91,230,913**
Other comprehensive income for the year			
Other comprehensive income not to be reclassified to profit or loss in subsequent years:			
Re-measurement losses on defined benefit plans		(38,203)	(7,018)
Other comprehensive loss for the year, net of tax		**(38,203)**	**(7,018)**
Total comprehensive (loss)/income for the year		**(29,432,776)**	**91,223,895**
Earnings per share [nominal value of share Rs. 10 (March 31, 2016: Rs. 10)]			
Basic and diluted	24	(0.11)	0.38
Summary of significant accounting policies	**2.2**		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

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

S.R.BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

per Shankar Srinivasan
Partner
Membership No : 213271

Place : Hyderabad
Date : May 03, 2017

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

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Lalit Kumar Tiwari
Company Secretary

Place : Hyderabad
Date : May 03, 2017

GMR Aerospace Engineering Limited Hyderabad

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Statement of Changes in Equity for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

a. Equity Share Capital:

	No.	Rs.
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 1, 2015	237,900,000	2,379,000,000
Issue of shares	6,000,000	60,000,000
As at March 31, 2016	**243,900,000**	**2,439,000,000**
Issue of shares	49,000,000	490,000,000
As at March 31, 2017	**292,900,000**	**2,929,000,000**

b. Other Equity

	March 31, 2017	March 31, 2016
(i) Retained earnings		
As at April 1, 2016/ April 1, 2015	(45,401,311)	(136,625,206)
Loss for the year	(29,394,573)	91,230,913
Other comprehensive income / (loss) for the year	(38,203)	(7,018)
Total comprehensive income	**(29,432,776)**	**91,223,895**
As at March 31, 2017/ March 31, 2016	**(74,834,087)**	**(45,401,311)**
(ii) Share application money pending allotment	120,000,000	-

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

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

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

per Shankar Srinivasan
Partner
Membership No : 213271

Place : Hyderabad
Date : May 03, 2017

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

Rajesh Kumar Arora
Director
DIN : 03174536

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K Venkata Ramana
Chief Financial Officer

Lalit Kumar Tiwari
Company Secretary

GMR Aerospace Engineering Limited
Hyderabad

Place : Hyderabad
Date : May 03, 2017

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Cash flow statement for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
(Loss)/profit before tax	**(29,394,573)**	**91,230,913**
Adjustment to reconcile loss before tax to net cash flows:		
Depreciation on property, plant and equipment	47,643,388	54,577,405
Depreciation of investment properties	66,207,121	66,333,415
Liabilities no longer required, written back	(4,235,435)	(476,031)
Interest on bank deposit	(2,331,845)	-
Unrealised foreign exchange loss	13,738,600	4,228,048
Fair value loss/(gain) on the financials instruments at fair value through profit or loss	14,281,854	(150,371,516)
Finance income (including fair value change in financial instruments)	(195,097,169)	(116,041,007)
Finance costs (including fair value change in financial instruments)	307,950,263	289,947,877
Operating profit before working capital changes	**218,762,204**	**239,429,104**
Working capital adjustments		
Increase in trade payables	51,052,551	48,704,439
(Decrease)/Increase in other current laibilities	(45,070)	143,925
Increase in provisions	161,300	148,936
Increase in trade receivables	(70,882,732)	(234,559,627)
Decrease/(increase) in other financial assets	(90,936)	(81,813)
Decrease in other assets	20,751,221	27,298
Cash generated from operations	**219,708,538**	**53,812,262**
Direct taxes paid (net of refund)	(117,944)	(140,399)
Net cash flow from operating activities (A)	**219,590,594**	**53,671,863**
Cash flows from investing activities		
Purchase of property, plant and equipment	(998,743)	(8,899,769)
Investment in bank deposits	(50,000,000)	-
Interest received	155,566,920	3,689,866
Loan given to subsidiary (net of repayment)	(598,900,001)	(60,000,000)
Net cash used in investing activities (B)	**(494,331,824)**	**(65,209,903)**
Cash flows from financing activities		
Proceeds from issue of share capital	610,000,000	60,000,000
Repayment of long-term borrowings	(35,999,946)	-
Interest paid	(302,173,981)	(44,904,316)
Net cash flow from financing activities (C)	**271,826,073**	**15,095,684**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(2,915,157)	3,557,644
Cash and cash equivalents at the beginning of the year	3,757,147	199,503
Cash and cash equivalents at the end of the year	**841,990**	**3,757,147**

S.R.BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

GMR Aerospace Engineering Limited Hyderabad

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Cash flow statement for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

		For the year ended March 31, 2017	For the year ended March 31, 2016
Components of cash and cash equivalents			
With banks- on current account		841,990	3,757,147
Total cash and cash equivalents (Note 9)		**841,990**	**3,757,147**
Summary of significant accounting policies	**2.2**		

Note :
Interest accrued on Indian rupee term loan from banks (secured) has been converted into Funded Interest Term Loan as per the terms of agreement. The said transaction is considered as a non-cash transaction for the purpose of cash flow statement.

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

As per our report of even date.

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

S.R.BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

per Shankar Srinivasan
Partner
Membership No : 213271

GMR Aerospace Engineering Limited Hyderabad

Place: Hyderabad
Date : May 03, 2017

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

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K. Venkata Ramana
Chief Financial Officer

Lalit Kumar Tiwari
Company Secretary

Place: Hyderabad
Date : May 03, 2017

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Notes to financial statements for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

1 Corporate information

GMR Aerospace Engineering Limited ("the Company") was incorporated on February 29, 2008 to carry out the business of Investment and development of infrastructure for Maintenance, Repair and Overhaul facility (MRO) of Aircrafts at Rajiv Gandhi International Airport at Shamshabad. The Company had commenced its operations w.e.f. November 1, 2011.

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

2 Significant accounting policies

2.1 Basis of preparation

(i) Statement of compliance

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

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first, the Company has prepared in accordance with Ind AS. Refer to note 35 for information on how the Company adopted Ind AS.

(ii) Historical cost convention

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

2.2 Summary of significant accounting policies

a. Use of estimates

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

b. Investments in subsidiary

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

c. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

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

d. 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).

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

GMR Aerospace Engineering Limited Hyderabad

e. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

f. 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.

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

Interest income :
For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

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

g. Taxes

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

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

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

GMR Aerospace Engineering Limited Hyderabad

GMR Aerospace Engineering Limited
CIN: U45201TG2008PLC067141
Notes to financial statements for the year ended March 31, 2017

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

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

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

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

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

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

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

Sales/ value added taxes paid on acquisition of assets or on incurring expenses:
Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:
- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

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

h. Property, plant and equipment
Property, plant and equipment's are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

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

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

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

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

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

Further, when each major inspection is performed, its cost is recognised in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Machinery spares which are specific to a particular item of fixed asset and whose use is expected to be irregular are capitalized as fixed assets.

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

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i. Investment property

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

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

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

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

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

j. Intangible assets

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

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

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

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

k. Borrowing costs

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

l. Leases

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

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

Company as a lessee :

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

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

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

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

Company as a lessor:

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

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

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m. Impairment of non-financial assets

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

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

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

n. Provisions, contingent liabilities and commitments

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

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

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

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

o. Contingent assets

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

p. Retirement and other employee benefits

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

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q. Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss .

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Derecognition

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

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

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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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.

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:
• All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
• Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Company evaluates individual balances to determine impairment loss allowance on its trade receivables. The evaluation is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:
• Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

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

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

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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.

Financial guarantee contracts
Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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

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

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

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

t. 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.

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

v. Measurement of Earnings before interest, tax, depreciation and amortisation (EBITDA)
The company presents EBITDA as a separate line item on the face of statement of Profit and Loss, but including other income as separate line item on the face of statement of profit and loss.

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CIN: U45201TG2008PLC067141
Notes to the financial statements for the year ended March 31, 2017
(All amounts in Indian Rupees except otherwise stated)

3 Property, plant and equipment

	Plant and equipments	Office equipments	Computer equipment and IT systems	Furniture and fixtures	Vehicles	Total
Cost						
Deemed cost as at April 1, 2015	454,236,120	17,215,762	415,888	4,854,004	1,032,007	477,753,781
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2016	454,236,120	17,215,762	415,888	4,854,004	1,032,007	477,753,781
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
As at March 31, 2017	454,236,120	17,215,762	415,888	4,854,004	1,032,007	477,753,781
Depreciation						
Depreciation charge for the year	41,957,849	11,005,849	196,917	1,191,019	225,771	54,577,405
Disposals	-	-	-	-	-	-
As at March 31, 2016	41,957,849	11,005,849	196,917	1,191,019	225,771	54,577,405
Depreciation charge for the year	40,363,885	6,209,913	196,379	648,057	225,154	47,643,388
Disposals	-	-	-	-	-	-
At March 31, 2017	82,321,734	17,215,762	393,296	1,839,076	450,925	102,220,793
Net block value						
As at March 31, 2017	371,914,386	-	22,592	3,014,928	581,082	375,532,988
As at March 31, 2016	412,278,271	6,209,913	218,971	3,662,985	806,236	423,176,376
Deemed cost as at April 1, 2015	454,236,120	17,215,762	415,888	4,854,004	1,032,007	477,753,781

Note:

a) All the above tangible assets are given on operating lease to its subsidiary GMR Aero Technic Limited.

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

Block of assets	Gross Block	Accumulated Depreciation	Net previous GAAP Value
Plant and equipments	568,701,416	114,465,296	454,236,120
Office equipments	32,818,020	15,602,258	17,215,762
equipment	2,515,073	2,099,185	415,888
Furniture and fixtures	6,696,784	1,842,780	4,854,004
Vehicles	1,631,518	599,511	1,032,007
Total	612,362,811	134,609,030	477,753,781

4 Investment property

	Buildings on leasehold land #
Deemed cost as at April 1, 2015	1,172,882,069
Additions	-
Closing balance as at March 31, 2016	1,172,882,069
Additions	-
Closing balance as at March 31, 2017	1,172,882,069
Depreciation	
Depreciation	66,333,415
Closing balance as at March 31, 2016	66,333,415
Depreciation	66,207,121
Closing balance as at March 31, 2017	132,540,536
Net block	
As at April 1, 2015	1,172,882,069
As at March 31, 2016	1,106,548,654
As at March 31, 2017	1,040,341,533

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

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

Block of asset	Gross Block	Accumulated Depreciation	Net previous GAAP Value
Land and Buildings	1,345,764,337	172,882,268	1,172,882,069
Total	1,345,764,337	172,882,268	1,172,882,069

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Information regarding income and expenditure of Investment property

	For the year ended March 31, 2017	For the year ended March 31, 2016
Rental income derived from investment properties	230,853,501	233,995,567
Direct operating expenses (including repairs and maintenance) generating rental income	52,645,221	45,707,050
Profits arising from investment properties before depreciation and indirect expenses	178,208,280	188,288,517
Less: Depreciation	66,207,121	66,333,415
Profits arising from investment properties before indirect expenses	112,001,159	121,955,102

The Company's investment property consists of MRO (maintenance, repair and overhaul) hangers facility, designed to perform base maintenance checks These hangers are supported by the workshops that are necessary for airframe heavy maintenance. As at March 31, 2017 and March 31, 2016, the fair values of the property are INR 1,272,830,000 and INR 1,414,255,000 respectively. These valuations are based on valuations performed by H. Jayasurya & Associates, an accredited independent valuer. H. Jayasurya & Associates is a specialist in valuing these types of investment properties. Fair value hierarchy disclosures for investment properties have been provided in Note 33.

Reconciliation of fair value

	Investment property
Opening balance as at April 1,2015	1,550,570,000
Fair value difference	(136,315,000)
Additions	-
Closing balance as at April 1,2016	1,414,255,000
Fair value difference	(141,425,000)
Additions	-
Closing balance as at March 31,2017	1,272,830,000

Description of valuation techniques used and key inputs to valuation on investment property:
The fair value of investment property has been computed using Market Approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (ie similar) assets, liabilities or a group of assets and liabilities, such as a business. The fair value has been arrived at using a market value of INR 5,000 per square feet reduced by average depreciation for the year.

5A. Investments

	Non-current		
	March 31, 2017	March 31, 2016	April 1, 2015
Investment equity instruments (fully paid-up)			
Unquoted investment in subsidiaries			
25,000,000 (March 31, 2016: 25,000,000, April 1, 2015: 25,000,000) Equity shares of Rs. 10 each fully paid up in GMR Aero Technic Limited.	250,000,000	250,000,000	250,000,000
Add: Investment on account of fair value of interest free loans	2,301,612,388	1,767,949,173	1,679,148,069
Total investments	2,551,612,388	2,017,949,173	1,929,148,069

Financial assets

5B. Loans

	Non-current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Loan and advances to related party (refer note 29)						
Secured, considered good						
Loan	712,400,000	742,400,000	750,000,000	30,000,000	7,600,000	-
Funded interest term loan (FITL)	111,380,730	103,206,394	48,209,557	-	-	-
Unsecured, considered good						
Loan	321,153,044	216,727,161	188,171,706	-	-	-
Total	1,144,933,774	1,062,333,555	986,381,263	30,000,000	7,600,000	-

5C. Derivative instruments

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Derivative instruments at fair value through profit or loss			
Derivatives not designated as hedges			
Interest rate swaps	86,446,287	-	-
Embedded derivative	49,643,375	166,595,622	-
Total	136,089,662	166,595,622	-

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5D. Other financial assets

	Non-current		
	March 31, 2017	March 31, 2016	April 1, 2015
Security deposit, unsecured, considered good	885,832	794,896	713,083
Non-current bank balances	50,000,000	-	-
Interest accrued on fixed deposits	2,098,660	-	-
Total	52,984,492	794,896	713,083

6 Deferred tax asset (net)

		March 31, 2017	March 31, 2016	April 1, 2015
Deferred tax liability (DTL) relating to				
Accelerated depreciation for tax purposes		(31,538,029)	(27,326,635)	(20,025,495)
	(A)	(31,538,029)	(27,326,635)	(20,025,495)
Deferred tax asset(DTA) relating to				
Unused tax losses/depreciation		31,538,029	27,326,635	20,025,495
	(B)	31,538,029	27,326,635	20,025,495
Deferred tax asset (net)	(A+B)	-	-	-

For the year ended March 31, 2017:

	Opening Balance	Recognised in statement of profit and loss	Closing balance
DTL Accelerated depreciation for tax purposes	(27,326,635)	(4,211,394)	(31,538,029)
DTA Unused tax losses/depreciation	27,326,635	4,211,394	31,538,029
	-	-	-

For the year ended March 31, 2016:

	Opening Balance	Recognised in statement of profit & loss	Closing balance
DTL Accelerated depreciation for tax purposes	(20,025,495)	(7,301,140)	(27,326,635)
DTA Unused tax losses/depreciation	20,025,495	7,301,140	27,326,635
	-	-	-

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

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7 Other assets

	Non-current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Unbilled Revenue - Straight lining of lease rentals	36,311,996	83,826,079	101,300,000	45,598,151	18,328,892	3,000,000
Advances recoverable in cash or kind	-	-	-	-	-	20,602
Prepaid expenses	6,277,042	6,591,067	6,905,951	314,024	314,024	314,024
Balances with Statutory / Government authorities	10,464,917	10,657,289	11,549,102	-	-	-
Ancillary cost of arranging the borrowings	-	-	-	-	-	2,470,125
Total	53,053,955	101,074,435	119,755,053	45,912,175	18,642,916	5,804,751

8 Trade receivables

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, considered good			
Receivables from other related party (refer note 29)	532,769,118	475,624,984	242,270,667
Total	532,769,118	475,624,984	242,270,667

The entire trade receivables represent the amount receivable from its wholly owned subsidiary GMR Aero Technic Limited. Trade receivables are non-interest bearing and are generally on terms of 30 days to 60 days.

9 Cash and cash equivalents

	Non-current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Cash and cash equivalents						
Balances with banks on current accounts	-	-	-	841,990	3,757,147	199,503
	-	-	-	841,990	3,757,147	199,503
Other bank balances						
- Deposits with original maturity of more than 12 months	50,000,000	-	-	-	-	-
Amount disclosed under other Financial Assets (Note 5D)	(50,000,000)	-	-		-	-
	-	-	-	841,990	3,757,147	199,503

During the year, the Company had no specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017, held and transacted during the period from November 8, 2016 to December 30, 2016.

Cash and banks does not earn interest. The Company has pledged Margin money deposits to fullfil collateral requirements. Refer note 30 for further details.

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10 Equity share capital

Authorized share capital

	No.s	Rs.
As at April 1, 2015	250,000,000	2,500,000,000
Increase during the year	-	-
As at March 31, 2016	250,000,000	2,500,000,000
Increase during the year	55,000,000	550,000,000
As at March 31, 2017	305,000,000	3,050,000,000

During the year ended March 31, 2017, the authorised share capital was increased by Rs. 550,000,000 i.e. 55,000,000 equity shares of Rs. 10 each.

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a 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 would be entitled to receive remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	No.s	Rs.
As at April 1, 2015	237,900,000	2,379,000,000
Changes during the year	6,000,000	60,000,000
As at March 31, 2016	243,900,000	2,439,000,000
Changes during the year	49,000,000	490,000,000
As at March 31, 2017	292,900,000	2,929,000,000

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

	March 31, 2017	March 31, 2016
GMR Hyderabad International Airport Limited and its nominees		
292,900,000 (March 31, 2016 : 243,900,000) equity shares of Rs. 10 each fully paid up	2,929,000,000	2,379,000,000

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

	March 31, 2017		March 31, 2016	
	No.s	% holding	No.s	% holding
Equity shares of Rs.10 each fully paid				
GMR Hyderabad International Airport Limited and its nominees	292,900,000	100%	243,900,000	100%

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

No shares have been issued by the Company for consideration other than cash during the period of five years immediately preceeding the reporting date.

No shares are reserved for issue under options.

11 Other equity

	March 31, 2017	March 31, 2016	April 1, 2015
Retained earnings			
Opening balance	(45,401,311)	(136,625,206)	(136,625,206)
Add:- (Loss)/profit for the year	(29,394,573)	91,230,913	-
Items recognised directly in Other comprehensive income			
Remeasurement of post-employment obligation	(38,203)	(7,018)	-
Closing balance	(74,834,087)	(45,401,311)	(136,625,206)
Share application money pending allotment	120,000,000	-	-
	45,165,913	(45,401,311)	(136,625,206)

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12 Borrowings

	Non-current			Current		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Indian rupee term loan from banks (secured)	2,175,653,727	2,268,100,000	2,291,000,000	92,000,000	22,900,000	-
Indian rupee Funded Interest Term Loan from banks (secured)	480,757,136	513,449,367	281,575,931	31,600,000	10,700,000	-
	2,656,410,863	2,781,549,367	2,572,575,931	123,600,000	33,600,000	-

(i) Indian rupee term loan from banks (secured) carry interest rate at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The effective interest rate is 11% p.a . In the earlier year, the Indian rupee term loan from banks (secured) were restructured with a moratorium period of two years in repayment of loan beginning from May 2014 post repayment of first instalment of February 2014. The Loans are repayable in 40 quarterly unequal instalments beginning from June 2016 as against the earlier repayment term of 40 quarterly unequal instalments beginning from February 2014. Further, the interest for a period of 25 months commencing from March 2014 had been converted into Funded Interest Term Loan (FITL). FITL is repayable in 28 quarterly unequal instalments beginning from June 2016 and carry interest at base rate plus agreed spread, which is subject to reset at the end of agreed interval. The effective interest rate is 11% p.a.

(ii) The Indian rupee term loans from banks are secured by:
(a) First pari-passu charge by way of equitable mortgage of leasehold rights of land (of the Company and the subsidiary, GMR Aero Technic Limited) to the extent of 16.46 acres on which MRO facilities are constructed with all the buildings, structures etc. on such land.
(b) First charge (pari-passu) by way of hypothecation of all the movable assets of the Company and the subsidiary, GMR Aero Technic Limited including, but not limited to plant & machinery, machinery spares, tools & accessories, current assets.
(c) 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 and the subsidiary, GMR Aero Technic Limited.

Indian rupee term loans from banks and FITL, post restructuring, are further secured by:
(a) First charge (pari-passu) on all rights, title, interests, benefits, claims and demands whatsoever of the Company and the subsidiary, GMR Aero Technic Limited with respect to the insurance contracts.
(b) First charge (pari-passu) on all the bank accounts of the Company and the subsidiary, GMR Aero Technic Limited.
(c) Pledge of 51% of paid up share capital (i.e. 149,379,000 shares) (March 31, 2016: 124,389,000, April 1, 2015: 121,329,000) of the Company held by Holding Company, GMR Hyderabad International Airport Limited. Out of which, the Company has pledged 135,864,000 shares as at March 31, 2017 (March 31, 2016 : Pledge of 121,329,000, April 1, 2015 : Pledge of 110,619,000 shares) and is in the process of getting the balance shares , i.e. 13,515,000 shares (March 31, 2016 : 3,060,000 which were issued on March 31, 2016, April 1, 2015 : 10,710,000 which were issued on March 27, 2015) pledged, which were issued on November 23, 2016, January 21, 2017 and March 28, 2017.
(d) Un-conditional and irrevocable Corporate Guarantee of GMR Hyderabad International Airport Ltd (GHIAL) pari passu among the Lenders for their respective Term Loans and Funded Interest Term Loans.

(iii) The Company has entered in to an agreement with a bank to obtain Loan Equivalent Risk (LER) facility for the cross currency arrangement referred to in point (e) above, which is secured by a second charge over the fixed and current assets of the Company, both present and future.
i. Rs. 618,300,000 (March 31, 2016 : Rs. 641,200,000) of term loan of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the principal of Rs. 618,300,000 (March 31, 2016 : Rs. 641,200,000) has been swapped for an equivalent USD 9,176,994.43 (March 31, 2016 : USD 9,516,883.12)and interest on such loan from 11.00 % p.a. to 5.215 % p.a. on the applicable USD amount.
ii. Rs. 225,800,000 (March 31, 2016 : Rs. 236,500,000) Funded Interest Term Loan (FITL) of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the principal of Rs. 225,800,000 (March 31, 2016 : Rs. 236,500,000)has been swapped for an equivalent USD 3,351,391.47 (March 31, 2016 : USD. 3,510,204.08) and interest on such loan from 11.00 % p.a. to 5.215 % p.a. on the applicable USD amount.
iii. for Rs. 1,649,800,000 (March 31, 2016 : Rs. 1,649,800,000) term loan other than (i) above, the interest on such loan of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the interest of 11.00 % p.a. has been swapped to 9.78% p.a. on the applicable equivalent USD 24,486,827.46 (March 31, 2016 : USD 24,486,827.46) on such effective date.
iv. for Rs. 256,324,000 (March 31, 2016 : Rs. 256,324,000)Funded Interest Term Loan (FITL) other than (ii) above, the interest on such loan of the Company has been swapped by way of cross currency arrangement with a Bank effective from March 10, 2016 pursuant to which the interest of 11.00 % p.a. has been swapped to 9.78% p.a. on the applicable equivalent USD 3,804,437.85 (March 31, 2016 : USD 3,804,437.85) on such effective date.

13 Provisions

	Long-term			Short-term		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Gratuity	140,576	64,533	3,829	-	-	-
Leave benefits	-	-	-	597,388	473,928	378,678
	140,576	64,533	3,829	597,388	473,928	378,678

14A Trade payables

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Trade payables	1,425,475	1,101,943	587,577
Trade payables to related parties	201,976,136	151,247,117	103,533,075
	203,401,611	152,349,060	104,120,652

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

Terms and conditions of the above financial liabilities:
For the transactions and balances with related parties refer Note 29. Trade payable are non- interest bearing and are normally settled on 60 days term.
Other payables are non interest bearing and have an average term of six months.

For explanations on the Company's credit risk management processes, refer to Note 30.

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14B Other payables

	Current		
	March 31, 2017	March 31, 2016	April 1, 2015
Capital creditors	443,511	5,677,689	14,629,120
Interest accrued but not due	4,914,840	-	-
Retention money	2,652,497	2,652,497	2,923,125
	8,010,848	8,330,186	17,552,245

15 Other current financial liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Financial liabilities at fair value through profit or loss			
Derivatives not designated as hedges			
Interest rate swaps	-	16,224,106	-
Total financial liabilities at fair value through profit or loss	-	16,224,106	-
Financial guarantee contracts	825,000	825,000	822,746
Total other financial liabilities	825,000	17,049,106	822,746

16 Other current liabilities

	March 31, 2017	March 31, 2016	April 1, 2015
Statutory liabilities	860,154	905,224	761,299
	860,154	905,224	761,299

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17 Revenue from operations

	For the year ended March 31, 2017	For the year ended March 31, 2016
Income from Services		
Lease Rentals	298,964,015	304,012,216
	298,964,015	304,012,216

18 Other income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Fair value gain on financial instruments at fair value through profit or loss	-	150,371,516
Liabilities no longer required, written back	4,235,435	476,031
	4,235,435	150,847,547

19 Finance income

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income on a loan to a subsidiary (refer note 29-III)	121,125,793	111,528,395
Interest on interest rate swap arrangement	70,702,247	3,608,054
Interest on bank deposits	2,331,845	-
Finance income (including fair value change in financial instruments)	937,284	904,558
	195,097,169	116,041,007

20 Employee benefits expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	4,739,012	4,103,863
Contribution to provident and other funds	267,719	235,704
Gratuity expense	63,758	68,839
	5,070,489	4,408,406

21 Other expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Land lease rentals	51,479,962	49,512,898
Fair value loss on financial instruments at fair value through profit or loss (Note 33)	14,281,854	-
Rates and taxes	4,954,274	73,994
Printing and stationery	-	4,850
Sitting Fees	240,000	405,000
Communication costs	10,304	22,498
Repairs and maintenance - Others	12,893,515	7,597,402
Legal and professional fees	254,556	824,758
Payment to auditors	797,543	655,330
Office maintenance	-	7,354
Loss on account of foreign exchange fluctuation (net)	14,221,097	4,646,012
	99,133,105	63,750,096

Payment to auditors (exclusive of service tax)

	For the year ended March 31, 2017	For the year ended March 31, 2016
As auditor:		
Statutory audit fee	760,000	600,000
Other services:		
Reimbursement of expenses	37,543	55,330
	797,543	655,330

22 Depreciation and amortization expenses

	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of tangible assets (Note 3)	47,643,388	54,577,405
Depreciation on investment property (Note 4)	66,207,121	66,333,415
	113,850,509	120,910,820

23 Finance costs

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on debt and borrowings	307,950,263	289,947,877
Bank charges	1,686,826	652,658
	309,637,089	290,600,535

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24 Earning per share (EPS)

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

	For the year ended March 31, 2017	For the year ended March 31, 2016
(Loss)/profit attributable to equity share holders	(29,394,573)	91,230,913
Weighted average number of equity shares in calculating basic and diluted EPS	261,846,575	237,916,438

25 Gratuity and other post-employment benefit plans

a. Defined benefit plans:

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

The following table summarises the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of profit and loss

Net employee benefit expense (recognized in the employee cost)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	59,735	53,387
Interest cost on benefit obligation	4,023	15,452
Net benefit expense	63,758	68,839

Balance sheet

Details of provision for gratuity

	March 31, 2017	March 31, 2016	April 1 , 2015
Present value of defined benefit obligation	(375,704)	(277,062)	(198,097)
Fair value of plan assets	235,128	212,529	194,268
Plan liability	(140,576)	(64,533)	(3,829)

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

	March 31, 2017	March 31, 2016	April 1 , 2015
Opening defined benefit obligation	277,062	198,097	144,403
Current service cost	59,735	53,387	52,548
Interest cost	21,611	15,452	13,357
Actuarial losses/(gains) on obligation	17,296	10,126	(12,211)
Closing defined benefit obligation	375,704	277,062	198,097

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

	March 31, 2017	March 31, 2016	April 1 , 2015
Opening fair value of plan assets	212,529	194,268	137,911
Expected return	17,588	18,261	16,345
Contributions by employer	25,918	-	87,390
Actuarial gains/(losses)	(20,907)	-	(47,378)
Closing fair value of plan assets	235,128	212,529	194,268

The Company expects to contribute Rs. Nil (March, 31 2015 Rs. 87,390) towards gratuity in the next year.

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

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

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

	March 31, 2017	March 31, 2016	April 1 , 2015
Discount rate	7.10%	7.80%	7.80%
Expected rate of return on assets	9.40%	9.40%	9.00%
Salary escalation rate	6.00%	6.00%	6.00%
Withdrawal rate	5.00%	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 INR 20,377 (increase by INR 22,087) as of March 31, 2017 decrease by INR 15,797 (increase by INR 17,072) as of March 31, 2016.
If the expected salary growth increases (decreases) by 1%, the defined benefit obligations would increase by INR 21,713 (decrease by INR 20,416) as of March 31, 2017, increase by INR 16,896 (decrease by INR 15,928) as of March 31, 2016.

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

Note:

i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

ii) The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risk of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.

b. Defined contribution plan

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

	March 31, 2017	March 31, 2016	April 1 , 2015
Contribution to provident fund	172,118	134,559	147,585
Contribution to superannuation fund	95,601	89,703	82,137
	267,719	224,262	229,722

c. Leave benefit liabilities provided based on actuarial valuation amounts to Rs. 597,388 (March 31, 2016: Rs. 473,928, April 1,2015: Rs. 378,678) as at March 31, 2017.

26 Commitments and contingencies

a. Financial Guarantee

Corporate guarantee amounting to Rs.210,484,044 (March 31, 2016: Rs.234,155,106, March 31, 2015: Rs.224,079,264).
In terms of the restructuring agreement, the lenders have a right of recompense at their discretion, in respect of sacrifice undertaken by them on account of reduction/restructuring in the interest rate based on mutual agreement at the end of repayment of dues, subject to improvement in financial position of the Company.

b. Capital commitment

	31 March, 2017	31 March, 2016	1 April, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	24,933,010	-	-
	24,933,010	-	-

c. Other commitments

(i) The Company has committed to provide such financial support as necessary, to enable its subsidiary (GMR Aero Technic Limited) to meet the operational requirements as they arise and to meet its liabilities as and when they fall due.

(ii) The Company has commitment to pay monthly lease rentals of Rs. 5 per s.f.t (with an escalation clause of 4% every year from the date of commencement of operations) on the land taken from GMR Hyderabad Aviation SEZ limited of 16.46 acres (1 acre = 43,560 sft) for the period up to March 2038.

(iii) The Company has a commitment to build cash margin to the extent of 10% of the Loan Equivalent Risk (LER) Facility obtained from a bank over the period of one year from the date of first disbursement/contract under the facility.

27 Segment Information

The Company is engaged in development of infrastructure for Maintenance, Repair and Overhaul facility (MRO) at Rajiv Gandhi International Airport at Shamshabad and operating the same and related activities, which in the context of Ind AS 108- Segment reporting, notified under Section 133 of the Companies Act, 2013 is considered as single business segment. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

28 Leases

Operating lease commitments - Company as lessor

The Company has entered into operating lease on its entire fixed assets of the Company. This lease is entered initially for a non-cancellable period of seven years from the date of commencement of operations with renewal option.

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

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

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29 Related party disclosures
(I) Names of related parties and description of relationship

Relationship	Name of related party
Holding company	GMR Hyderabad International Airport Limited (GHIAL)
Subsidiary Company	GMR Aero Technic Limited (GATL)
GHIAL's holding company	GMR Airports Limited (GAL)
GAL's holding company	GMR Infrastructures Limited(GIL)
Ultimate holding company	GMR Enterprises Private Limited
Fellow Subsidiaries (Where transactions have taken place during the year).	GMR Hyderabad Aviation SEZ Limited
	Delhi International Airport Limited
Key Managerial personnel	Mr. Srinivas Bommidala -Director
	Mr. SGK Kishore -Director
	Mr. P. S. Nair -Director
	Mr.Rajesh Arora -Director
	Mr. Rajsekhar Reddy -Independent Director
	Mr. Ramamurti Akella -Independent Director
	Mrs. Kavitha Gudapati- -Independent Director
	Mr.P.Vijay Bhaskar- -Independent Director
	Mrs.Meena Lochani Raghunathan -Independent Director. (Resigned on October 05,2016)
	Mr. K.A.Somayujulu- Independent Director (Resigned on September 20,2016)
	Mr.K VenkataRamana -KMP(CFO)
	Mr.Uday Naidu -KMP(CEO)
	Mr. Lalit Kumar Tiwari (w.e.f. October 22, 2016)- KMP (Company Secretary)

II Transactions with key managerial personnel

a) Details relating to Key Managerial Personnel

Details of Key Managerial Personnel	Remuneration	
	Short-term employee benefits	Sitting Fees
March 31, 2017		
Mr. Ramamurti Akella	-	60,000
Mrs. Kavitha Gudapati	-	30,000
Mr.P.Vijay Bhaskar	-	80,000
Mr. K.A.Somayujulu (Resigned on September 20,2016)	-	70,000
Mr. Lalit Kumar Tiwari (w.e.f. October 22, 2016)	377,387	-
	377,387	240,000
March 31, 2016		
Mr. Rajsekhar Reddy	-	180,000
Mr. K.A.Somayujulu (Resigned on September 20,2016)	-	225,000
	-	405,000

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III Summary of transactions with related parties is as follows:

	March 31, 2017	March 31, 2016
(a) GMR Aero Technic Limited		
Facility Lease rental Income	298,964,015	302,608,217
Loans and advances -Given (transaction amount March 31,2017 Rs. 610,000,000, March 31,2016 Rs. 60,000,000)	77,161,785	7,028,612
Investments in subsidiary on account of amortisation of loan given	532,838,215	52,971,388
Investments in subsidiary on account of fair value of financial guarantee	825,000	822,746
Loans and advances -Repaid	76,000,000	-
Loans and advances -Given (Transaction amount March 31,2017 Rs. Nil, March 31,2016 Rs. 82,500,000)	-	47,495,285
Interest on Funded Interest Term Loan - Repaid	3,500,000	-
Interest on Loans	82,187,359	82,500,000
Interest on acount of amortisation of interest free loan	38,938,433	29,028,395
Corporate guarantee given to the bankers on behalf of its subsidiary	-	10,075,842
Reimbursement of expenses	12,980,512	8,003,469
(b) GMR Hyderabad International Airport Limited		
Allotment of share capital	490,000,000	60,000,000
Receipt of Share application money -Pending Allotment	120,000,000	-
Corporate guarantee given to the bankers on behalf of Company	-	244,548,307
Pledge of equity shares with bankers against the loan taken by the Company	145,350,000	107,100,000
Reimbursement of Expenses	648,436	-
(c) GMR Hyderabad Aviation SEZ Limited		
Lease rental	51,479,962	49,512,898
Finance income from debt instrument through FVTPL	90,936	81,813
(d) GMR Airports Limited		
Corporate guarantee given to bank on behalf of Company	-	900,000,000

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

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IV Balances outstanding debit / (credit):

	Non-Current			Current		
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2017	March 31, 2016	March 31, 2015
(a) GMR Aero Technic Limited						
Investments in Equity share capital	250,000,000	250,000,000	250,000,000	-	-	-
Investments in subsidiary on account of amortisation of	2,301,612,388	1,767,949,173	1,679,148,069			
Trade receivables	-	-	-	532,769,118	475,624,984	242,270,667
Lease Rentals (Straight lining impact)	36,311,996	83,826,079	101,300,000	45,598,151	18,328,892	3,000,000
Loans and advances (Including FITL)	1,144,933,774	1,062,333,555	986,381,263	30,000,000	7,600,000	-
Corporate guarantee given to banks on behalf of its subsidiary (GATL)	-	-	-	210,484,044	234,155,106	224,079,264
Financial guarantee contracts	-	-	-	825,000	825,000	822,746
(b) GMR Hyderabad International Airport Limited						
Trade Payables	-	-	-	(694,087)	-	-
Pledge of equity shares with bankers against the loan taken by the Company	-	-	-	1,358,640,000	1,213,290,000	1,106,190,000
Corporate guarantee given to the bankers on behalf of Company	-	-	-	2,783,870,872	2,819,870,817	2,575,322,510
(c) GMR Hyderabad Aviation Sez Limited						
Security Deposit	885,832	794,896	713,083	-	-	-
Prepaid expenses	6,277,042	6,591,067	6,905,951	314,024	314,024	314,024
Trade Payables	-	-	-	(201,282,049)	(150,116,112)	(101,902,070)
(d) Delhi International Airport Private Limited						
Capital creditors	-	(1,131,005)	(1,631,005)	-	-	-
(e) GMR Airports Limited						
Corporate guarantee given to bank on behalf of Company	-	-	-	900,000,000	900,000,000	-

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30 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade , other payables and financial guarantee contracts. 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 and other price risk, such as equity price and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.
The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2017.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity; provisions.
The following assumption have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates. The Company does not have any long-term debt with floating interest rates. Refer Note 12 for fixed interest rate.

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

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Indian rupee term loan from banks (secured)	2,267,653,727	2,291,000,000	2,291,000,000
Indian rupee Funded Interest Term Loan from banks (secured)	512,357,136	524,149,367	281,575,931
	2,780,010,863	2,815,149,367	2,572,575,931

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 fixed rate borrowings, as follows:

	Increase/decrease in Interest rate	Effect on profit before tax
31-Mar-17		
Indian rupee term loan from banks (secured)	± 0.50%	11,388,962
Indian rupee Funded Interest Term Loan from banks (secured)	± 0.50%	2,569,621
31-Mar-16		
Indian rupee term loan from banks (secured)	± 0.50%	11,246,345
Indian rupee Funded Interest Term Loan from banks (secured)	± 0.50%	1,910,352

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's also has exposure to the risk of changes in foreign exchange rates relating to the foreign currency borrowings taken from banks (Refer note 12).

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

	31-Mar-17	31-Mar-16	31-Mar-15
Currency Exposure (Foreign currency)	USD	USD	USD
Financial Asset	355,268,150	50,296,789	-
Trade Receivable			
Net exposure to foreign currency assets	355,268,150	50,296,789	-
Financial Liabilities			
Capital creditors	-	1,227,714	1,158,454
Net exposure to foreign currency liabilities	-	1,227,714	1,158,454

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Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Foreign currency sensitivity

	March 31, 2017	March 31, 2016
	Impact on profit after tax	**Impact on profit after tax**
USD Sensitivity		
INR/USD- Increase by 5% (31st March, 2016 : 5%)	17,763,408	2,453,454
INR/USD- decrease by 5% (31st March, 2016: 5%)	(17,763,408)	(2,453,454)

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans. Approximately 5% of the Company's debt will mature in less than one year at March 31, 2017 March 31, 2016: 2%, 1 April 2015: Nil) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended						
31-Mar-17						
Borrowings	-	30,900,000	92,700,000	1,075,800,000	1,585,200,000	2,784,600,000
Trade payables	196,920,363	6,481,247	-	-	-	203,401,610
Other financial liabilities	8,835,848	-	-	-	-	8,835,848
Financial guarantee contracts*	825,000	-	-	-	-	825,000
Year ended						
31-Mar-16						
Borrowings	-	8,400,000	25,200,000	847,400,000	1,937,200,000	2,818,200,000
Trade payables	146,108,086	6,240,972	-	-	-	152,349,058
Other financial liabilities	24,554,292	-	-	-	-	24,554,292
Financial guarantee contracts*	825,000	-	-	-	-	825,000
As at						
01-Apr-15						
Borrowings	-	-	-	589,800,000	2,228,400,000	2,818,200,000
Trade payables	98,088,545	6,032,108	-	-	-	104,120,653
Other financial liabilities	17,552,245	-	-	-	-	17,552,245
Financial guarantee contracts*	822,746	-	-	-	-	822,746

* Based on the maximum amount that can be called under the financial guarantee contract.

Credit Risk

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

Trade receivables

The Company has constructed the airframe MRO (Maintenance, Repair and Overhaul) facility and has given the entire facility to GMR Aerotechnic Limited(GATL), wholly owned subsidiary of the company on lease for rent. The company entered into lease agreement with GATL for 7 years which will be renewable. The company bills GATL as per the lease rentals as per the lease agreement. GATL has entered into long term contracts with all the top airline operators and pays the rent to the company in order to meet the interest obligations, repayment of Term Loan Instalments. At 31 March 2017, the receivables outstanding from GATL are Rs. 532,769,118 (31 March 2016: Rs. 475,624,984).

Collateral

The company has pledged part of its margin money deposits in order to fulfil the collateral requirements for the derivatives contracts. At 31 March 2016, 31 March 2015 and 1 April 2014, the fair values of the short-term deposits pledged were rs. 50,000,000, Rs. nil and Rs. nil, respectively. There are no other significant terms and conditions associated with the use of collateral.

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31 Capital management

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 40% and 60%.

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	2,780,010,863	2,815,149,367	2,572,575,931
Total debt	**2,780,010,863**	**2,815,149,367**	**2,572,575,931**
Capital Components			
Share capital	2,929,000,000	2,439,000,000	2,379,000,000
Share application pending allottment	120,000,000	-	-
Reserves and surplus	(74,834,087)	(45,401,311)	(136,625,206)
Total capital	**2,974,165,913**	**2,393,598,689**	**2,242,374,794**
Capital and net debt	**5,754,176,776**	**5,208,748,056**	**4,814,950,725**
Gearing ratio (%)	**48%**	**54%**	**53%**

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

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32 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, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Financial assets						
Valued at cost						
Investments	2,551,612,388	2,017,949,173	1,929,148,069	2,551,612,388	2,017,949,173	1,929,148,069
Valued at fair value though profit or loss						
Interest rate swaps	86,446,287	-	-	86,446,287	-	-
Embedded derivatives	49,643,375	166,595,622	-	49,643,375	166,595,622	-
Valued at amortised cost						
Loans	1,174,933,774	1,069,933,555	986,381,263	1,174,933,774	1,069,933,555	986,381,263
Trade receivable	532,769,118	475,624,984	242,270,667	532,769,118	475,624,984	242,270,667
Other financial assets	52,984,492	794,896	713,083	52,984,492	794,896	713,083
Cash and cash equivalent	841,990	3,757,147	199,503	841,990	3,757,147	199,503
Total	4,449,231,424	3,734,655,377	3,158,712,585	4,449,231,424	3,734,655,377	3,158,712,585
Financial liabilities						
Valued at amortised cost						
Borrowings	2,780,010,863	2,815,149,367	2,572,575,931	2,780,010,863	2,815,149,367	2,572,575,931
Trade payables	203,401,611	152,349,060	104,120,652	203,401,610	152,349,058	104,120,653
Other payables	8,010,848	8,330,186	17,552,245	443,511	5,677,689	14,629,120
Other financial liabilities	825,000	825,000	822,746	825,000	825,000	822,746
Valued at fair value though profit or loss						
Interest rate swaps	-	16,224,106	-	-	16,224,106	-
Total	2,992,248,322	2,992,877,719	2,695,071,574	2,984,680,984	2,990,225,220	2,692,148,450

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:

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

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

33 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 31 March 2017:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
Assets measured at fair value					
Investment property	31-Mar-17	127,283,000	-	127,283,000	-
Derivative not designated as hedge					
Interest rate swaps	31-Mar-17	86,446,287	-	86,446,287	-
Embedded derivatives	31-Mar-17	49,643,375	-	49,643,375	-

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

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

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
Assets measured at fair value					
Investment property	31-Mar-16	1,414,255,000	-	1,414,255,000	-
Derivative not designated as hedge					
Embedded derivatives	31-Mar-16	166,595,622	-	166,595,622	-
Liabilities measured at fair value					
Derivative not designated as hedge					
Interest rate swap	31-Mar-16	16,224,106	-	16,224,106	-

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 April 01,2015:

			Fair value measurement using		
	Date of valuation	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			Level 1	Level 2	Level 3
Assets measured at fair value					
Investment property	31-Mar-15	1,550,570,000	-	1,550,570,000	-

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34 Significant accounting judgements, estimates and assumptions

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

(A) Judgements

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

(B) Operating lease commitments - Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

(C) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(D) Taxes

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

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

(E) Defined benefit plans (gratuity benefits)

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

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

(F) Fair value measurement of financial instruments

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

(G) Impairment of Financial asset

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

(H) Discounting rate

The Company has considered incremental borrowing rate of Airport sector at 11.44% per annum as at transition date for measuring deposits, being financial assets and financial liabilities, at amortised cost.

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35 First Time Adoption of Ind AS

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

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at April 1, 2015, the company's date of transition to Ind AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Exemptions applied

Mandatory exemptions

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

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

Derecognition of financial assets and financial liabilities

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

Classification and measurement of financial assets

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

<u>Optional exemptions:</u>

Deemed cost-Previous GAAP carrying value: (PPE)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE as recognised in its Indian GAAP financial as deemed cost at the transition date.

Deemed cost-Previous GAAP carrying value: (Investment property)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value of land which has been classified under PPE in its Indian GAAP financial as deemed cost for investment property at the transition date.

Investment in subsidiary

The Company has elected to apply previous GAAP carrying amount of its investment in subsidiary as deemed cost as on date of transition to Ind AS.

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

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

	IGAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	477,753,781	-	477,753,781
Investment property	1,172,882,069	-	1,172,882,069
Financial assets			
Investments	250,000,000	1,679,148,069	1,929,148,069
Loans	2,629,606,200	(1,643,224,937)	986,381,263
Other non-current financial assets	8,603,971	(7,890,888)	713,083
Deferred tax asset (net)	-	-	-
Non current tax asset	3,681,935	-	3,681,935
Other non current assets	112,849,102	6,905,951	119,755,053
	4,655,377,058	**34,938,195**	**4,690,315,253**
Current assets			
Financial assets			
Trade receivables	242,270,667	-	242,270,667
Cash and cash equivalents	199,503	-	199,503
Other current assets	3,020,602	2,784,149	5,804,751
	245,490,772	**2,784,149**	**248,274,921**
Total assets	**4,900,867,830**	**37,722,344**	**4,938,590,174**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,379,000,000	-	2,379,000,000
Other equity			
Retained earnings	(176,271,383)	39,646,177	(136,625,206)
Total equity	**2,202,728,617**	**39,646,177**	**2,242,374,794**
Non-current liabilities			
Financial liabilities			
Borrowings	2,575,322,510	(2,746,579)	2,572,575,931
Long term provisions	3,829	-	3,829
	2,575,326,339	**(2,746,579)**	**2,572,579,760**
Current liabilities			
Financial liabilities			
	-	-	-
Trade payables	104,120,652	-	104,120,652
Other payables	17,552,245	-	17,552,245
Other current financial liabilities	-	822,746	822,746
Other current liabilities	761,299	-	761,299
Short term provisions	378,678	-	378,678
Total liabilities	**122,812,874**	**822,746**	**123,635,620**
Total equity and liabilities	**4,900,867,830**	**37,722,344**	**4,938,590,174**

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b. Reconciliation of equity as at March 31, 2016 (date of transition to Ind AS)

	IGAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	423,176,376	-	423,176,376
Investment property	1,106,548,654	-	1,106,548,654
Financial assets			
Investments	250,000,000	1,767,949,173	2,017,949,173
Loans	2,761,006,201	(1,698,672,646)	1,062,333,555
Other non-current financial assets	8,603,971	(7,809,075)	794,896
Deferred tax asset (net)	-	-	-
Non current tax asset	3,822,335	-	3,822,335
Other non current assets	94,483,369	6,591,066	101,074,435
	4,647,640,906	**68,058,518**	**4,715,699,424**
Current assets			
Financial Assets			
Loans	11,100,000	(3,500,000)	7,600,000
Trade receivables	475,624,984	-	475,624,984
Derivative instruments	-	166,595,622	166,595,622
Cash and cash equivalents	3,757,147	-	3,757,147
Other current assets	18,328,892	314,024	18,642,916
	508,811,023	**163,409,646**	**672,220,669**
Total assets	**5,156,451,929**	**231,468,164**	**5,387,920,093**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2,439,000,000	-	2,439,000,000
Other equity			
Retained earnings	(280,765,924)	235,364,613	(45,401,311)
Total equity	**2,158,234,076**	**235,364,613**	**2,393,598,689**
Non-current liabilities			
Financial liabilities			
Borrowings	2,786,270,816	(4,721,449)	2,781,549,367
Long term provisions	64,533	-	64,533
	2,786,335,349	**(4,721,449)**	**2,781,613,900**
Current liabilities			
Financial liabilities			
Borrowings	33,600,000	-	33,600,000
Trade payables	152,349,060	-	152,349,060
Other payables	8,330,186	-	8,330,186
Other current financial liabilities	16,224,106	825,000	17,049,106
Other current liabilities	905,224	-	905,224
Short term provisions	473,928	-	473,928
Total liabilities	**211,882,504**	**825,000**	**212,707,504**
Total equity and liabilities	**5,156,451,929**	**231,468,164**	**5,387,920,093**

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

	IGAAP	Adjustments	Ind AS
Revenue from operations	304,012,216	-	304,012,216
Other income	476,031	150,371,516	150,847,547
Finance Income	82,500,000	33,541,007	116,041,007
Total income (i)	**386,988,247**	**183,912,523**	**570,900,770**
Expenses			
Employee benefits expense	4,415,424	(7,018)	4,408,406
Other expenses	79,659,317	(15,909,221)	63,750,096
Total expenses (ii)	**84,074,741**	**(15,916,239)**	**68,158,502**
Earnings before interest, tax, depreciation and amortization (EBITDA) [(i) - (ii)]	**302,913,506**	**199,828,762**	**502,742,268**
Depreciation and amortization expenses	120,910,820	-	120,910,820
Finance costs	286,497,227	4,103,308	290,600,535
Profit before tax	**(104,494,541)**	**195,725,454**	**91,230,913**
Other comprehensive income for the year			
Other comprehensive income not to be reclassfied to profit or loss in subseqent periods:			
Re-measurement gains/(losses) on defined benefit plans	-	(7,018)	(7,018)
Other comprehensive income for the year, net of tax	**(104,494,541)**	**195,718,436**	**91,223,895**
Total comprehensive income for the year	**(104,494,541)**	**195,718,436**	**91,223,895**

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

1. Recognition of Investment property
The Company has constructed building on the leasehold land taken from GMR Hyderabad Aviation SEZ Limited (GHASL) who has obtained the same from GMR Hyderabad International Airport Limited (GHIAL) (holding company). GHIAL has obtained such land under the land lease agreement with the Government of Telangana which has been classified as Investment property under Ind AS as the same has been given for earning rental income.

2. Loan to related parties
Under previous GAAP, loans to related parties were recognised at their face values. The Company has given loans to its subsidiary companies in earlier years the outstanding amount of which on transition date was Rs. 2,629,606,201. Considering that the loans given were interest free, they have been fair valued and the differential amount of the carrying value and fair value has been recognised as equity component (Investment in subsidiary) as per guidance of Ind AS 32. The Company has recognised Rs. 1,643,224,938 as additional investment in subsidiary as on the date of transition. Interest income of Rs. 35,098,132 upto the date of transition has been recognised in retained earnings. Notional interest income of Rs. 29,028,395 has been recognised in the statement of profit and loss during the period ended March 31, 2016.

3. Security deposit
Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposit has been decreased by Rs. 7,809,075 as at March 31, 2016 (April 1, 2015, Rs. 7,890,888). The prepaid rent increased by Rs. 6,905,091 as at March 31, 2016 (April 1, 2015- Rs. 7,219,975). Total equity decreased by Rs. 670,913 as on April 1, 2015. The profit for the year ended March 31, 2016 decreased by Rs. 233,072 due to amortisation of the prepaid rent of Rs. 314,885 and interest income of Rs. 81,813 recognised on security deposits.

4. Financial guarantee
The company has provided financial guarantee to bank against cash credit limit availed by GMR Aerotechnic limited (GATL). Under previous GAAP, the corporate guarantee were disclosed in notes to account under the head contingent liability. Under Ind AS, financial guarantee provided to bank on behalf of GATL has been fair valued and recognised as an Investment in subsidiairy of Rs. 825,000 with a corresponding credit to Financial guarantee obligation of Rs. 825,000. The profit for the year and total equity as at March 31, 2016 increased by Rs. 825,000 crores due to amortisation of financial guarantee liability.

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

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

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

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

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36 Impairment of investments, loans and trade receivables from subsidiary

As at March 31, 2017, the Company has investment, loans and trade receivables amounting to Rs. 2,551,612,388, Rs. 1,174,933,774 and Rs. 532,769,118 respectively in its wholly owned subsidiary GMR Aero Technic Limited, whose accumulated losses have fully eroded its net worth. Based on the future business plan and projections approved by the Board of Directors of the Company and valuation assessment done by the Management, the Management is of the view that there is no impairment, in the value of such investment, loans and trade receivables. However, in view of the current financial position of the wholly owned subsidiary and in the absence of sufficient and appropriate audit evidence to support the key assumptions made by the management in the business plan, we are unable to comment on the carrying value of such investment, loans and trade receivables including adjustments, if any, that may be required to be made to such carrying amounts of investment, loans and trade receivables.

As per our report of even date.

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

per Shankar Srinivasan
Partner
Membership No : 213271

S.R.BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

Place: Hyderabad
Date : May 03, 2017

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

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K. Venkata Ramana
Chief Financial Officer

Lalit Kumar Tiwari
Company Secretary

GMR Aerospace Engineering Limited
Hyderabad

Place: Hyderabad
Date : May 03, 2017