GMR Air Cargo And Aerospace Engineering Limited

Thirteenth Annual Report
FY 2019-20

GENERAL INFORMATION

GMR Air Cargo And Aerospace Engineering Limited
CIN: U45201TG2008PLC067141

Board of Directors

Mr. GBS Raju
Chairman
Mr. Puthalath Sukumaran Nair
Director
Mr. S.G.K. Kishore
Director
Mr. Rajesh Arora
Director
Dr. Kavitha Gudapati
Woman and Independent Director
Mr. N C Sarabeswaran
Independent Director

Key Managerial Personnel
Mr. G. Chandrabushan, Manager
Mr. Venkata Ramana Kenguva, Chief Financial Officer
Mr. Rakhal Panigrahi, Company Secretary

Audit Committee
Mr. N.C. Sarabeswaran - Chairman
Mr. Rajesh Kumar Arora - Member
Dr. Kavitha Gudapati – Member

Nomination and Remuneration Committee
Mr. N.C. Sarabeswaran - Chairman
Mr. Rajesh Kumar Arora - Member
Dr. Kavitha Gudapati – Member

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

Corporate Social Responsibility Committee
Mr. N.C. Sarabeswaran - Chairman
Mr. P.S. Nair - Member
Dr. Kavitha Gudapati – Member

Stock Exchanges
BSE Limited
National Stock Exchange (NSE)

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

Secretarial Auditors
M/s. KBG Associates
1st Floor, 1-9-309/A, Achyuta Reddy Marg,
Vidya Nagar, Hyderabad - 500044

Bankers
ICICI Bank Limited
State Bank of India
HSBC Bank
Axis Bank Limited

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

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

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

Branch Offices

GMR Hyderabad Air Cargo Division
Air Cargo Terminal,
Rajiv Gandhi International Airport,
Shamshabad, Hyderabad - 500108

MRO Division
Plot No.1, GMR Aerospace Park,
GMR Hyderabad Aviation SEZ Limited,
Rajiv Gandhi International Airport,
Shamshabad, Hyderabad – 500108

Contents

GMR Air Cargo And Aerospace Engineering Limited

(CIN: U45201TG2008PLC067141)
Regd. Office: Plot No. 1, GMR Hyderabad Aviation SEZ Limited,
Rajiv Gandhi International Airport, Shamshabad, Hyderabad-500 108
Tel: +91 4067251115/67251149, Fax: +91 40 6725 1010, Website:
www.gmraerotech.in

NOTICE

Notice is hereby given that the **Thirteenth (13th) Annual General Meeting** of the Members of **GMR Air Cargo And Aerospace Engineering Limited** will be held on Monday, September 28, 2020 at 12:00 Noon, at Plot No. 1, GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500108, through Video Conferencing / Other Audio Visual Means (VC) to transact the following business:

ORDINARY BUSINESS

1) To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon.

   To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** the audited standalone Financial Statements of the Company for the financial year ended March 31, 2020 together with the reports of the Board of Directors and the Auditors thereon and the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 together with the report of the auditors thereon be and are hereby received, considered and adopted."

2) To appoint a Director in place of Mr. Rajesh Kumar Arora (DIN: 03174536), who retires by rotation, and being eligible, offers himself for re-appointment.

   To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** Mr. Rajesh Kumar Arora (DIN: 03174536), Director of the Company, who retires by rotation in accordance with section 152 of the

Companies Act, 2013 be and is hereby re-appointed as a director liable to retire by rotation.”

SPECIAL BUSINESS

3) **Appointment of Mr. N C Sarabeswaran as Independent Director:**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and 160 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules 2014, Mr. Nangavaram Chandramouli Sarabeswaran (DIN 00167868), who was initially appointed as an additional (Independent) Director of the Company with effect from March 29, 2020 and holds office of the Director up to the date of 13th Annual General Meeting (AGM) pursuant to section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for the first term commencing from March 29, 2020 upto the conclusion of the 14th AGM to be held in the year 2021 and shall not be liable to retire by rotation.”

RESOLVED FURTHER THAT the Board of Directors of the Company, the Chief Financial Officer and Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things as may be considered necessary in connection with the aforesaid resolution including filing of relevant forms with the Registrar of Companies, Telangana.”

4. **To ratify the remuneration payable to M/s. Narasimha Murthy & Co, Cost Auditors of the Company, for the financial year 2020-2021**.

To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

“RESOLVED THAT the remuneration of Rs.2,00,000/- (Rupees Two Lakhs only) in addition to reimbursement of travel and out of pocket expenses, shall be paid to M/s. Narasimha Murthy & Co, Practicing Cost Accountants, (Firm Registration Number. 000042) who were appointed as the Cost Auditors of the Company for the financial year 2019-2020 as recommended by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on June 4, 2020 in terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and the same be and is hereby ratified.

By Order of the Board

Sd/-

Place: Hyderabad **Rakhal Panigrahi**
Date: July 20, 2020 **Company Secretary**

Notes:-

1. As per General circular no. 14/2020 issued by the Ministry of Corporate Affairs (MCA) dated April 08, 2020 and as per the clarification issued by the MCA vide its General Circular Number 20 dated May 05, 2020, a company is allowed to conduct its AGM through video conferencing (VC) or other audio visual means (OAVM), without the physical presence of members at a common venue, during the calendar year 2020, subject to the fulfillment of the specified requirements. Hence, in order to transact the business items mentioned in the notice of the AGM and in view of the COVID-19 outbreak, members are being provided with the facility of participation in the meeting through VC.

2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote on a poll instead of himself or herself and such proxy need not be a member of the Company.

3. Appointment of proxy to attend and cast vote on behalf of the member is not available.

4. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013.

5. Relevant documents referred to in this Notice and the Explanatory Statement shall be made available to each of the members of the Company through e-mail before the date of Annual General Meeting of the Company.

6. All the documents referred to in the AGM Notice in respect of special business, Annual Report as well as Annual Accounts of the subsidiary companies and Register of Directors' Shareholding are kept open for inspection by the Members of the Company, during 11.00 A.M. to 5.00 P.M. on all working days at the Registered Office of the Company.

7. 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.

8. The instructions/details of the meeting i.e. access link to the video conferencing or other audio-visual means, login id, passwords, helpline numbers, e-mail id of a designated person who shall provide assistance for easy access to the meeting shall be shared separately.

9. The facility for joining the meeting as per above instructions/details will be kept open 15 minutes before the scheduled time of the meeting and shall not be closed till the expiry of 15 minutes after the scheduled time of the meeting.

10. The Chairman of the Annual General Meeting may conduct a vote by show of hands, unless a demand for poll is made by a member in accordance with the provisions of section 109 of the Companies Act, 2013. Where a poll on any item is required, the members shall cast their votes on the resolutions only by sending e-mails to the email ID [rakhal.panigrahi@gmraerotech.in] through their email addresses which are registered with the Company

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

12. This AGM is being held through VC / OAVM, as such the route map to the venue is not annexed to this Notice.

13. The recorded transcript of the VC / OAVM will be maintained in safe custody by the Company and such recorded transcript of the meeting, as soon as possible and will also be made available on the website of the Company.

14. Meeting through VC or OAVM facility is allowed two way teleconferencing for ease of participation of the members.

15. At least one Independent Director and the Auditor or his / her authorized representative, who is qualified to be an auditor would attend such meeting through VC or OVAM facility.

16. The attendance slip and Form No. MGT-11 (Proxy Form) required to be attached as per Secretarial Standard (SS-2) on General Meetings, issued by Institute of Company Secretaries of India (ICSI), are not attached as the meeting is being held through Video Conferencing.

17. Section 40 of the Companies (Amendment) Act 2017 which was notified by the Ministry of Corporate Affairs on May 07, 2018, has omitted the

provision for mandatory requirement for ratification of appointment of Statutory Auditors by members at every Annual General Meeting from the Section 139 of the Companies Act 2013. Henceforth, the members are no longer required to ratify the appointment of Statutory Auditors and accordingly the same was not included in the notice for the 13th Annual General Meeting.

ANNEXURE TO NOTICE OF THE 13TH ANNUAL GENERAL MEETING

Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013

Item No. 3

In order to broad base the Board and to have good Corporate Governance practices, the Board of Directors of the Company by way of circular resolution, as per the recommendation of the Nomination and Remuneration Committee, have appointed Mr. N.C. Sarabeswaran (DIN: 00167868) as an additional (Independent) Director with effect from March 29, 2020; he holds office for the first term commencing from March 29, 2020 upto the conclusion of the 14th AGM to be held in the year 2021 and shall not be liable to retire by rotation.

Mr. N.C. Sarabeswaran is a Chartered Accountant and the founding partner of M/s Jagannathan & Sarabeswaran, Chartered Accountants, an audit firm. He has experience in the areas of banking and finance. He was nominee director on behalf of the Reserve Bank of India (RBI) and later professional and independent director on the board of Vysya Bank Limited. Previously, he was Chairman of the Audit Committee and a member of the Management and Joint Venture Committees and held the position of president of Indo-Australian Chamber of Commerce.

The Board is of the opinion that Mr. N.C. Sarabeswaran fulfills the conditions specified in the Companies Act, 2013 ("the Act") and the Rules made thereunder for appointment as an Independent Director of the Company and also that his rich and varied management experience would immensely benefit the Company.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. N.C. Sarabeswaran as an Independent Director to hold office for the first term commencing from March 29, 2020 upto the conclusion of the 14th AGM to be held in the year 2021 and shall not be liable to retire by rotation.

None of the Directors or Key Managerial Personnel or their relatives of the Company, except Mr. N.C. Sarabeswaran, are concerned or interested in the resolution as set out in item No. 3.

The Board recommends the resolution as set out in Item No. 3 of the AGM Notice for approval of the shareholders, as a Special Resolution.

Relevant documents are available for inspection in the Company during business hours till the date of the Annual General Meeting.

Item No.4: To ratify the remuneration payable to M/s. Narasimha Murthy & Co, Cost Auditors of the Company, for the financial year 2020-21

The Board of Directors of the Company, on the recommendation of the Audit Committee, at its meeting held on June 04, 2020, has re-appointed M/s. Narasimha Murthy & Co, Cost Auditors (Firm Registration Number. 000042), as Cost Auditors of the Company, in terms of Section 148 of the Companies Act, 2013 and has fixed a sum of Rs.2,00,000/- (Rupees Two Lakhs only) as remuneration payable to the Cost Auditors for the financial year 2020-21.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company. Accordingly, the Board recommends the ordinary resolution as set out under Item No.4 of the accompanying Notice for approval of the shareholders.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out under Item No.4 of the accompanying Notice.

Relevant documents are available for inspection in the Company during business hours till the date of the Annual General Meeting.

By Order of the Board

Sd/-

Rakhal Panigrahi
Company Secretary

Place: Hyderabad
Date: July 20, 2020

Profile of Mr. Rajesh Kumar Arora seeking reappointment as the Director of the Company at the 13th Annual General Meeting, pursuant to Clause 1.2.5 of the Secretarial Standard-2 on General Meetings:

<table>
<tr><td>Name of Director</td><td>Rajesh Kumar Arora</td></tr>
<tr><td>DIN</td><td>03174536</td></tr>
<tr><td>Age (Years)</td><td>50</td></tr>
<tr><td>Qualification</td><td>Cost Accountant and B.Com (H) from Delhi University</td></tr>
<tr><td>Experience</td><td>More than 25 Years</td></tr>
<tr><td>Terms & Conditions of reappointment including remuneration</td><td>Appointment as Director as per terms and conditions as stated in the resolution.</td></tr>
<tr><td>Date of first appointment on Board</td><td>20/07/2015</td></tr>
<tr><td>Shareholding in the Company</td><td>Nil</td></tr>
<tr><td>Other Directorships</td><td>
<table>
<tr><th>S.No</th><th>Name of the Company</th><th>Designation</th></tr>
<tr><td>1</td><td>GMR Aero Technic Limited</td><td>Director</td></tr>
<tr><td>2</td><td>GMR Hospitality and Retail Limited</td><td>Director</td></tr>
<tr><td>3</td><td>Laqshya Hyderabad Airport Media Private Limited</td><td>Director</td></tr>
<tr><td>4</td><td>GMR Kannur Duty Free Services Limited</td><td>Director</td></tr>
<tr><td>5</td><td>Celebi Delhi Cargo Terminal Management India Private Limited</td><td>Director</td></tr>
<tr><td>6</td><td>Travel Food Services (Delhi Terminal 3) Private Limited</td><td>Director</td></tr>
</table>
</td></tr>
<tr><td>Committee Chairmanships/Memberships</td><td>
<table>
<tr><th>S.No</th><th>Name of the Company</th><th>Name of the Committee</th><th>Designation</th></tr>
<tr><td>1</td><td>Laqshya Hyderabad Airport Media Private Limited</td><td>Audit Committee</td><td>Member</td></tr>
<tr><td>2</td><td>GMR Air Cargo And Aerospace Engineering Limited</td><td>Audit Committee</td><td>Member</td></tr>
</table>
</td></tr>
</table>

	3	Laqshya Hyderabad Airport Media Private Limited	Corporate Social Responsibility Committee	Member
	4	GMR Air Cargo And Aerospace Engineering Limited	Corporate Social Responsibility Committee	Member
	5	GMR Hospitality and Retail Limited	Corporate Social Responsibility Committee	Member

GMR Air Cargo And Aerospace Engineering Limited
(Formerly '*GMR Aerospace Engineering Limited*')

BOARD'S REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To,
The Members,
GMR Air Cargo And Aerospace Engineering Limited

Your Directors have pleasure in presenting the 13th (Thirteenth) Annual Report of the Company together with the Audited financial statements for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS:

The financial performance of your Company for the year ended 31st March, 2019 as compared to the previous financial year, is summarized below:

(Amount in Rs. Lakhs)

Particulars	Standalone		Consolidated	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Revenue Turnover Other Income	 29822.65 1331.42	 25210.10 866.48	 29920.80 1282.23	 25221.71 866.48
Total Income (i)	**31154.07**	**26076.58**	**31203.03**	**26088.19**
Expenses Employee benefits expense Other expenses	 8052.94 15424.36	 6580.95 14813.65	 8087.23 21425.63	 6591.16 19264.19
Total expenses (ii)	**23477.30**	**21394.6**	**29512.86**	**25855.35**
Earnings before interest, tax, depreciation and amortization (i) – (ii)	**7676.77**	**4681.98**	**7684.8**	**4683.38**
Depreciation and amortization expenses	2762.29	1784.29	2763.11	1785.21
Finance costs	3231.52	2665.33	3231.52	2665.33
Profit before tax	**1682.96**	**232.36**	**1690.17**	**232.84**
Deferred tax income	45.89	549.74	47.46	549.74
Profit/(Loss) for the year – (iii)	**1637.07**	**(317.38)**	**1642.71**	**(316.90)**
Other comprehensive income for the year Re-measurement on defined benefit plans	(50.74)	(54.43)	(50.74)	(54.43)
Other comprehensive income for the year – (iv)	13.19	10	13.19	10
Total comprehensive income for the year (iii)+(iv)	**1599.92**	**(361.81)**	**1605.16**	**(361.33)**

STATE OF COMPANY'S AFFAIRS

Operational Review

For the year ended 31st March, 2020, your company earned a total income of Rs.311.55 Crore, as against the previous year's total income of Rs. 260.77 Crore. The operations of the company during the year under review resulted in a net profit of Rs. 16.37 Crore as compared to a net loss of Rs. (3.17) Crore in the previous year.

Performance of MRO Division

During the financial year 2019-20, the MRO Division of the Company provided base maintenance services, Line Maintenance services and other allied services to the domestic and international customers at its MRO facility in Hyderabad. The aircraft type services include Airbus A320 family, Boeing B737-NG, Bombardier Q400, and ATRs.

During the Financial year 2019-20, the MRO Division of the Company has earned Revenue from International customers approximately 25% of its gross revenue and also achieved EBTDA of Rs.48.55 Crore, Cash profit of INR 21.25 Crore and the first time PAT of INR 6.02 Crore from the inception.

In order to diversify business, the MRO Division of the Company is extensively working on the Line Maintenance business expansion and added many new customers namely Etihad Airways, Nok Scoot Airlines, JC Cambodia, Kam Air, Shandong Airlines, China Southern Airlines during the Financial year 2019-20 and also trying to provide comprehensive Line Maintenance services on B737 – 800 (up to A-Check) at HYD (Base), DEL, BOM & AMD of Quick Jet (Cargo). Line Maintenance activities include Transit, Pre-flight, Daily & Weekly check. MRO Division of the Company is presently providing line Maintenance services to about ten international carriers at various stations and proposed to provide two more-line Maintenance services post COVID-19 to international carriers.

Presently the MRO Division of the Company is holding 21(Twenty-One) regulatory license of different regulatory authorities such as DGCA, EASA, FAA, GCAA, GACA and etc.

The MRO Division of the Company has inducted 112 checks during the Financial Year 2019-20 including 18 redelivery checks.

Performance of GMR Hyderabad Air Cargo Division (GHAC):

GHAC achieved a total revenue of INR 98.5 Crore, during the year under review with an EBTDA of 28%. The GHAC handled in FY 19-20 was about 1,34,500 tonnes, thereby standing out as one of the well performing metro airports in a challenging market scenario wherein most of the peer airports have degrown.

With an aim to increase stakeholder engagement and customer experience GMR Hyderabad Air Cargo has undertaken the below major initiatives in the FY 19-20.

- Organized Customer Connect Events with shippers in GOI, BLR, MAA, VTZ and AHM to attract new diversions

- Launched Hyderabad Charter Circle, a unique charter focused program in October 2019
- Organized Meetings with DACCAI and International Airline Customers in December 2019
- Procured one of its kind largest multi ULD Cool Dolly to facilitate an unbroken cold chain to all our customers
- Started Cool Cells in the terminal to maintain the temperature for Time and Temperature sensitive shipments

During the year under review, the company also strived to attain technical advancement by introducing automated payment mode for its customers and launched Incident management system to increase operational efficiency.

Global health pandemic from COVID-19

COVID-19 pandemic has been one of the biggest challenges in recent times impacting human lives and disrupting businesses in equal proportions. Health and well-being of each of our employees and their families has been the first priority of the Company and all measures required to ensure this are being taken. Some employee safety and welfare initiatives at both the Division of the Company, are as below.

In keeping with its employee-safety first approach, the Company quickly instituted the following measures for employee's well-being.

- Disinfection of the entire facility on daily basis before the staff enters.
- Sanitizing staff bus transport
- Staff Profiling
- Thermal Scanning.
- Mandatory wearing of Masks.
- Providing hand sanitizers at all strategic locations.
- Social Distancing protocol devised and mandated

As a responsible member of the communities that it operates in, the Company has contributed Rs. 1,00,00,000 (Rupees One Crore only) to "CM Relief Fund, Telangana State" to fight against ongoing COVID 19.

Change in the Nature of Business, If Any:

During the year under review, the Company has filed the Composite Scheme of Arrangement ("Scheme") with the National Company Law Tribunal ("NCLT"), Hyderabad Bench. The Scheme provides for the merger of GMR Hyderabad Air Cargo And Logistics Private Limited (GHACLPL) with GMR Aerospace Engineering Limited (GAEL) and demerger of the MRO (Maintenance, Repair and Overhauling) Business of GMR Aero Technic Limited (GATL) into GAEL, on a going concern basis, pursuant to Sections 230 to 232 and the rules made thereunder, and other applicable provisions of the Companies Act, 2013. This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

GHACLPL is engaged in the business of development, operation and maintenance of the Air Cargo Terminal at Rajiv Gandhi International Airport, Hyderabad, Telangana.

It is envisaged that the said merger and demerger proposal would be in the larger interest of the shareholders, creditors, and employees of all the three Companies and the implementation of the Scheme would help to achieve effective growth and maximization of shareholders wealth while protecting the interests of all stakeholders of the three Companies.

Final Order from the Honorable National Company Law Tribunal ("NCLT"), Hyderabad Bench, got on July 26, 2019.

Further the name of "GMR Aerospace Engineering Limited" has been changed to "GMR Air Cargo And Aerospace Engineering Limited ("GACAEL")" vide approval of Registrar Of Companies issued on September 25, 2019.

<u>Objects which were included pursuant to merger:</u>

1. To carry on the business of investment and development of infrastructure for Maintenance, Repair and Overhaul facility (MRO) and to promote, plan, design, develop, operate, market, alter the MRO facility and all other related allied and ancillary activities including but not limited to training, development, maintenance of Hangars & related Workshops.
2. To act as consultant on systems of management of MRO activities.
3. To establish, develop and carry on all kinds of Cargo Services and allied activities, domestic or abroad.
4. To promote export and import trade by cargo handling by the Company or on contract/guarantee basis with airlines, cargo companies and industrial users and for this purpose to arrange Cargo Aircraft traffic and to establish Cargo Complex.

Further, GACAEL is divided into two Divisions namely GMR Hyderabad Air Cargo Division and MRO Division to carry out the business and to depict the names of both the divisions, the name of the company has been changed from GMR Aerospace Engineering Limited to GMR Air Cargo And Aerospace Engineering Limited ("GACAEL").

Dividend

In order to conserve the resources of your Company, the Board of Directors have not recommended any dividend for the Financial Year ended March 31, 2020.

Fixed Deposits

During the year under review, your Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Appropriations to Reserves

The Company does not propose to carry any amount to any reserves for the year under review.

Rating

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

Major Events and Achievements

The MRO Division of your Company received the following awards / accolades during the period under review recognizing the significant contributions made in different facets of functional excellence

Achievements of MRO Division

- The MRO Division of GACAEL Won Best MRO award at Wings India 2020 event, organized by FICCI & MoCA.
- First time IndiGo is awarding EOL checks to domestic MRO

Achievements of GHAC Division

GHAC has also been recognized and awarded by the Air Cargo Industry for the continuous efforts and improvements. Below is the list of key awards received in the FY 19-20**.**

- Fastest Growing Cargo Airport of the Year-Highly Acclaimed' by STAT Times
- 'Global Logistics Excellence Award for Best Cargo Terminal' by Infinity Media
- 'Best Use of Cross-Functional Collaboration' by Cargo Connect
- 'Best in Class for Talent Management' by ET Now Stars of the Industry Awards
- 'Most Efficient Cargo Workforce' by Express, Logistics & Supply Chain Conclave
- 'Best Air Cargo Custodian & Ground Handling Services' by ACCAI

Material changes and commitments affecting financial position between the end of the financial year and date of the report

There have been no material changes and commitments, which affect the financial position of the Company, that have occurred between the end of the financial year to which the financial statements relate and the date of this report.

Corporate Governance

The Board of Directors supports the broad principles of Corporate Governance. The Board has a formal schedule of matters reserved for its consideration and decision.

Directors and Key Managerial Personnel

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

Board of Directors

Sl. No.	Name	Designation
1	Mr. G B S Raju	Chairman
2	Mr. Gopalakrishna Kishore Surey	Director
3	Mr. Rajesh Kumar Arora	Director
4	Mr. Puthalath Sukumaran Nair	Director
5	Dr. Kavitha Gudapati	Independent Director
6	Mr. Nangavaram Chandramouli Sarabeswaran	Independent Director

Key Managerial Person

Sl. No.	Name	Designation
1	Mr. G. Chandrabushan	Manager
2	Mr. K. Venkata Ramana	Chief Financial Officer
3	Mr. Rakhal Panigrahi	Company Secretary

During the year under review:

1) Pursuant to Composite scheme of arrangement, Mr. Ashok Gopinath resigned as Chief Executive Officer w.e.f September 19, 2019 and he has been appointed as Chief Executive Officer of MRO Division and Mr. Saurabh Kumar has been appointed as Chief Executive Officer of GMR Hyderabad Air Cargo Division of the Company.

2) Mr. G. Chandrabushan has been appointed as Manager of the Company w.e.f September 19, 2019.

3) Ms. Apeksha Naidu resigned as Company Secretary w.e.f January 30, 2020. Mr. Rakhal Panigrahi has been appointed as Company Secretary w.e.f June 04, 2020.

4) Mr. Abdul Rahman Harith Saif Al Busaidi resigned as Independent Director from the Board w.e.f March 27, 2020.

5) Mr. Nangavaram Chandramouli Sarabeswaran has been appointed as Additional Director under the category of Independent w.e.f March 29, 2020.

Re-appointments

As per the provisions of the Companies Act, 2013, Mr. Rajesh Kumar Arora, retires by rotation at the ensuing AGM and, being eligible, seeks reappointment. Based on the performance evaluation and recommendation of the nomination and remuneration committee, the Board recommends his reappointment.

Committees of Board

In accordance with the Companies Act, 2013, there are currently four Committees of the Board;

Upon Resignation of Mr. Abdul Rahman Harith Saif Al Busaidi on March, 27 2020 and appointment of Mr. Nangavaram Chandramouli Sarabeswaran in the Board, Reconstitution of the Committees has been done on March 29, 2020.

Further, for the FY 2019-20, the company has Profit After Tax (PAT) of Rs. 16.37 Crore as per IND-AS, which is one among the three threshold limits under the Companies Act, 2013 to mandatorily comply with the CSR provisions. Accordingly the CSR Committee was formed with the approval of the Board at the meeting held on June 04, 2020.

Following is the composition of the Committees:

Sl. No.	**Name of the Committee**	**Composition**
1.	Audit Committee	(i) Mr. N C Sarabeswaran, Chairman
		(ii) Mr. Rajesh Kumar Arora , Member
		(iii) Dr. Kavitha Gudapati, Member
2.	Nomination and Remuneration Committee	(i) Mr. N C Sarabeswaran, Chairman
		(ii) Mr. Rajesh Kumar Arora , Member
		(iii) Dr. Kavitha Gudapati, Member
3.	Non-Convertible Debentures(NCDs) Committee	(i) Mr. SGK Kishore
		(ii)Mr. Rajesh Kumar Arora
4.	Corporate Social Responsibility (CSR) Committee	(i) Mr. N C Sarabeswaran, Chairman
		(ii) Dr. Kavitha Gudapati, Member
		(iii) Mr. P.S. Nair, Member

Board Meetings:

The Board of Directors of the company met 7 (Seven) times during financial year under review. The meetings were held on April 26, 2019, July 26, 2019, September 19, 2019, October 10, 2019, November 15, 2019, December 27, 2019 and January 23, 2020. The intervening gap between the Meetings was within the period prescribed under the Section 173(1) of the Act.

Number of Meetings of the Board

Number of Board Meetings held during financial year 2019-20 and details of attendance of Directors (Attended-Yes; Leave of Absence-LOA; Not Applicable - NA). The intervening gap between the Meetings was within the period prescribed under the Section 173(1) of the Act.

S. No.	Name of the Director	26-04-19	26-07-19	19-09-19	10-10-19	15-11-19	27-12-19	23-01-20
1	Mr. GBS Raju	LOA	LOA	LOA	LOA	LOA	LOA	Yes
2	Mr. Gopala Krishna Kishore Surey	Yes	LOA	Yes	Yes	Yes	Yes	LOA
3.	Mr. Puthalath Sukumaran Nair	Yes	Yes	LOA	LOA	LOA	LOA	LOA
4.	Mr. Rajesh Kumar Arora	Yes	LOA	LOA	LOA	LOA	LOA	Yes
5.	Dr. Kavitha Gudapati	Yes	LOA	Yes	Yes	Yes	Yes	LOA
6.	Mr. Abdul Rahman Harith Saif Al Busaidi	LOA	Yes	LOA	LOA	LOA	LOA	Yes

Number of Committee Meetings

Number of Committee Meetings held during financial year 2019-20 and details of attendance of Members (Attended-Yes; Leave of Absence-LOA; Not Applicable - NA)

Audit Committee Meetings

S. No.	Name of the Member	26-04-19	26-07-19	27-12-19	23-01-20
1	Mr. Rajesh Kumar Arora	Yes	LOA	Yes	Yes
2	Dr. Kavitha Gudapati	Yes	Yes	Yes	LOA
3	Mr. Abdul Rahman Harith Saif A l Busaidi	LOA	Yes	LOA	Yes

Nomination & Remuneration Committee:-

S. No.	Name of the Member	26-07-2019
1.	Dr. Kavitha Gudapati	Yes
2.	Mr. Rajesh Kumar Arora	LOA
3.	Mr. Abdul Rahman Harith Saif Al Busaidi	Yes

Further the Annual General Meeting (AGM) of the company was held on September 27, 2019 and three Extra- Ordinary General Meetings (EGM) of the Company were held on May 02, 2019, September 19, 2019 and October 11, 2019 respectively.

Separate Meeting of the Independent Directors:

During the financial year under review, in terms of section 149 of the Companies Act, 2013 read with Schedule IV of the Companies Act, 2013, a separate meeting of the independent directors was held on January 23, 2020.

Secretarial Standards

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

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, 2020, 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 judgments 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, 2020 and of the loss of the Company for the year ended on that date;

c. the directors had taken proper and sufficient care 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.

Statement on Declaration of Independent Directors

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. N.C. Sarabeswaran
- Dr. Kavitha Gudapati

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

Board Evaluation

Pursuant to section 134(3)(p) of the Companies Act, 2013, the Board had 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 various aspects of the management and governance issues.

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

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

Company's Policy on Directors' Appointment and Remuneration

The Nomination and Remuneration Policy of the Company covering Director's appointment, remuneration, criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 is placed on the website of the Company www.gmraerotech.in..

Sitting fees paid to the Independent Directors during the financial year 2019-20:

Sl. No.	Name of the Independent Directors	Sitting fees paid (Amount in Rs.)
1	Dr. Kavitha Gudapati	1,25,000
2	Mr. Abdul Rahman Harith Saif Al Busaidi	65,000
	Total	**1,90,000**

Other than the aforesaid payment of the sitting fees during the Financial Year 2019-20, there were no other pecuniary relationships or transactions between the Non-Executive Directors and the Company.

Particulars of loans, guarantees or investments under section 186 of the Companies act, 2013

Following Investments were made by the Company during the financial year 2019-20:

Sl No	Type of Investment	Name of the Party	Amount (Rs.)
1	**Non - Current Investment:** Investment in equity	GMR Aero Technic Limited	10,00,000/-
	Current Investment:		
2	Investment in Commercial Paper	Piramal Enterprises Limited	49,64,11,000/-
3	Investment in Mutual Funds	1) Aditya Birla Sun Life Liquid fund growth- Regular Plan 2) ICICI Prudential Liquid Fund – Growth 3) Axis-Liquid Fund, Growth	394,80,000 506,63,000 512,95,000

No Loans were given by the Company during the financial year ended March 31, 2020.

Particulars of contracts or arrangements with related parties referred to in section 188(1) of the companies act, 2013

All transactions entered into with the related parties during the financial year under review were on arm's length basis and in the ordinary course of business. Your Company has not entered into any contracts or arrangements with the related parties referred to in Section 188(1) of the Companies Act, 2013 and as such no particulars are required to be given.

All related party transactions (RPTs) are placed before the Audit Committee for approval. Omnibus approval was obtained on a yearly basis for transactions which were of a repetitive nature. All the transactions with the related parties are audited by the Management Assurance Group (Internal Auditors) of the Company, while placing the same before the Audit Committee for their review and approval. All RPTs are mentioned in the Note No. 34 to the Notes to the Financial Statements of the Company for the financial year 2019-20.

Further, the disclosures in compliance with the Accounting Standard on "Related Party" required as per point 1 of Part A of Schedule V of SEBI LODR have been provided in Note 34 of Notes to Accounts included in the Financial Statements as on March 31,2020.

Conservation of energy, technology absorption, and foreign exchange earnings and outgo

Since the Company does not own any manufacturing facility, the particulars relating to technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable.

During the year ended 31st March, 2020, the particulars regarding foreign exchange earnings and outgo are as given below:

(Rs. In Crores)

Particulars	**For the year ended 31.03.2020 (Rs.)**	**For the year ended 31.03.2019 (Rs.)**
Foreign Exchange Earnings		
MRO Division	202.23	0.00
GMR Hyderabad Air Cargo Division	0.7451	0.5381
	202.9751	0.5381
Foreign outgo (expenditure)		
MRO Division	74.12	0.0119
GMR Hyderabad Air Cargo Division	1.436	5.4888
	75.556	5.5007

Risk Management

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. No risks perceived that threatens the existence of the company.

Internal Control System

The Company's internal control systems 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.

Internal Financial Controls and Its Adequacy:

Your Company has adopted policies and procedures including 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 fraud and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures under the Companies Act, 2013.

During the year under review, such controls were reviewed and tested by the Internal Auditors and found to be adequate.

Corporate Social Responsibility (CSR)

The Company is driven by Group's vision on CSR to make a difference, specifically to society by contributing to the economic development of the country and improving the quality of life of the local communities. The Company has constituted a Corporate Social Responsibility (CSR) Committee on June 04, 2020 in accordance with Section 135 of the Companies Act, 2013.

Share Capital

The Authorized Share Capital of the company as on March 31, 2020 is as follows:

Authorised Capital - INR 700,00,00,000/-

1) 68,15,00,000 (Sixty Eight Crore Fifteen Lakhs) equity shares of Rs.10/- each aggregating to Rs. 681,50,00,000/- (Rupees Six Hundred and Eighty One Crore fifty lakhs only)
2) 18,450 (Eighteen Thousand Four Hundred and Fifty) compulsory Convertible cumulative Preference shares series A of Rs. 10,000/- (Rupees Ten Thousand Only) per share ("Series A preference shares") aggregating to Rs.18,45,00,000/- (Rupees Eighteen Crores Forty Five Lakhs Only); and
3) 50,000 (Fifty Thousand) compulsory Convertible cumulative Preference shares series B of Rs.10/- (Rupees Ten Only) each ("Series B preference shares") aggregating to Rs. 5,00,000/- (Rupees Five Lakhs Only).

Paid up Capital of the Company:

The paid-up equity capital as on March 31, 2020 is INR 473,83,09,350/-

1) 45,58,12,130 (Forty-Five Crore Fifty-Eight Lakhs Twelve Thousand One Hundred and Thirty) equity shares of Rs.10/- each aggregating to Rs. 455,81,21,300/- (Rupees Four Hundred and Fifty-Five Crore Eighty-One lakhs Twenty One Thousand Three Hundred only)
2) 18,000 (Eighteen Thousand) compulsory Convertible cumulative Preference shares series A of Rs. 10,000/- (Rupees Ten Thousand Only) per share ("Series

A preference shares") aggregating to Rs.18,00,00,000/- (Rupees Eighteen Crores Only); and

3) 18,735 (Eighteen Thousand Seven Hundred and Thirty-Five) compulsory Convertible cumulative Preference shares series B of Rs.10/- (Rupees Ten Only) each ("Series B preference shares") aggregating to Rs. 1,87,350/- (Rupees One Lakh Eighty Seven Thousand Three Hundred and Fifty Only)

During the year under review, the Company has allotted the below mentioned shares to GMR Hyderabad International Airport Limited under Rights Issue:

S.No	Date of Allotment	No.of shares (Equity/Preference)	Face Value per share	Aggregate Value
1	April 26, 2019	1,00,00,000 (Equity)	10/-	10,00,00,000/-
2	June 18, 2019	30,00,000 (Equity)	10/-	3,00,00,000/-
3	September 19, 2019	25,00,000 (Equity)	10/-	2,50,00,000/-
4	October 04,2019	9,19,12,200 (Equity)	10/-	91,91,22,000
		18,000 Series A Shares (Preference)	10,000/-	18,00,00,000/-
		18,735 Series B Shares (Preference)	10/-	1,87,350/-
5	October 04,2019	1,00,00,000 (Equity)	10/-	10,00,00,000/-

Subsidiaries, Joint Ventures and Associate Companies

The Company has one wholly owned subsidiary called GMR Aero Technic Limited.

Statement under Section 129(3) of the Companies Act, 2013

GMR Air Cargo And Aerospace Engineering Limited has one wholly owned subsidiary, GMR Aero Technic Limited ("GATL") and there has been no change in the number of subsidiaries.

GATL is working on Consultancy business. During the year under review, the financial performance of GATL has improved significantly from Rs. (521.50) Lakhs in the FY 2018-19 to Rs.5.64 Lakhs in the FY 2019-20.

The Consolidated Financial Statements for the year ended March 31, 2020 form the part of annual report and a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1.

There are no associate and joint venture companies as on March 31, 2020.

Auditors

Statutory Auditors

The present statutory auditors of the Company Deloitte Haskins and Sells, LLP, Chartered Accountants, (Firm Registration No: 117366W/W-100018), 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 Statutory Auditors successfully completed the Audit of the financial statements of the company for the financial year ended March 31, 2020 and issued its report on the said financial statements.

The Auditors Report on the financial statements for the financial year ended March 31, 2020 forms part of this report.

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

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board had reappointed M/s. KBG Associates, a firm of Company Secretaries in Practice (CP No. 6262) represented by its Partner Mr. Srikrishna Chintalapati, to conduct the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report dated June 4, 2020 is appended to this Report as **Annexure - 1**.

There are no qualifications, reservations or adverse remarks in the secretarial audit report for financial year 2019-20.

Cost Auditors

The Board of Directors, on recommendation of the Audit Committee, has approved the re-appointment of M/s. Narasimha Murthy & Co, Cost Auditors of the Company for the financial year ending 31st March, 2021, under section 148 of the Companies Act, 2013, and recommends ratification of his remuneration by the shareholders at the ensuing Annual General Meeting of the Company. Further, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

Listing on stock exchanges

The Company's Non-Convertible Debenture are listed on BSE Limited and the National Stock Exchange of India Limited.

Extract of Annual Return:

The extract of the annual return as on March 31, 2020 in the format provided under sub-section (3) of section 92 of the Companies Act, 2013 is annexed to this Report as **Annexure-2**.

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.

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.

Particulars of Remuneration

The information required under Rule 5(2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including amendments thereof), is provided in the **Annexure-3** forming part of this Report. In terms of the first proviso to Section 136 of the Companies Act, 2013 the Report and Accounts are being sent to the members excluding the aforesaid Annexure. Any member interested in obtaining the same may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

Details of Significant and material Orders passed by the Regulators/Courts/Tribunals impacting the Going Concern status and the Company's operations in future

No significant material orders have been passed by the regulators or courts or tribunals which would impact the going concern status of the Company and its future operations.

Debenture Trustee Details

As the Company's debenture are listed on Bombay stock Exchange (BSE) and National stock Exchange (NSE) since October, 2017 by way of issue and allotment of Rated, senior, listed, secured, redeemable, Non–Convertible Debentures **["NCDs"]** for a nominal value of INR 10.00 lakh aggregating to not more than INR 275.00 Crores on private placement basis @ 8.55% per annum and hence the details of the Debenture Trustee are provided below.

Name of Debenture Trustee: Axis Trustee Services Limited

Corporate Office Address	Registered Office Address
Axis Trustee Services Limited The Ruby, 2nd Floor, SW, 29, Senapati Bapat Marg, Dadar West, Mumbai- 400 028 Tel : 022-6230 0451 Email: debenturetrustee@axistrustee.com	Axis Trustee Services Limited Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025 Email: debenturetrustee@axistrustee.com

Acknowledgement

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

By Order of the Board of Directors
For **GMR Air Cargo And Aerospace Engineering Limited**

	Sd/-	**Sd/-**
Place: Hyderabad	**Rajesh Kumar Arora**	**S G K Kishore**
Date: July 20, 2020	**Director**	**Director**
	DIN:03174536	**DIN: 02916539**

Annexure-1

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 Air Cargo And Aerospace Engineering Limited
(Formerly known as GMR Aerospace Engineering Limited)
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500108

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **GMR Air Cargo And Aerospace Engineering Limited (Formerly known as 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, 2020, 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, 2020 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;

Sl	Particulars	
3.	The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (c) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 (d) The Company has complied with the provisions of the Securities and Exchange Board of India (Debenture Trustee) (Amendment) Regulations 2017	
4.	We have also examined compliance with the applicable clauses of the following: Secretarial Standards issued by The Institute of Company Secretaries of India.	
1.	**Under the Companies Act, 2013**	
A.	That based on our examination and verification of the records produced to us and according to the information and explanations given to us by the Company that the Company has, in our opinion, complied with the provisions of the Companies Act. 2013 ("the Act") and the rules made under the Act and Memorandum, and Articles of Association of the Company, inter alia with regard to :	
	a.	Maintenance of various statutory registers and documents and making necessary entries therein;
	b.	Forms, returns, documents and resolutions required to be filed with the Register of Companies and the Central Government;
	c.	Service of documents by the company on its members and Registrar of Companies.
	d.	Notices, Agenda and Minutes of proceedings of General Meetings and of the Board and its Committee meetings including Circular Resolution;
	e.	The meetings of : i. Board of Directors held on 26-04-2019, 26-07-2019, 19-09-2019, 10-10-2019, 15-11-2019, 27-12-2019 and 23-01-2020. ii. Audit Committees of Members held on 26-04-2019, 26-07-2019, 27-12-2019 and 23-01-2020 iii. Nomination & Remuneration Committee held on 26-07-2019.

Sl	Particulars	
	f.	The Annual General Meeting held on 27-09-2019 and three Extra Ordinary General Meeting (s) were held on 02-05-2019, 19-09-2019 and 11-10-2019;
	g.	Approvals of the Members, the Board of Directors, the Committees of Directors wherever required;
	h.	Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors.
	i.	Payment of remuneration to Directors.
	j.	Appointment and remuneration of Auditors;
	k.	Transfer and transmission of Company's shares and issue and dispatch of duplicate share certificates. There were no transfers and transmission of shares during the financial year.
	l.	Declaration and distribution of dividends (The Company has not declared any dividend during the financial year under review.)
	m	Transfer of Unpaid and Unclaimed dividend to the Investor Education and Protection Fund. (Not applicable as the Company does not have any unpaid and unclaimed dividend).
	n.	Borrowings and registration, modification and satisfaction of charges wherever applicable;
	o.	Investment of the Company's funds including investments and loans to Wholly Owned Subsidiary.;
	p.	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;
	q.	Directors' Report;
	r.	Contracts, common seal, registered office and publication of name of the Company.
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.	

Sl	Particulars
	During the year under review: (a) Mr. Ashok Gopinath resigned as CEO of the Company w.e.f 19th Sep, 2019; (b) Mr. G. Chandrabushan was appointed as Manager of the Company for a period of 3 years w.e.f 19-09-2019 and the same was approved by way of Special Resolution passed at the EGM held on 11th October, 2019; (c) Ms. Apeksha Naidu resigned as Company Secretary w.e.f 30th Jan, 2020; (d) Mr. Abdul Rahman Harith Saif Al Busaidi, resigned from the Company as an Independent Director w.e.f. March 27, 2020 and (e) Mr. N C Sarabeswaran was appointed as Additional Director (Independent) w.e.f 29th March, 2020.
ii.	Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
iii.	All decisions at Board Meetings and Committee Meetings are carried out on requisite majority and recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
iv.	There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, Depositories Act, 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**
	As per the declarations issued by 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 2019-2020 (for all 4 quarters), we are of opinion 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 the SEBI Act, We report that**
a.	We have been informed by the management that the Company has listed its non–convertible debentures on BSE and NSE in October, 2017 and since then Company has complied with the requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
b.	The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 with regard to maintenance of records required under the Regulations.
c.	The Company has complied with the provisions of the Securities and Exchange Board of India (Debenture Trustee) (Amendment) Regulations 2017.
5.	**Under other Applicable laws, we report that**
	Based on the Quarterly Compliance Certificate issued by CEO of the Company (and submitted to the Board of Directors at the Board Meetings held during the financial year 2019-2020 (for all 4 quarters), we are of opinion there has been due compliance of all the Laws to the extent applicable.
6.	**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
7.	**We further report that** during the period under review the company has altered Capital Clause of Memorandum of Association of the Company and increased authorized share capital from Rs. 355,00,00,000/- (Rupees Three Hundred and Fifty Five Crores Only) to Rs. 380,00,00,000/- (Rupees Three Hundred and Eighty Crores Only) by passing special resolution at the **Extra Ordinary General Meeting** of the Company held on **2nd May, 2019.**

Sl	Particulars
8.	1. **We further report that** the board at its meeting held on 26th April, 2019 allotted 1,00,00,000 (one crore) equity shares of Rs. 10/- each aggregating to Rs. 10,00,00,000/- (Rupees Ten Crores only) to GHIAL (Holding Company); for which money already received. Further, the Board in its meeting held on 26th Apr, 2019 had decided to issue 2,50,00,000 (Two Crores Fifty Lakhs) equity shares of Rs. 10/- each aggregating to Rs. 25.00 cr on rights issue basis from time to time, on receipt of call money, to GHIAL (Holding Company) 2. **We further report that** (Independent of the Board's decision to issue shares vide its meeting held on 26th Apr, 2019) the board has allotted 30,00,000 (Thirty lakhs) equity shares of Rs. 10/- each aggregating to Rs. 3,00,00,000/- (Rupees Three Crores Only) to GHIAL (Holding Company) by passing circular resolution on 18th June, 2019. 3. **We further report that** (Independent of the Board's decision to issue shares vide its meeting held on 26th Apr, 2019) the board at its meeting held on 19th September, 2019 has allotted 25,00,000 (Twenty Five lakhs) equity shares of Rs. 10/- each aggregating to Rs. 2,50,00,000/- (Rupees Two Crores Fifty lakhs Only) to GHIAL (Holding Company). 4. Post the sanction of Composite Scheme of Arrangement as specifically more described in Point 9 in this report; Board vide its Circular resolution passed on **04-10-2019** has: Approved the allotment of : • 9,19,12,200 equity shares of Rs. 10/- each aggregating to Rs. 91,91,22,000/- ; • 18,000, 11.97% Compulsorily Convertible Cumulative preference shares of Rs. 10,000/- ("Series A Preference Shares") aggregating to Rs. 18,00,00,000/- ; • 18,735, 11.97% Series B Compulsorily Convertible Cumulative preference shares of Rs. 10/- ("Series B Preference Shares") aggregating to Rs. 1,87,350/- to GHIAL as the consideration of the merger of GMR Hyderabad Air Cargo and Logistics Private Limited with the Company. 5. Further, the Board vide its circular resolution dated 4th Oct, 2019; allotted 1,00,00,000 (One Crore) equity shares of Rs. 10/- each aggregating to Rs. 10.00 cr (rupees ten crores) to holding Company GHIAL.

<table>
<tr><th>Sl</th><th>Particulars</th></tr>
<tr><td>9.</td><td>We further report that the board at its meeting held on 10th December, 2018 passed a resolution approving the Composite Scheme of Arrangement (“Scheme”) between GMR Hyderabad Air Cargo and Logistics Private Limited (“GHACLPL”) being the Transferor Company; GMR Aero Technic Limited (“GATL”) being the Demerged Company and GMR Aerospace Engineering Limited (“GAEL”) being the Transferee / Resulting Company and their respective shareholders and creditors, providing for the merger of GHACLPL with GAEL and the demerger of the MRO business undertaking of GATL into GAEL. The said scheme was filed with NCLT for its approval. The NCLT, Hyderabad Bench passed its order sanctioning the scheme on 26th July, 2019 with appointed date being 1st April, 2018.

As per the NCLT order dated 26th July, 2019, the members of the company approved :
1. Change in the name of the company from “GMR Aerospace Engineering Limited” to “GMR Air Cargo and Aerospace Engineering Limited”;
2. Increase in authorized share capital of the company from Rs. 401.00 Crores to Rs. 700.00 Crores;
3. Adoption new set of Memorandum and Articles of Association

by way of special resolution passed at EGM held on 19th Sep, 2019.</td></tr>
<tr><td>10.</td><td>There are no other 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.</td></tr>
</table>

For **KBG Associates**
Company Secretaries

(**Srikrishna S Chintalapati**)
Partner
CP # 6262
UDIN: F005984B000447084

Place: Hyderabad
Date: 13th July, 2020

'ANNEXURE-A'

To,
The Members
GMR Air Cargo And Aerospace Engineering Limited
(Formerly known as GMR Aerospace Engineering Limited)
Plot No. 1, GMR Hyderabad Aviation SEZ Limited
Rajiv Gandhi International Airport, Shamshabad
Hyderabad, Telangana
India-500108

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

Sl	Particulars
1.	Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility isto express an opinion on these secretarial records based on our audit.
2.	We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3.	We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4.	Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5.	The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6.	The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Sl	Particulars
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.
8	The composite scheme of arrangement among GMR Hyderabad Air Cargo and Logistics Private Limited (Transferor Company), GMR Aero Technic Limited (Demerged Company) and GMR Aerospace Engineering Limited (Transferee / Resulting Company) filed with NCLT, Hyderabad Bench was approved on 26th July, 2019.

For **KBG Associates**
Company Secretaries

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

Place: Hyderabad
Date: 13th July, 2020

Annexure-2

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS:		
i	CIN	U45201TG2008PLC067141
ii	Registration Date	29th February, 2008
iii	Name of the Company	**GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED**
iv	Category / Sub-Category of the Company	Public Company/ Company Limited by shares
v	Address of the Registered office and contact details	Plot No.1, C/o GMR Hyderabad Aviation SEZ Limited, Rajiv Gandhi International Airport, Shamshabad, Hyderabad – 500108 Ph: 040 – 67251115 Email: rakhal.panigrahi@gmraerotech.in Website: www.gmraerotech.in
vi	Whether listed company	Yes (Debt Listed)
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Karvy Selenium Tower – B, Plot no. 31 & 32, Financial District, Hyderabad – 500082.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	**Name and Description of main products / services**	**NIC Code of theProduct/ service**	**% to total turnover of the company**
1	MRO operations	35308	68.13
2	Air Cargo Handling Services and Other Business activities.	99671900	31.87

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl.No	**Name and address of the Company**	**CIN/GLN**	**HOLDING/SUBSIDIARY/ ASSOCIATE**	**% of shares held**	**Applicable Section**

1	GMR Aero Technic Limited (GATL) GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500108	U35122TG2010PLC070489	**Subsidiary Company**	100	2(6)
2	GMR Hyderabad International Airport Limited (GHIAL) GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad - 500108	U62100TG2002PLC040118	**Holding Company**	100	2(46)

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

i) Category-wise Share Holding:

Category of Shareholders	**No. of Shares held at the beginning of the year 01st April, 2019**				**No. of Shares held at the end of the year 31st March, 2020**				**% Change During the year**
	Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) **Indian**									
Body Corporates (70 shares held by individuals and Body Corporates as Beneficiary for and on behalf of GMR Hyderabad International Airport Limited which holds 100% Shares capital of the Company)	338400000	0	338400000	100	455812200	0	455812200	100	25.75
Sub-total (A) (1):-	**338400000**	**0**	**338400000**	**0**	**455812200**	**0**	**455812200**	**100**	**25.75**
(2) **Foreign**	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter	**338400000**	**0**	**338400000**	**0**	**455812200**	**0**	**455812200**	**100**	**25.75**

(A)=(A)(1)+(A)(2)									
B. Public Shareholding	**NIL**								
Grand Total (A+B)	**338400000**	**0**	**338400000**	**100**	**455812200**	**0**	**455812200**	**100**	**25.75**

(ii) Shareholding of Promoters

Sl. No	**Shareholder'sName**	**Shareholding at the beginning of the year 01st April, 2019**			**Share holding at the end of the year 31st March, 2020**			**% 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 No. of Equity shares held: 45,58,12,130 of Rs.10/-each 11.97% Compulsory Convertible Cumulative Preference Shares (Series A) - 18,000 of Rs.10,000/- each 11.97% Compulsory Convertible Cumulative Preference Shares (Series B) – 18,735 shares of Rs.10/- each	338399930	100%	0	455848865	100%	0	
2	GMR Corporate Affairs Private Limited	10*	-	-	10*	-	-	
3	GMR Aerostructure Services Limited	10*	-	-	10*	-	-	
4	GMR Business Process and Services Private Limited	10*	-	-	10*	-	-	
5	Dhruvi Securities Private Limited	10*	-	-	10*	-	-	
6	Atul Kumar	20*	-	-	20*	-	-	
7	Rajesh Kumar Arora	10*	-	-	10*	-	-	

Total	**338400 000**	**100%**	**0**	**455848935**	**100%**	**0**	**0**

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

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

Sl.No.		**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**
A.	At the beginning of the year (01.04.2019) Date wise Increase in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	338400000	100%	338400000	100%
1	26/04/2019 - Right Issue Allotment	10000000	100%	348400000	100%
2.	18/06/2019 - Right Issue Allotment	3000000	100%	351400000	100%
3.	19/09/2010 - Right Issue Allotment	2500000	100%	353900000	100%
4	04/10/2019 – Allotment of shares pursuant to merger	1) 9,19,12,200 equity shares of Rs.10/- each 2)18,000 Preference Shares of FV 10,000/- each 3)18,735 Preference Shares of FV 10/- each		445848935	
5	04/10/2019 - Right Issue	10000000		455848935	

	Allotment				
B.	**At the End of the year**	**338400000**	**100%**	**455848935**	**100%**

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

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

***As all the shares are held by the holding Company GMR Hyderabad International Airport Limited**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning ofthe year		Cumulative Shareholding during theYear	
	For Each of the Directors and KMP	**No. of shares**	**% of totalshares of the company**	**No. of shares**	**% of total Shares ofthe company**
1	**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:

(Rs. In Lakhs)

	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9968.45	1744.48	113.81	10082.26

ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	6.44	--	--	6.44
Total (i+ii+iii)	**9974.89**	1744.48	**113.81**	**10088.7**
Change in Indebtedness during the financial year		--		
• Addition	--	1.00	--	--
• Reduction	--	--	--	--
Indebtedness at the end of the financial year		--		
i) Principal Amount	9974.20	1745.48	111.75	10085.95
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	6.44	--	--	6.44
Total (i+ii+iii)	**9980.64**	1745.48	**111.75**	**10092.35**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

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

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount (Rs.)
		Dr. Kavitha Gudapati	Mr. Abdul Rahman Harith Saif Al Busaidi	
	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	1,75,000	1,65,000	3,40,000
	Total (1)			
	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	--	--	--
	Total (2)	--	--	--
	Total (B)=(1+2)	**1,75,000**	**1,65,000**	**3,40,000**
	Total Managerial Remuneration	--	--	--
	Overall Ceiling as per the Act	--	--	--

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

Sl. No.	Particulars ofRemuneration	Key Managerial Personnel				
		CEO#	**Company Secretary**		**CFO**	**Total (Rs.)**
			Apeksha Naidu (Rs.)*	**Rakhal Panigrahi**		
1.	Gross salary (a) Salary as per provisionscontained in section 17(1) ofthe Income-tax Act, 1961 (b) Value of perquisites u/s17(2) Income-tax Act, 1961 (c) Profits in lieu of salaryunder section 17(3) Income TaxAct, 1961	81,48,000	5,57,000	1,49,000	80,58,000	16912000
2.	Stock Option	Nil		Nil	Nil	Nil
3.	Sweat Equity	Nil		Nil	Nil	Nil

4.	Commission - as % of profit- others, specify…					
5.	Others, pleasespecify					
	Total	**81,48,000**	**5,57,000**	**1,49,000**	**80,58,000**	**16912000**

*** Apeksha Naidu has been resigned from the Company with effect from 30th January,2020**
#Pursuant to merger Mr. Ashok Gopinath has been designated the Chief Executive Officer (CEO) of MRO Division of the Company w.e.f September 19,2019 & resigned from the position of CEO of the Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

On behalf of the Board of Directors
For GMR Air Cargo And Aerospace Engineering Limited

	Sd/-	**Sd/-**
Place: Hyderabad	**Rajesh Kumar Arora**	**S G K Kishore**
Date: July 20, 2020	**Director**	**Director**
	DIN: 03174536	**DIN: 02916539**

ANNEXURE -3

Annexure to Report of Directors for the year ended 31st March, 2020 Statement of Employees pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Companies Act, 2013.

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

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

Name	Designation	Increase %
G Chandrabushan	Manager	5%
K Venkata Ramana	CFO	4.5%

iii. the percentage increase in the median remuneration of employees in the financial year 2019-20:

GMR Hyderabad Air Cargo Division-8%
MRO Division-4.5%

iv. the number of permanent employees on the rolls of company: 1065
(GMR Hyderabad Air Cargo Division-578; MRO Division-487)

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

The aggregate remuneration of employees excluding managerial personnel grew by approximately 6.25 % over the previous financial year. The aggregate remuneration for KMPs increased by 4.75 % over the previous financial year, there were no exceptional circumstances for increase in the managerial remuneration.

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

vii**.** List of the top ten employees in terms of remuneration drawn in financial year 2019-20**:**

Vii(a) Details of employees who were in receipt of remuneration not less than rupees one crore and two lakhs per annum employed throughout the financial year 2019-20: Not applicable

S.N.	Name of the Employee	Designation	Remuneration Received Gross (RS.)	Nature of Employment (whether contractual or otherwise)	Qualification	Experience (in years)	Date of Commencement of Employment	Age In Years	Last Employment	Percentage Equity (If Any)	Employee is relative of any Director or Manager (Name of director or Manager)
1	M Mahender Reddy	Manager	4445136	Regular	AME	20	17-Dec-18	55	Jet Airways	NA	NA
2	Chinmay Mukhopadhyay	Senior Manager	4798032	Regular	Dip(EE)	35	29-May-18	55	Spice Jet	NA	NA
3	Sanjay Subramanian	Senior Manager	5400000	Regular	B-Tech	29	25-Apr-19	51	Jet Airways	NA	NA
4	Kunwar Ji Srivastava	General Manager	5500008	Regular	MBA	40	29-May-19	57	Jet Airways	NA	NA

5	Gulshanraj I Hamrapurkar	Senior Manager	5552064	Regular	AME	16	15-Jun-11	41	Kingfisher Airlines	NA	NA
6	Chandra Shekhar Prasad	Deputy General Manager	5911488	Regular	AME	22	24-Jul-17	49	Magnum Aviation	NA	NA
7	Md Abid Hussain	Deputy General Manager	6021972	Regular	AME	31	10-Apr-17	54	Sun MRO	NA	NA
8	Abraham Thomas	Head Ope &Maint	7013808	Regular	AME	34	11-Mar-19	56	US-Bangla Airlines	NA	NA
9	Bhupinder Kumar Zand	Deputy General Manager	7665528	Regular	AME	19	16-Jul-11	44	Airworks	NA	NA
10	Ashok Gopinath*	CE0-MRO Division and Accountable Manager	8536212	Regular	AME	32	20-Jun-17	55	Jet Airways	NA	NA

***Pursuant to merger Mr. Ashok Gopinath has been designated the Chief Executive Officer (CEO) of MRO Division of the Company w.e.f September 19,2019 & resigned from the position of CEO of the Company.**

Vii(b) Details of the employees who were in receipt of remuneration not less than rupees eight lakh and fifty thousand per month if employed for the part of the financial year 2019-20**:**

Name	Age	Qualification	Designation	Date of Commencement of Employment	Nature of Employment	Experience No. Of Years.	CTC (PA)	Last Employment	Percent-age of Equity shares held	Whether relative of any director or manager.
Ashok Gopinath	55	AME	CEO of MRO Division & Accountable Manager	20-06-17	Regular	32	17111532	Jet Airways	NA	NA

INDEPENDENT AUDITOR'S REPORT

To The Members of
GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED
(formerly known as GMR Aerospace Engineering Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED** (formerly known as GMR Aerospace Engineering Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matter. We have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Assessment of impairment in the carrying value of the Maintenance, Repair and Overhauling division (MRO) – Cash Generating Unit ("MRO CGU")** At each reporting period, the Company assesses the carrying value of CGU to determine whether there is any indication that the MRO CGU has suffered an impairment loss. If any indication exists, the Company estimates the recoverable amount. As indicated in Note 43 of standalone financial statements, owing to the past accumulated losses of the MRO CGU and the occurrence of the COVID-19 pandemic, the Management has assessed the impairment of the carrying value of the MRO CGU as at March 31, 2020. Basis ADP deal, the Management has determined the recoverable amount of MRO CGU. Additionally, the Management has used value-in-use approach and has applied significant judgements, assumptions related to capacity utilisation, revenue growth, margins and selection of discount rates. We have identified the estimation of the recoverable amount of MRO CGU as a key audit matter because these assumptions are of particular importance due to the level of uncertainties and the judgments involved, thus changes in these assumptions could have a significant impact on the recoverable amount of MRO CGU.	In response to this key matter, the following principal audit procedures are performed: • Evaluated the design and implementation and operating effectiveness of internal controls relating to the Management's assessment of the impairment workings of MRO CGU. • Assessed the reasonableness of the key business assumptions such as capacity utilisation, revenue growth rate and margins by understanding the Management's plan and by performing retrospective testing. • Assessed the reasonableness of the valuation model using market assumptions namely the discount rate adopted for the valuation with the assistance of our internal valuation experts (including for COVID19 impact). • Performed sensitivity analysis around the key assumptions, and stress-tested for various scenarios (considering COVID19 impact) to determine if any changes to key assumptions would impact the recoverable amounts. • In respect of the agreement between GMR Group and ADP, discussed with the Management and GMR Group to understand the implications insofar as the MRO CGU is concerned. Verified certain key terms of the agreement/documents in public domain. Compared and correlated the value attributed to the MRO CGU with the carrying value, to determine if there is impairment. • In respect of COVID-19 impact, performed corroborative enquiries with the Management to understand the impact and how this affected the projections. • We have assessed the disclosures made by the Company in relation to this matter. • The results of impairment testing were also approved by the Board of Directors.
2	**Accounting of Business combination:** As indicated in Note 1.1 of Standalone Financial Statements, the Composite Scheme of Arrangement amongst GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL")(Transferor Company) and GMR Aero Technic Limited ("GATL")(Demerged company) and GMR Aerospace Engineering Limited("GAEL")(Transferee / Resulting	In response to this key matter, the following principal audit procedures are performed: • Inspected the approval of the Composite Scheme of Arrangement ("the scheme"), the approval given by NCLT and documents filed with Registrar of Companies.

	Company) and their respective Shareholders and Creditors ("the Scheme"), wherein GHACLPL will merge with GAEL and the Maintenance, Repair and Overhaul facility (MRO) Business of GATL will demerge into GAEL with an appointed date of April 01, 2018 received the approval of NCLT on July 26, 2019 and was thereafter filed with the Registrar of Companies on August 23, 2019. The Company has given effect to the common control business combination scheme as mentioned above. The aforesaid mergers have been accounted under the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations. Considering the requirements of Ind AS 103 - Business Combinations, the accounting for the transaction has been given effect retrospectively by the Company. Accordingly, the financial statements for the corresponding periods in 2018-19 have been restated to give effect of the above Scheme. We have determined this to be a key audit matter due to the significance of the transaction and its material impact on the financial statements.	• Assessed the accounting treatment of the business combination and whether the requirements of applying 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations were complied. • Obtained the audited balances of the Transferor Company and the Demerged Company as at April 1, 2018 and compared them with those considered for the purposes of accounting for the merger business combination. Checked the accuracy of such adjustments made. • Checked the intercompany balances and transactions between companies involved in the scheme to assess the accuracy and completeness of the elimination adjustments; • Examined the disclosures in Notes 1.1 of the standalone financial statements for adequacy and appropriateness, including disclosures of the impact of restatement of prior year figures.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the standalone financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Other Matter

Due to the COVID-19 related lock-down restrictions, we were not able to physically observe the stock verification that was carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial Statements.

Our opinion on the Standalone Financial Statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

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

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN: 20209354AAAAGC1779

Place: Hyderabad
Date : June 04, 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT
(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED** (formerly known as GMR Aerospace Engineering Limited) (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN: 20209354AAAAGC1779

Place: Hyderabad
Date : June 04, 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

(b) The Company has a program of verification of fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) In respect of immovable properties of buildings constructed on leasehold land and disclosed as fixed asset in the standalone financial statements, the lease agreement (for land) is in the name of the Company, where the Company is the lessee.

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

(iii) According to the information and explanations given to us, the Company has granted loans to Company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

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

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

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for Air Cargo business. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable, except as stated below:

Name of Statute	Nature of Dues	Amount (₹ In Lakhs)	Period to which the Amount Relates	Due Date	Date of subsequent payment
The Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Provident fund	21.03	April 01, 2019 to September 30, 2019	Various dates	Partly paid on May 5, 2020

(c) Details of dues of Income-tax, Service Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is pending	Period to which the Amount relates	Amount involved (₹ in Lakhs)	Amount unpaid (₹ in Lakhs)
Income Tax Act, 1961	Income tax	Income Tax Appellate Tribunal, Hyderabad	AY 2008-09	84.98*	*
Income Tax Act, 1961	Income tax	CIT (Appeals), Hyderabad	AY 2015-16	417.17	40.12#
Finance Act, 1994	Service tax (including penalty)	Customs, Excise & Service Tax Appellate Tribunal, Hyderabad	March 2008 to June 2010	591.99	591.99
Finance Act, 1994	Service tax (including penalty)	Customs, Excise & Service Tax Appellate Tribunal, Hyderabad	2013-14 to 2015-16	128.05	118.49
Income Tax Act, 1961	Income tax	CIT (Appeals), Hyderabad	AY 2016-17	16.47	16.47
Finance Act, 1994	Service tax	Director General of GST Intelligence, Hyderabad Zonal Unit	October 2013 to June 2017	210.57	210.57
Finance Act, 1994	Service tax	Commissioner of Central Tax	October 2013 to March 2017	19.35	19.35

* The Assessing Officer has disallowed the amount which will impact the reduction of loss for the relevant assessment year

The Assessing Officer has reduced the amount refundable for AY 2017-18 to that extent.

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

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

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

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

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

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

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

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN: 20209354AAAAGC1779

Place: Hyderabad
Date: June 04, 2020

GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Balance sheet as at March 31, 2020
(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at March 31, 2020 (Refer Note 1.1)	As at March 31, 2019 (Refer Note 1.1)
Assets			
Non-current assets			
Property, plant and equipment	3	14,305.85	15,032.44
Right-of-use assets	5	3,516.22	-
Other intangible assets	4	1,610.96	1,683.20
Intangible assets under development	6	121.23	121.54
Financial assets			
Investments	7(a)	10.00	10.00
Other financial Assets	7(b)	111.75	113.81
Deferred tax asset (net)	8	-	32.70
Non-current tax assets	9	3,287.09	2,299.76
Other non-current assets	10	684.33	496.58
		23,647.43	**19,790.03**
Current assets			
Inventories	11	4,325.30	3,368.33
Financial assets			
Investments	7(a)	6,378.49	301.56
Trade receivables	12	5,358.99	4,507.07
Cash and cash equivalents	13(a)	1,362.39	554.96
Bank balances other than cash and cash equivalents	13(b)	503.33	3,474.00
Loans	14	-	5,000.00
Other financial assets	7(b)	946.74	859.01
Current tax assets (net)	9	170.64	172.68
Other current assets	10	598.15	453.84
		19,644.03	**18,691.45**
Total assets		**43,291.46**	**38,481.48**
Equity and liabilities			
Equity			
Share capital	15	47,383.09	33,840.00
Share Capital suspense	1.1	-	10,993.09
Other equity	16	(47,738.61)	(48,208.12)
Total Equity		**(355.52)**	**(3,375.03)**
Non-current liabilities			
Financial Liabilities			
Long term Borrowings	17	27,429.06	27,413.29
Lease Liabilities	18	3,002.85	-
Provisions	19	80.05	99.76
		30,511.96	**27,513.05**
Current liabilities			
Financial Liabilities			
Short-term Borrowings	17	-	2,799.99
Trade payables	20		
(i) total outstanding dues of micro enterprises and small enterprises		12.60	58.24
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		9,464.42	9,750.30
Lease Liabilities	18	1,323.26	-
Other financial liabilities	21	200.91	462.96
Provisions	19	386.25	310.76
Other current liabilities	22	1,747.58	961.21
Total liabilities		**13,135.02**	**14,343.46**
Total equity and liabilities		**43,291.46**	**38,481.48**
Corporate information and significant accounting policies	**1&2**		

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place : Hyderabad
Date : June 04, 2020

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Rakhal Panigrahi
Company Secretary
M.No. ACS39622

Place :
Date : June 04, 2020

GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Statement of profit and loss for the year ended March 31, 2020
(All amounts in ₹ Lakhs except otherwise stated)

		Notes	For the year ended March 31, 2020 (Refer Note 1.1)	For the year ended March 31, 2019 (Refer Note 1.1)
I.	**Revenue**			
	Revenue from operations	23	29,822.65	25,210.10
	Other income	24	1,331.42	866.48
	Total Revenue		**31,154.07**	**26,076.58**
II.	**Expenses**			
	Operations and maintenance expenses		371.78	566.24
	Cost of stores and spares consumed	25	6,054.59	4,623.84
	Employee benefits expense	26	8,052.94	6,580.95
	Finance costs	27	3,231.52	2,665.33
	Depreciation and amortization expenses	28	2,762.29	1,784.29
	Other expenses	29	8,997.99	9,623.57
	Total Expenses		**29,471.11**	**25,844.22**
III.	**Profit before Tax [(I) - (II)]**		**1,682.96**	**232.36**
IV.	**Tax expenses**	31		
	Current tax		-	574.50
	Deferred tax		45.89	(24.76)
			45.89	**549.74**
V.	**Profit/(Loss) for the year (III-IV)**		**1,637.07**	**(317.38)**
VI.	**Other comprehensive income**			
	Items that will not be reclassified to Profit and Loss	30		
	Re-measurement (losses) on defined benefit plan		(50.74)	(54.43)
	Deferred tax impact on Re-measurement (losses) on defined benefit plan		13.19	10.00
	Total other comprehensive loss		(37.55)	(44.43)
VII.	**Total comprehensive income/(loss) for the year (V + VI)**		**1,599.52**	**(361.81)**
	Earnings per equity share of par value of Rs.10 each :			
	Basic and diluted (Rs. Per share)	32	0.31	(0.14)
	Corporate information and significant accounting policies	**1&2**		

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

In terms of our report attached

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Rakhal Panigrahi
Company Secretary
M.No. ACS39622

Place : Hyderabad
Date : June 04, 2020

Place :
Date : June 04, 2020

GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Statement of Cash Flows for the year ended March 31, 2020
(All amounts in ₹ Lakhs ,unless otherwise stated)

	For the year ended March 31, 2020 (Refer Note 1.1)	For the year ended March 31, 2019 (Refer Note 1.1)
Cash flow from operating activities		
Profit before tax	1,682.96	232.36
Adjustments for		
Depreciation and amortization expense	2,762.29	1,784.29
Unrealized foreign exchange gain	(295.13)	102.86
Liabilities no longer required,written back	-	(0.76)
Interest income	(602.70)	(278.64)
Inventory written off	26.25	33.26
Property, plant and equipment written off	105.42	6.35
Income from mutual funds	(69.32)	(362.32)
Finance income on financial assets and fair value (gain)/loss on financial instruments at FVTPL	(26.13)	1.96
Provision for doubtful receivables	42.57	20.33
Bad debts written off	27.55	-
Gain on sale of Property, plant and equipment (net)	(4.07)	(5.03)
Finance costs	3,231.52	2,665.33
Operating Profit before working capital changes	**6,881.21**	**4,199.99**
Changes in working capital		
(Decrease)/Increase in trade payables	(350.74)	1,750.99
Increase in other financial liabilities and other liabilities	801.96	89.88
Increase in provisions	69.46	3.38
(Increase) in trade receivables	(624.04)	(1,827.41)
(Increase) in inventories	(983.22)	(275.15)
(Increase) in other financial assets and other assets	(363.89)	(782.24)
Cash from operations	**5,430.74**	**3,159.44**
Direct taxes paid	**(985.29)**	**(865.28)**
Net cash flow from operating activities (A)	**4,445.45**	**2,294.16**
Cash flows from investing activities		
Interest income received	474.01	218.82
Proceeds from sale of property, plant and equipment	4.45	5.03
Purchase of Property, plant and equipment including CWIP and capital advances	(1,858.93)	(936.16)
Investment in Inter Corporate Deposit	-	(5,000.00)
Redemption/maturity of Inter Corporate Deposit	5,000.00	-
Loan given	(1,000.00)	-
Receipt of loan given	1,000.00	-
Investment in Commercial Paper	(34,778.59)	-
Maturity of Commercial Paper	30,000.00	-
Purchase of current investments	(3,600.00)	(2,000.02)
Redemption of current investments	2,580.88	7,041.50
Investments in bank deposits (having original maturity of more than three months)	(498.33)	(6,468.77)
Redemption/maturity of bank deposits (having original maturity of more than three months)	3,469.00	4,789.76
Net cash flow from/ (used in) investing activities (B)	**792.49**	**(2,349.84)**
Cash flows from financing activities		
Proceeds from issue of share capital (including share application money)	1,550.00	1,850.00
Repayment of long-term borrowings	-	(50.00)
Payment of Lease liability	(365.67)	-
Dividends on equity and preference shares paid (including dividend distribution taxes)	(130.01)	(260.01)
(Repayment)/Proceeds from short-term borrowings	(2,799.99)	0.06
Finance cost paid (including interest towards lease liabilities)	(2,701.17)	(2,647.19)
Net cash flow (used in) financing activities (C)	**(4,446.84)**	**(1,107.14)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**791.10**	**(1,162.82)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	16.33	-
Cash and cash equivalents at the beginning of the year	554.96	94.53
Add: Effect of common control transaction (Refer Note 1.1)	-	1,623.25
Cash and cash equivalents at the end of the year (see note below)	**1,362.39**	**554.96**
Components of cash and cash equivalents		
Cash in hand	1.82	2.12
Cheques on hand	-	97.74
With banks - on current accounts	425.97	443.07
With banks - on escrow accounts	2.00	2.00
Exchange earners foreign currency account	732.60	7.50
Balances in cash credit account	-	2.53
Deposits with maturity for less than 3 months	200.00	-
Total cash and cash equivalents	**1,362.39**	**554.96**

Reconciliation of liabilities from financing activities for the year ended March 31, 2020:

Particulars	As at March 31, 2019	Proceeds /Impact of Ind AS 116	Repayment	Fair value changes & Other Adjustments#	As at March 31, 2020
Borrowings	30,213.28	-	(2,799.99)	15.77	27,429.06
Lease liabilities	-	7,964.42	(365.67)	(3,272.64)	4,326.11
Total liabilities from financing activities	**30,213.28**	**7,964.42**	**(3,165.66)**	**(3,256.87)**	**31,755.17**

includes adjustment on account of lease modification (Refer Note 35)

Reconciliation of liabilities from financing activities for the year ended March 31, 2019:

Particulars	As at March 31, 2018	Proceeds*	Repayment	Fair value changes	As at March 31, 2019
Borrowings	30,234.08	0.06	(50.00)	29.14	30,213.28
Total liabilities from financing activities	**30,234.08**	**0.06**	**(50.00)**	**29.14**	**30,213.28**

* Short term borrowings (net) represents net of amounts received and payments made.

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date : June 04, 2020

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Rakhal Panigrahi
Company Secretary
M.No. ACS39622

Place: Hyderabad
Date : June 04, 2020

GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Statement of Changes in Equity for the year ended March 31, 2020
(All amounts are in ₹ lakhs, unless otherwise stated)

A. Equity Share Capital:

	No. of shares	Rs. in lakhs
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 01, 2018	**32,49,00,000**	**32,490.00**
Issue of shares during the year	1,35,00,000	1,350
As at March 31, 2019	**33,84,00,000**	**33,840.00**
Issue of shares during the year (Refer Note 1.1)	11,74,12,200	11,741.22
As at March 31, 2020	**45,58,12,200**	**45,581.22**

Preference Share Capital
11.97% compulsory convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up

	No. of shares	Rs. in lakhs
As at April 01, 2018	**-**	**-**
Issue of shares during the year	-	-
As at March 31, 2019	**-**	**-**
Issue of shares during the year (Refer Note 1.1)	18,735	1.87
As at March 31, 2020	**18,735**	**1.87**

11.97% compulsory convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up

	No. of shares	Rs. in lakhs
As at April 01, 2018	**-**	**-**
Issue of shares during the year	-	-
As at March 31, 2019	**-**	**-**
Issue of shares during the year (Refer Note 1.1)	18,000	1,800.00
As at March 31, 2020	**18,000**	**1,800.00**

Total Share Capital as at March 31, 2019	**33,840.00**
Total Share Capital as at March 31, 2020	**47,383.09**

B. Other Equity

	As at March 31, 2020	As at March 31, 2019
(i) Equity component of related party loan		
As at April 01, 2019 / April 01, 2018	51.17	-
Add: Effect of common control transaction (Refer Note 1.1)	-	58.27
Less: Adjustment during the year	-	(7.10)
Closing Balance	**51.17**	**51.17**
(ii) Retained earnings		
As at April 01, 2019 / April 01, 2018	(48,170.13)	(1,348.40)
Add: Effect of common control transaction (Refer Note 1.1)	-	(46,199.91)
Add: Profit for the year	1,637.07	(317.38)
Remeasurement (losses) on the defined benefit plans	(37.55)	(44.43)
Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1)	(107.73)	(215.46)
Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1)	(0.11)	(0.22)
Dividend distribution tax on CCCPS dividend	(22.17)	(44.33)
Closing Balance	**(46,700.62)**	**(48,170.13)**
(iii) Amalgamation Adjustment Deficit Account		
Opening balance	(1,089.16)	-
Add: Effect of common control transaction (Refer Note 1.1)	-	(1,089.16)
Closing balance	**(1,089.16)**	**(1,089.16)**
(iv) Share application money pending allotment		
Opening balance	1,000.00	500.00
Add: Received during the year	1,550.00	1,850.00
Less: Issue of shares during the year	(2,550.00)	(1,350.00)
Closing balance	**-**	**1,000.00**
Total Other Equity	**(47,738.61)**	**(48,208.12)**

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place : Hyderabad
Date : June 04, 2020

For and on behalf of the Board of Directors of
GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Rakhal Panigrahi
Company Secretary
M.No. ACS39622

Place :
Date : June 04, 2020

(All amounts in ₹ lakhs except otherwise stated)

3. Property, Plant & Equipment

	Buildings on leasehold land #	Plant and equipment	Office equipment	Computer equipment and IT systems	Furniture and fixtures	Vehicles	Total
Cost or deemed cost							
At April 1, 2018	**11,930.48**	**4,612.58**	**172.16**	**4.16**	**48.54**	**10.32**	**16,778.24**
Add: Effect of common control transaction (Refer Note 1.1)	-	3,092.15	11.51	39.23	118.02	3.68	3,264.59
Additions	-	387.56	11.20	114.80	78.94	-	592.50
At March 31, 2019	**11,930.48**	**8,092.29**	**194.87**	**158.19**	**245.50**	**14.00**	**20,635.33**
Additions	**28.56**	623.83	121.91	21.17	61.02	15.92	872.41
Disposals	**-**	(204.62)	(1.16)	(4.54)	**-**	**-**	(210.32)
As at March 31, 2020	**11,959.04**	**8,511.50**	**315.62**	**174.82**	**306.52**	**29.92**	**21,297.42**
Accumulated Depreciation							
At April 1, 2018	**1,979.37**	**1,223.72**	**172.16**	**4.16**	**24.98**	**6.76**	**3,411.15**
Add: Effect of common control transaction (Refer Note 1.1)	**-**	729.69	8.32	16.76	51.70	1.38	807.85
Depreciation charge for the year	654.47	668.06	2.05	26.27	30.42	2.62	1,383.89
Disposals	-	-	-	-	-	-	-
At March 31, 2019	**2,633.84**	**2,621.47**	**182.53**	**47.19**	**107.10**	**10.76**	**5,602.89**
Depreciation charge for the year	669.79	698.77	9.96	50.90	61.77	2.39	1,493.58
Disposals		(99.28)	(1.16)	(4.46)	-	-	(104.90)
As at March 31, 2020	**3,303.63**	**3,220.96**	**191.33**	**93.63**	**168.87**	**13.15**	**6,991.57**
Net Block							
At March 31, 2019	**9,296.64**	**5,470.82**	**12.34**	**111.00**	**138.40**	**3.24**	**15,032.44**
As at March 31, 2020	**8,655.41**	**5,290.54**	**124.29**	**81.19**	**137.65**	**16.77**	**14,305.85**

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.

4. Other Intangible Assets

	Right to Operate - Cargo facility	Computer Software	Technical Know-how	Total
Cost or deemed cost				
At April 1, 2018	-	-	-	-
Add: Effect of common control transaction (Refer Note 1.1)	2,102.75	282.61	898.29	3,283.65
Additions	566.24	72.35	-	638.59
Disposals	(34.68)	-	-	(34.68)
At March 31, 2019	**2,634.31**	**354.96**	**898.29**	**3,887.56**
Additions	371.78	72.32	-	444.10
Disposals	(5.18)	-	-	(5.18)
As at March 31, 2020	**3,000.91**	**427.28**	**898.29**	**4,326.48**
Accumulated Amortization				
At April 1, 2018	-	-	-	-
Add: Effect of common control transaction (Refer Note 1.1)	658.11	275.88	898.29	1,832.28
Charge for the year	393.51	6.89	-	400.40
Disposals	(28.32)	-	-	(28.32)
At March 31, 2019	**1,023.30**	**282.77**	**898.29**	**2,204.36**
Charge for the year	488.03	27.86	-	515.89
Disposals	(4.73)	-	-	(4.73)
As at March 31, 2020	**1,506.60**	**310.63**	**898.29**	**2,715.52**
Net Block				
At March 31, 2019	**1,611.01**	**72.19**	**-**	**1,683.20**
As at March 31, 2020	**1,494.31**	**116.65**	**-**	**1,610.96**

5. Right of use Assets

	Right-of-use assets		Total
	Land	**Buildings**	
At April 01, 2019	**-**	**-**	**-**
Impact of adoption of Ind AS 116	6,174.76	1,884.68	8,059.44
Additions	**-**	**-**	-
Adjustments (Refer Note 35)	(3,790.40)	**-**	(3,790.40)
As at March 31, 2020	**2,384.36**	**1,884.68**	**4,269.04**
Accumulated Amortization			
At April 01, 2019	**-**	**-**	**-**
Impact of adoption of Ind AS 116	277.75	475.07	752.82
Charge for the year	**-**	**-**	**-**
As at March 31, 2020	**277.75**	**475.07**	**752.82**
Net Block			
At April 01, 2019	**-**	**-**	**-**
As at March 31, 2020	**2,106.61**	**1,409.61**	**3,516.22**

6. Intangible Assets under development

	As at March 31, 2020	As at March 31, 2019
Computer Software	-	30.10
Capital expenditure incurred on intangible assets	121.23	91.44
	121.23	**121.54**

(All amounts in ₹ lakhs except otherwise stated)

7(a) Investments

	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Investment equity instruments (fully paid-up)				
Unquoted investment in subsidiaries				
100,000 (March 31, 2019: 100,000) Equity shares of Rs. 10 each fully paid up in GMR Aero Technic Limited (Refer Note 1.1)	10.00	10.00	-	-
Non-trade investments				
Investment in Commercial Paper (unquoted) (held at amortised cost)				
-Piramal Enterprises Limited	-	-	4,964.11	-
Investment in mutual funds (unquoted) (held at fair value through profit and loss)				
124,251.904 units (March 31, 2019: Nil) of Rs.100 each of Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan	-	-	394.80	-
173,207.142 units (March 31, 2019: 72,819.237 units) of face value of Rs.100 each ICICI Prudential Liquid Fund - Growth	-	-	506.63	200.56
Nil units (March 31, 2019: 257,486.852 units) of face value of Rs.10 each Sundaram Money Fund Regular Growth			-	101.00
23,377.357 units (March 31, 2019: Nil) of face value of Rs.1000 each Axis - Liquid Fund - Growth	-	-	512.95	-
Total	**10.00**	**10.00**	**6,378.49**	**301.56**

7(b) Other Financial Assets

	Non Current		Current	
Security deposits				
Unsecured,considered good, to related parties	48.30	62.96	7.23	6.48
Unsecured,considered good, to others	62.74	50.14	-	-
Interest accrued on fixed deposits	-	-	11.40	-
Interest accrued on Inter Corporate Deposit	-	-	-	50.66
Interest accured on Commercial Paper	-	-	25.12	42.49
Other deposits	0.71	0.71	-	-
Unbilled revenue	-	-	902.99	759.38
Total	**111.75**	**113.81**	**946.74**	**859.01**

8. Deferred tax Assets (net)

		As at March 31, 2020	As at March 31, 2019
Deferred tax liability (DTL) relating to			
Impact of WDV of Property, plant and equipment & Intangible assets		(400.62)	(307.86)
Impact of notional interest on deposits		(17.75)	-
Impact of fair value adjustments on Investments in Mutual Funds		(6.34)	(0.42)
	(A)	**(424.71)**	**(308.28)**
Deferred tax assets (DTA) relating to			
Carry forward tax losses/unabsorbed depreciation		201.56	295.95
Impact of additional expenditure on account of Ind AS 116		101.91	-
Impact of notional interest on deposits		-	3.67
Impact of temporary differences due to disallowances of Gratuity and Leave encashment		121.24	41.36
	(B)	**424.71**	**340.98**
Deferred tax (net)	**(A+B)**	**-**	**32.70**

Deferred tax asset (net)
For the year ended March 31, 2020:

	Opening Balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing Balance
Deferred tax liability:				
Impact of WDV of Property, plant and equipment & Intangible assets	(307.86)	(92.76)	-	(400.62)
Impact of notional interest on deposits	-	(17.75)	-	(17.75)
Impact of fair value adjustments on Investments in Mutual Funds	(0.42)	(5.92)	-	(6.34)
Total deferred tax liability (A)	**(308.28)**	**(116.43)**	**-**	**(424.71)**
Deferred tax assets:				
Impact of temporary differences due to disallowances of Gratuity and Leave encashment	41.36	66.69	13.19	121.24
Impact of notional interest on deposits	3.67	(3.67)	-	-
Carry forward tax losses/unabsorbed depreciation	295.95	(94.39)	-	201.56
Impact of additional expenditure on account of Ind AS 116	-	101.91	-	101.91
Total deferred tax assets (B)	**340.98**	**70.54**	**13.19**	**424.71**
Deferred Tax Liability (Net) (A + B) (Refer Note below)	**32.70**	**(45.89)**	**13.19**	**-**

Deferred tax asset (net)
For the year ended March 31, 2019:

	Opening Balance	Effect of common control transaction (Refer Note 1.1)	Recognised in statement of profit and loss	Recognised in other comprehensive income	Other adjustments (Equity component of related party loans)	Closing Balance
Deferred tax liability:						
Impact of WDV of Property, plant and equipment & Intangible assets	(295.95)	(37.25)	25.34	-	-	(307.86)
Impact of notional interest on loans	-	(3.92)	-	-	3.92	-
Impact of fair value adjustments on Investments in Mutual Funds	-	-	(0.42)	-	-	(0.42)
Total deferred tax liability (A)	**(295.95)**	**(41.17)**	**24.92**	**-**	**3.92**	**(308.28)**
Deferred tax assets:						
Impact of temporary differences due to disallowances of Gratuity and Leave encashment	-	31.15	0.21	10.00	-	41.36
Impact of notional interest on deposits	-	4.04	(0.37)	-	-	3.67
Carry forward tax losses/unabsorbed depreciation	295.95	-	-	-	-	295.95
Total deferred tax assets (B)	**295.95**	**35.19**	**(0.16)**	**10.00**	**-**	**340.98**
Deferred Tax Asset (Net) (A + B) (Refer Note below)	**-**	**(5.98)**	**24.76**	**10.00**	**3.92**	**32.70**

Note:

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

(ii) The Company w.r.t Developer of SEZ unit 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.

(iii) Minimum Alternate Tax (MAT) Credit entitlement (cumulative balance) claimed by the Company as per the income tax return filed for the FY 2017-18 on November 30, 2018 aggregating Rs. 3,701.03 lakhs has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

7.1. Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- unused tax losses	48,353.89	50,101.41
	48,353.89	**50,101.41**

7.2. Reconciliation of tax expenses to accounting profits is as follows: (Refer Note 40)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit/(loss) before Tax	1,682.96	232.36
Applicable Tax Rate in India (%)	26.00%	29.12%
Expected Income tax expense	437.57	67.67
<u>Adjustments:</u>		
Non-deductible expenses for tax purposes	-	624.56
Effect of tax on exempted/non taxable income/allowable expenses	-	(218.63)
Deductions allowed under Chapter VI-A	-	(445.63)
Effect of tax on other heads of income and others	-	197.87
Effect of non adjustment of losses of the Company against profits of transferor company (Refer Note 40)	-	348.66
On account of adjustment of carried forward business losses (Refer Note 40)	(437.57)	-
Other adjustments	45.89	(24.76)
Tax expense reported in statement of profit and loss	**45.89**	**549.74**

9. Tax Assets:

	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Advance income-tax (net of provisions of Rs. 5,133.27 lakhs (March 31, 2019: Rs. 5,133.27 lakhs)	3,287.09	2,299.76	170.64	172.68
	3,287.09	**2,299.76**	**170.64**	**172.68**

10. Other Assets:

	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good				
Capital advances	285.48	20.38	-	-
Advances recoverable in cash or kind	272.55	272.55	191.38	116.30
Total (A)	**558.03**	**292.93**	**191.38**	**116.30**
Other loans and advances				
Prepaid expenses	13.83	91.18	204.75	119.39
Balances with statutory/ government authorities	112.47	112.47	202.02	218.15
Total (B)	**126.30**	**203.65**	**406.77**	**337.54**
Total (A+B)	**684.33**	**496.58**	**598.15**	**453.84**

11. Inventories

	As at March 31, 2020	As at March 31, 2019
Stores and spares (valued at lower of cost or net realisable value)*	4,325.30	3,368.33
	4,325.30	**3,368.33**

*includes material in transit of Rs.3.58 lakhs (March 31,2019 Rs.18.60 lakhs)

12. Trade Receivables

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
- Considered good- Secured	-	-
- Considered good-Un Secured	5,358.99	4,507.07
- Have significant increase in Credit Risk	-	-
- Credit impaired	71.13	28.56
Less: Provisions for Trade receivables - credit impaired	(71.13)	(28.56)
Total	**5,358.99**	**4,507.07**

Notes:

(i) No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
(ii) Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days for MRO business and 30 - 60 days for Cargo business
(iii) The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, ageing of the customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision for past due receivables.

	As at March 31, 2020	As at March 31, 2019
Movement in the allowance for doubtful debts		
Balance at beginning of the year	28.56	-
Add: Effect of common control transaction (Refer Note 1.1)	-	8.23
Impairment losses recognised on receivables	42.57	20.33
Balance at end of the year	**71.13**	**28.56**

13(a) Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	1.82	2.12
Cheques on hand	-	97.74
Balance with banks *		
- on current accounts	425.97	443.07
- exchange earner's foreign currency account	732.60	7.50
- on escrow accounts	2.00	2.00
- Balances in cash credit account	-	2.53
- Deposits with maturity for less than or equal to 3 months	200.00	-
Total	**1,362.39**	**554.96**

* Out of above, bank accounts of Rs. 611.35 lakhs are in the name of demerged company (GATL). Company is in the process of change in bank accounts name to the resulting company (GACAEL) as per the Composite scheme (Refer Note 1.1).

13(b) Bank balance other than cash and cash equivalent

Fixed deposits held as Margin money	5.33	5.00
Deposits with maturity for more than three months but less than 12 months		
- With Abu Dhabi Commercial Bank	-	2,821.00
- With Others	498.00	648.00
	503.33	**3,474.00**

Note:

(i) During the year ended March 31, 2019, the company made deposit of Rs. 2,821.00 lakhs with Abu Dhabi Commercial Bank under lien for overdraft facility of Rs. 2,800.00 lakhs sanctioned by Bank which was withdrawn and overdraft facility was closed during the current year.

14. Financial Assets - Loans

	As at March 31, 2020	As at March 31, 2019
Inter corporate deposit		
- Considered good-Un Secured	-	5,000.00
Total	**-**	**5,000.00**

15. Share Capital

	Equity Shares	
	In numbers	Amount
Authorised share capital:		
At April 01, 2018	**35,50,00,000**	**35,500.00**
355,000,000 equity shares of Rs. 10/- each		
Add: Effect of common control transaction (Refer Note 1.1)		
2,500,000 equity shares of Rs. 10/- each	25,00,000	250.00
50,000 compulsory convertible cumulative preference shares of Rs.10/- each (Series B)	50,000	5.00
18,450 compulsory convertible cumulative preference shares of Rs. 10,000/- each (Series A)	18,450	1,845.00
At March 31, 2019	**35,75,68,450**	**37,600.00**
Increase during the year	32,40,00,000	32,400.00
As at March 31, 2020	**68,15,68,450**	**70,000.00**

Issued, subscribed and fully paid share capital	As at March 31, 2020	As at March 31, 2019
455,812,200 (March 31, 2019: 338,400,000) fully paid equity shares of Rs. 10 each	45,581.22	33,840.00
18,000 (March 31, 2019: Nil) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up (Refer Note 1.1)	1,800.00	-
18,735 (March 31, 2019: Nil) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up (Refer Note 1.1)	1.87	-
	47,383.09	**33,840.00**

(All amounts in ₹ lakhs except otherwise stated)

a. Reconciliaton of number of shares and amount outstanding at end of the year

Equity Shares	**In numbers**	**Amount**
As at April 01, 2018	**32,49,00,000**	**32,490.00**
Issues of the shares during the year	1,35,00,000	1,350.00
As at March 31, 2019	**33,84,00,000**	**33,840.00**
Issues of the shares during the year (Refer Note 1.1)	11,74,12,200	11,741.22
As at March 31, 2020	**45,58,12,200**	**45,581.22**

Preference shares - Series A	**In numbers**	**Amount**
CCCPS of Rs.10,000/- each fully paid up		
As at April 01, 2019	**-**	**-**
Issues of the shares during the year (Refer Note 1.1)	18,000	1,800.00
As at March 31, 2020	**18,000**	**1,800.00**

Preference shares - Series B		
CCCPS of Rs.10/- each fully paid up	**In numbers**	**Amount**
As at April 01, 2019	**-**	**-**
Issues of the shares during the year (Refer Note 1.1)	18,735	1.87
As at March 31, 2020	**18,735**	**1.87**

b. 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 share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. In event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Terms/ rights attached to CCCPS

The Company has issued 18,000 fully paid up CCCPS (Series A) of Rs. 10,000/- each fully paid up and 18,735 fully paid up CCCPS (Series B) of Rs. 10/- each.
CCCPS (Series A) and CCCPS (Series B) carry cumulative dividend @ 11.97% and the Company declares the dividend in Indian Rupees. CCCPS (Series A) and CCCPS (Series B) shall be compulsorily converted into equity shares of Rs. 10/- each at the rate of one equity share for each CCCPS (Series A) and CCCPS (Series B) share, as the case may be, after the expiry of the concession period.

Other than the right to receive the dividends and preference rights on voluntary winding up, the CCCPS (Series A) and CCCPS (Series B) shall not have any rights including but not limited to the voting rights. These preference shares shall rank pari-passu for the all the rights other than the par value of each share and the dividends thereon.

c. Shares held by holding company

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

Name of shareholder	**As at March 31, 2020**		**As at March 31, 2019**	
	No of shares held	**Amount**	**No of shares held**	**Amount**
GMR Hyderabad International Airport Limited and its nominees				
45,58,12,200 fully paid equity shares of Rs. 10 each	45,58,12,200	45,581.22	33,84,00,000	33,840.00
18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up	18,000	1,800.00	18,000	1,800.00
18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up	18,735	1.87	18,735	1.87

d.Details of shareholders holding more than 5% shares in the company

Name of shareholder	**As at March 31, 2020**		**As at March 31, 2019**	
	No of shares held	**% Holding in Class**	**No of shares held**	**% Holding in Class**
45,58,12,200 fully paid equity shares of Rs. 10 each				
GMR Hyderabad International Airport Limited and its nominees	45,58,12,200	100%	33,84,00,000	100%
18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up				
GMR Hyderabad International Airport Limited and its nominees	18,000	100%	-	-
18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up				
GMR Hyderabad International Airport Limited and its nominees	18,735	100%	-	-

As per records of the Company including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

(All amounts in ₹ lakhs except otherwise stated)

16. Other equity	**As at March 31, 2020**	**As at March 31, 2019**
(i) Equity component of related party loan		
As at April 01, 2019 / April 01, 2018	51.17	-
Add: Effect of common control transaction (Refer Note 1.1)	-	58.27
Less: Adjustment during the period	-	(7.10)
Closing Balance	**51.17**	**51.17**

(ii) Retained earnings	**As at March 31, 2020**	**As at March 31, 2019**
Opening Balance	(48,170.13)	(1,348.40)
Add: Effect of common control transaction (Refer Note 1.1)	-	(46,199.91)
Add: Profit/(Loss) for the year	1,637.07	(317.38)
Remeasurement (losses) on the defined benefit plans	(37.55)	(44.43)
Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1)	(107.73)	(215.46)
Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1)	(0.11)	(0.22)
Dividend distribution tax on CCCPS dividend	(22.17)	(44.33)
Closing Balance	**(46,700.62)**	**(48,170.13)**
(iii) Amalgamation Adjustment Deficit Account		
Opening balance	(1,089.16)	-
Add: Effect of common control transaction (Refer Note 1.1)	-	(1,089.16)
Closing balance	**(1,089.16)**	**(1,089.16)**
(iv) Share application money pending allotment	**-**	**1,000.00**
Total	**(47,738.61)**	**(48,208.12)**

16.1. Distributions made and proposed

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Cash dividends on CCCPS - Series A, and Series B declared and paid: (Refer Note below)		
Dividend on CCCPS (Series A) amount per share Rs. 1,197/-	107.73	215.46
Dividend on CCCPS (Series B) amount per share Rs. 1.197/-	0.11	0.22
Dividend distribution tax on above	22.17	44.33

Notes

During the year ended March 31, 2020:
The Board of Directors:
(a) At their meeting held on April 25, 2019 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for Quarter 4 of FY 2018-19.
(b) At their meeting held on July 24, 2019 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for Quarter 1 of FY 2019-20.
During the year ended March 31, 2019:
The Board of Directors:
(b) Through circular resolution dated April 12, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) Quarter 4 of FY 2017-18.

(c) At their meeting held on May 02, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the month of April of FY 2018-19.

(d) At their meeting held on July 30, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of May and June of FY 2018-19.
(e) Through circular resolution dated September 10, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of July and August of FY 2018-19.
(f) Through circular resolution on October 20, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of September and October of FY 2018-19.
(g) At their meeting held on January 24, 2019 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of November and December of FY 2018-19.

17. Borrowings

	Long Term		**Short Term**	
	As at March 31, 2020	**As at March 31, 2019**	**As at March 31, 2020**	**As at March 31, 2019**
Debentures				
Secured				
Redeemable Non Convertible Debentures	9,974.20	9,968.45	-	-
Unsecured				
Redeemable Non Convertible Debentures	17,454.86	17,444.84	-	-
Others				
Overdraft facility from bank	-	-	-	2,799.99
	27,429.06	**27,413.29**	**-**	**2,799.99**

Notes:(i) During the year ended March 31, 2018 the Company has issued 1,000 Senior, Rated, Listed, Secured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.

The Debentures are secured by:

(a) First pari-passu charge by way of equitable mortgage of leasehold rights of the land to the extent of 16.46 acres on which MRO facilities are constructed along with the buildings, structures, etc. on the land.

(b) First ranking pari-passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.

(c) First ranking pari-passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future of the Company.

(d) First ranking pari-passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.

(e) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.

(f) As per the Debenture Trust Deed dated October 04, 2017, Debenture Trustee (acting on the instruction of Majority Resolution) may permit the Company to create a charge on the Security in favour of lenders advancing Loan Equivalent Risk Facility("LER Facility") to the Company. The Security Interest created over the Security for securing the LER Facility shall be second charge and shall rank subservient to the charge of the Debenture Holders.

(g) Redeemable Non-Convertible debentures includes an adjustment of unamortised upfront fee paid of ₹ 25.80 lakhs as at March 31, 2020 (As at March 31, 2019: ₹ 31.55 lakhs).

(ii) During the year ended March 31, 2018 the Company issued 1750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.

The Debentures are secured by:

(a) First ranking pari passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.

(b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, of Issuer, present and future of the Company.

(c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.

(d) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.

(e) The Charge Created against Debt as per the Debenture Trust Deed dated October 04, 2017 in all respects, rank pari-passu inter se amongst the Debenture Holders and the Working capital lenders, without any preference or priority to one over the other or others. The Working Capital Facility to be availed, shall be in the form and substance, satisfactory to the debenture holders, shall not exceed an amount of ₹ 3,500 lakhs (Rupees Three Thousand Five Hundred Lakhs Only)

(f) Redeemable Non-Convertible debentures includes an adjustment of unamortised upfront fee paid of ₹ 45.14 lakhs as at March 31, 2020 (₹ 55.16 lakhs as at March 31, 2019)

(iii)The overdraft facility availed by the Company from Abu Dhabi Commercial Bank is repayable on demand and carries interest of FD rate plus 150bps, which is secured by fixed deposit placed with Abu Dhabi Commercial Bank as per the terms of sanction letter. The facility was closed during the current year.

(All amounts in ₹ lakhs except otherwise stated)

18. Lease Liabilities

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Lease liabilities	3,002.85	-	1,323.26	-
	3,002.85	**-**	**1,323.26**	**-**

19. Provisions

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits				
Provision for gratuity	80.05	99.76	-	-
Leave Encashment	-	-	386.25	310.76
Total	**80.05**	**99.76**	**386.25**	**310.76**

20. Trade payables

	Current	
	As at March 31, 2020	As at March 31, 2019
Trade Payables		
(i) Total Oustanding dues of micro enterprises and small enterprises	12.60	58.24
(ii) Total Oustanding dues of creditors other than micro enterprises and small enterprises		
(a) Trade payables to related parties	5,700.93	6,397.30
(b) Trade payables to others	3,763.49	3,353.00
	9,477.02	**9,808.54**

Based on and to the extent of information availble with the Company under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due to suppliers under MSMED Act, as at the end of the Year	12.60	58.24
(ii) Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

21. Other financial liabilities

	Current	
	As at March 31, 2020	As at March 31, 2019
Payables for purchase of fixed assets	78.11	355.75
Deposit from customers	71.88	54.29
Retention money	17.05	12.06
Interest Accrued but not due on borrowings	6.44	6.44
Other Payables	27.43	34.42
	200.91	**462.96**

22. Other current liabilities

	Current	
	As at March 31, 2020	As at March 31, 2019
Advances from customers	213.28	253.60
Others		
Stautory Liabilities	598.95	557.09
Unearned revenue	935.35	150.52
	1,747.58	**961.21**

(All amounts in ₹ lakhs except otherwise stated)

23. Revenue from operations	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Income from MRO operations		
Revenue from MRO Services	20,346.02	15,353.67
Income from cargo operations		
Cargo operations	8,748.14	8,976.05
Improvements to concession asset	371.78	566.24
Other operating revenue		
Document handling charges	100.08	77.25
Container handling charges	74.51	53.81
Rent	145.05	146.47
Parking income	37.07	36.61
	29,822.65	**25,210.10**

24. Other income	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Interest Income on		
- Bank Deposits	155.84	211.91
-Inter Corporate Deposit	232.86	56.08
-Loan	3.36	-
-Commercial Paper	210.64	-
-Tax refund	-	10.65
-Financial assets held at amortised cost	7.09	5.31
Fair value gain on financial instruments at fair value through profit or loss	24.38	3.50
Profit on sale of Mutual Funds	69.32	362.32
Gain on account of foreign exchange fluctuation (net)	350.15	60.14
Liabilities no longer required, written back	-	0.76
Other non operating income	40.94	58.41
Miscellaneous income	236.84	97.40
	1,331.42	**866.48**

Total interest income (calculated using the effective interest method) for financial assets that are not at fair value through profit and loss.

Particulars	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
In relation to financial assets classified at amortised cost	7.09	5.31
Total	**7.09**	**5.31**

25. Cost of stores and spare consumed	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Inventory at the beginning of the year	3,368.33	3,126.44
Add: Purchases	7,037.81	4,898.99
Less: Inventory written off	(26.25)	(33.26)
Less: Inventory at the end of the year	(4,325.30)	(3,368.33)
	6,054.59	**4,623.84**

(All amounts in ₹ lakhs except otherwise stated)

26. Employee benefit expenses	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Salaries, wages and bonus	7,119.27	5,758.20
Contribution to provident and other funds (Refer Note 33)	382.83	274.85
Gratuity expenses (Refer Note 33)	28.72	78.57
Staff welfare expenses	522.12	469.33
Total	**8,052.94**	**6,580.95**

27. Finance costs	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Interest on		
Cash Credit facility and overdraft facility from bank	116.72	239.53
Redeemable Non Convertible Debentures	2,367.00	2,366.95
Lease Liability	698.54	-
Financial liabilities held at amortized cost	-	2.44
Interest others	0.11	0.05
Bank and finance charges	49.15	56.36
	3,231.52	**2,665.33**

28. Depreciation and amortisation expenses	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Depreciation of property, plant and equipment (Refer Note 3)	1,493.58	1,383.89
Amortisation of intangible assets (Refer Note 4)	515.89	400.40
Amortisation on Right of use Assets (Refer Note 5)	752.82	-
	2,762.29	**1,784.29**

29. Other expenses	For the year ended March 31, 2020	For the year ended March 31, 2019
Rates and taxes	594.53	283.89
Concession fee	1,773.74	1,800.42
Technical fee	581.21	468.73
Cargo handling charges	477.34	380.29
Lease expenses	123.18	644.22
Concessionaire rent	33.04	598.39
Electricity and water charges (net of recoveries)	589.01	612.97
Equipment hire charges	81.36	63.04
Insurance	342.99	234.70
Repairs and Maintenance		
- Plant and machinery	213.09	198.36
- Buildings	59.57	119.43
- IT Systems	86.86	78.09
- Others	604.33	482.18
Sub-contracting expenses	153.82	91.58
Advertising and sales promotion	83.46	43.50
Travelling and conveyance	482.80	497.46
Communication expenses	57.48	48.12
Printing and stationery	42.83	29.70
Security expenses	167.61	255.59
House Keeping Charges	59.92	40.82
Business development expenses	209.58	111.47
Membership and Subscriptions	17.33	78.34
Corporate social responsibility expense	-	59.62
Legal and professional fees	1,014.92	635.04
Board meeting expenses	3.39	4.29
Payment to auditors *	31.77	31.39
Provision for doubtful receivable	42.57	20.33
Bad debts written off	27.55	-
Property, plant and equipment written off	105.42	6.35
Charity and Donations	770.00	1,501.00
Inventory written off	26.25	33.26
Miscellaneous expenses	141.04	171.00
	8,997.99	**9,623.57**

*net of reimbursements

Note: The Company has made a Donation to Prudent Electoral Trust (formerly known as Satya Electoral Trust) for political purpose amounting to Rs. 700.00 Lakhs (Rs. 1,500 Lakhs for March 31, 2019) during the year ended March 31, 2020.

Payment to auditors	For the year ended March 31, 2020	For the year ended March 31, 2019
Statutory audit fee	14.96	21.56
Other services	14.00	9.00
Reimbursement of expenses	2.81	0.83
	31.77	**31.39**

30. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Re-measurement (losses) on defined benefit plan	(50.74)	(54.43)
Deferred tax impact on above	13.19	10.00
	(37.55)	**(44.43)**

(All amounts in ₹ lakhs except otherwise stated)

31. Tax expenses

(a) Income tax expense:

The major components of income tax expenses For the year ended March 31, 2020 and year ended March 31, 2019 are:

(i) Profit or loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	-	574.50
Deferred tax	45.89	(24.76)
Total income tax expense recognised in statement of Profit & Loss	**45.89**	**549.74**

(ii) OCI

	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax effect on remeasurement of defined benefit plans	(13.19)	(10.00)
Income tax charge / (credit) to OCI	**(13.19)**	**(10.00)**

(All amounts in Indian Rupees Lakhs except otherwise stated)

17 Revenue from operations	GAT as at March 31, 2020	GHACLPL March 31, 2020	GAT (Non MRO) March 31, 2020	Consolidated Adjustments	Consolidated as at March 31, 2020
Income from cargo operations					
Cargo operations	-	8,749.49		-1.35	8,748.14
Improvements to concession asset	-	371.78		-	371.78
Income from MRO operations					
Revenue from Lease rentals	-			-	-
Revenue from MRO Services	20,346.02		-	-	20,346.02
Other operating revenue					
Document handling charges	-	100.08		-	100.08
Container handling charges	-	74.51		-	74.51
Rent	-	145.05		-	145.05
Parking income	-	37.07		-	37.07
Total	**20,346.02**	**9,477.98**	**-**	**-1.35**	**29,822.65**

18 Other income	GAT as at March 31, 2020	GHACLPL March 31, 2020	GAT (Non MRO) March 31, 2020	Consolidated Adjustments	Consolidated as at March 31, 2020
Liabilities no longer required, written back				-	-
Interest income on a loan to a subsidiary (refer note 29-III)		3.36		-	3.36
Interest on interest rate swap arrangement				-	-
Interest on bank deposits	20.90	134.94		-	155.84
Interest income on ICD		232.87		-	232.87
Interest income on Commercial Paper		210.64			210.64
Interest on tax refund					-
Finance income (including fair value change in financial instruments)				-	-
Gain on account of foreign exchange fluctuation (net)	353.78			-	353.78
Fair value gain on financial instruments at fair value through profit or loss		24.38			24.38
Profit on sale of Mutual Funds		69.32		-	69.32
Interest income on financial assets held at amortised cost	3.57	3.52		-	7.09
Foreign exchange written back				-	-
Other non operating income		40.94		-	40.94
Miscellaneous income	200.99	35.85		-	236.84
	579.24	**755.81**	**-**	**-**	**1,335.05**

19 Cost of stores and spares consumed	GAT as at March 31, 2020	GHACLPL March 31, 2020	GAT (Non MRO) March 31, 2020	Consolidated Adjustments	Consolidated as at March 31, 2020
Inventory at the beginning of the year	3,368.33	-		-	3,368.33
Add: Purchases	7,039.16	-		-1.35	7,037.81
	10,407.49	-	-	-1.35	10,406.14
Less: Inventory written off	26.25	-		-	26.25
Less: Inventory at the end of the year	4,325.30	-		-	4,325.30
Cost of stores and spares consumed	**6,055.94**	**-**	**-**	**-1.35**	**6,054.59**

20 Employee benefits expenses	GAT as at March 31, 2020	GHACLPL March 31, 2020	GAT (Non MRO) March 31, 2020	Consolidated Adjustments	Consolidated as at March 31, 2020
Salaries, wages and bonus	5,208.72	1,910.55	-	-	7,119.27
Contribution to provident and other fund	265.39	117.44		-	382.83
Gratuity expenses	62.35	-33.63		-	28.72
Staff welfare expenses	386.08	136.04		-	522.12
	5,922.54	**2,130.40**	**-**	**-**	**8,052.94**

1. Corporate information

GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited) ("the Company") is a 100% subsidiary of GMR Hyderabad International Airport Limited. The Company was incorporated on February 29, 2008 to carry out the business of Cargo handling at Rajiv Gandhi International Airport and Maintenance, Repair and Overhaul facility (MRO) of Aircrafts and allied services and to promote, plan, design, develop, operate, market, alter the MRO facility and all other related allied and ancillary activities but limited to maintenance of hangars and related workshops (also refer Note 1.1).

The Company has changed the name from GMR Aerospace Engineering Limited to GMR Air Cargo and Aerospace Engineering Limited w.e.f. September 25, 2019.

1.1 Composite Scheme of Arrangement (Merger)

a) The Board of Directors of the Company in their meeting held on December 10, 2018 has approved, subject to the required approvals, the Composite Scheme of Arrangement amongst GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL")(Transferor Company) and GMR Aero Technic Limited ("GATL")(Demerged company) and GMR Aerospace Engineering Limited("GAEL")(Transferee/Resulting Company) and their respective Shareholders and Creditors ("Scheme"), wherein GHACLPL will merge with GAEL and the Maintenance, Repair and Overhaul facility (MRO) Business of GATL will demerge into GAEL with an appointed date of April 01, 2018. The above scheme has received the approval of NCLT on July 26, 2019 and was thereafter filed with the Registrar of Companies on August 23, 2019.

The Company has given effect to the Scheme in the quarter ended September 2019 and since the above transaction results in a common control business combination the aforesaid mergers have been accounted under the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations.

Considering the requirements of Ind AS 103 - Business Combinations, the accounting for the transaction has been given effect retrospectively by the Company. Accordingly, the financial statements/information for the corresponding periods in 2018-19 have been restated to give effect of the above Scheme.

b) Salient features of the scheme are as follows:
Merger of GHACLPL with GAEL:

Pursuant to the Scheme, with effect from the Appointed Date and upon the Scheme becoming effective, a total of 9,19,12,200 equity shares of face value Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the equity shareholder of the Transferor Company holding 10,20,000 equity shares of face value of Rs.10/- (Rupees Ten Only) each therein, as on the Record Date in the Share Exchange Ratio of 90.11:1, a total of 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10,000/- (Rupees Ten Thousand Only) each of the Transferee Company to be issued to the 11.97% Series A CCCPS holder of the Transferor Company holding 18,000, 11.97% Series A CCCPS of Rs.10,000/- (Rupees Ten Thousand Only) each therein as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1, a total of 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the 11.97% Series B CCCPS holder of the Transferor Company holding 18,735, 11.97% Series B CCCPS of Rs.10/- (Rupees Ten Only) each as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1.

During the current year, the Company has allotted 91,912,200 equity shares of face value Rs. 10/-, 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10,000/- and 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10/- to GMR Hyderabad International Airport Limited ("GHIAL") towards the consideration other than in cash and the Share Capital Suspense account balance of Rs. 10,993.09 lakhs has been adjusted.

In accordance with the Scheme, the Company has acquired the business of Transferor Company (GHACLPL) on the appointment date (April 01, 2018) at book values as stated in the table below:

Particulars	Amount in Rs. Lakhs
Non-Current Assets	
Intangible assets	1,444.64
Intangible assets under development	118.30
Other Financial assets	31.34
Non-current tax assets (net)	1,362.05
Other non-current assets	371.93
Sub-total	**3,328.26**
Current Assets	
Investments	4,979.29
Trade Receivables	856.79
Cash and cash equivalents	1,400.44
Other bank balances	1,794.99
Other financial assets	38.84
Other current assets	89.40
Sub-total	**9,159.75**
Total Assets	**12,488.01**

Non-Current Liabilities	
Borrowings	30.74
Provisions	14.42
Deferred tax liabilities (net)	5.98
Sub-total	**51.14**
Current Liabilities	
Trade Payables	1,841.82
Other Financial liabilities	99.00
Provisions	92.54
Other current liabilities	441.31
Sub-total	**2,474.67**
Total Liabilities	**2,525.81**

Net assets (A)	**9,962.20**
Purchase consideration (B)	**10,993.09**
Excess of consideration over net assets acquired (A-B)	**(1,030.89)**

Adjusted as under:

Amalgamation Adjustment Deficit A/c	(1,089.16)
Equity component of interest free loan	58.27

Details as under:

Equity component of interest free loan	58.27
General reserve (net of Rs.1,327.74 lakhs) taken over	-
Retained earnings (net of Rs. 6,672.32 lakhs) taken over	-
Amalgamation Adjustment Deficit Account	(1,089.16)

Pursuant to Scheme, on merger the Authorised Share Capital has increased from ₹ 35,500 lakhs to ₹ 37,600 lakhs.

Demerger of Maintenance, Repair and Overhauling (MRO) business of GATL with GAEL:

No shares to be issued to the demerged entity since it was a wholly owned subsidiary of GAEL. The shares of the Demerged Company, to the extent of 2,49,00,000 equity shares of Rs.10 each, which reflect the Demerged undertaking (MRO) being demerged to the GAEL shall stand cancelled and the shares to the extent of 1,00,000 equity shares of Rs.10 each which represent the residual business shall continue in the books of the Demerged Company (GATL).

In accordance with the Scheme, the Company has acquired the Demerged undertaking (MRO) of the Demerged Company (GATL) on the appointment date (April 01, 2018) at book values as stated in the table below:

Particulars	Amount in Rs. Lakhs
Non-Current Assets	
Property, plant and equipment	2,456.74
Intangible assets	6.73
Other financial assets	33.96
Non-current tax assets	605.56
Other non-current assets	2.24
Sub-total	**3,105.23**
Current assets	
Inventories	3,126.44
Trade receivables	1,941.11
Cash and cash equivalents	222.81
Other financial assets	241.13
Current tax assets	172.68
Other current assets	233.17
Sub-total	**5,937.34**
Total Assets	**9,042.57**

Non-Current Liabilities	
Borrowings	20,330.20
Provisions	98.26
Sub-total	**20,428.46**
Current Liabilities	
Borrowings	2,799.93
Trade Payables	10,562.24
Other Financial liabilities	109.54
Derivative instruments	81.69
Provisions	147.49
Other current liabilities	814.31
Sub-total	**14,515.20**
Total Liabilities	**34,943.66**

Net assets/(liabilities) (A)	**(25,901.09)**
Cancellation of share capital of GATL (B)	**2,490.00**
Net assets/(liabilities) before eliminations (C=A-B)	**(28,391.09)**
Less: Eliminations on inter-company balances (D)	
Equity component of interest free loan	(13,806.82)
Reversal of deferred tax asset on above	(3,979.00)
Others	(23.00)
Net assets after eliminations (E=C-D)	**(46,199.91)**

Adjusted as under:

Retained earnings	(46,199.91)

2. Significant Accounting Policies

2.1 Basis of preparation and presentation:

(a) Statement of Compliance:

The Financial Statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), notified under the Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and other relevant provision of the Act.

(b) Basis of measurement:

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

2.2 Summary of Significant Accounting Policies

a) Use of estimates

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

b) Investment in Subsidiary

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

c) Current versus non-current classification

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

i) It is expected to be realised or intended to be sold or consumed in normal operating cycle,
ii) It is held primarily for the purpose of trading,
iii) It is expected to be realised within twelve months after the reporting period, or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

d) Foreign currencies

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

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

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

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

A fair value measurement of a non-financial asset takes in to 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 recognized 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 from Services:

MRO Business:
Revenue is recognised upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

Revenue relating to fixed price contracts is recognised based on percentage of completion method (POC method).

Unearned revenue is recognised when there are billings in excess of revenues.

Cargo Business Services:
Revenue is recognised to depict rendering of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Revenue is reduced for estimated rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised service to a customer.
The specific recognition criteria described below must also be met before revenue is recognised.

Income from services:
Revenue from outbound cargo is recognized for non-airline customers and airline customers at the time of departure of aircraft. Revenue from inbound cargo is recognized at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers. The Company collects indirect taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

"Income from the concession arrangements earned under the intangible asset model consists of :
(i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
(ii) payments actually received from the users."

Revenues and cost of improvements to concession assets :
In conformity with appendix D of Ind AS 115, the Company recognizes revenues and the associated costs of improvements to concession assets which it is obligated to perform at the airports as established by the concession agreement. Revenues represent the value of the exchange between the Company and the government with respect to the improvements, given that the Company constructs or provides improvements to the airports as obligated under the concession agreement and in exchange, the government grants the Company the right to obtain benefits for services provided using those assets. The Company has determined that its obligations as per the concession agreement should be considered to be a revenue earning activity as all expenditures incurred to fulfill the concession agreement are included in the maximum tariff it charges its customers and therefore it recognizes the revenue and expense in profit and loss when the expenditures are performed.

The cost for such additions and improvements to concession assets is based on actual costs incurred by the Company in the execution of the additions or improvements, considering the requirements in the concession agreement. The amount of revenues for these services is equal to the amount of costs incurred, as Company do not obtain any profit margin for these construction services. The amounts paid are set at market value.

Other operating revenue:
Other operating revenue includes income from ancillary revenue generating activities and is recognized based on the terms agreed with the customers when the services are rendered."

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.
For others, Interest income is recognized on a time proportion basis taking in to account the amount outstanding and the applicable interest rate. Interest income is included in other 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:
Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

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

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

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

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

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

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

h) Property, plant and equipment

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

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

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

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

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

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

The Company depreciates the building on leasehold land on straight line basis over the period of lease, i.e.27 years. For certain categories of buildings, accelerated depreciation has been provided over the life of 10-27 years.

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 Property, Plant and Equipment and, i.e., when the Company intends to use these during more than a period of 12 months.

i) Intangible assets

Service concession arrangements:

The Company constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix D to Ind AS 115 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Company receives a right (i.e. a concessionaire) to charge users of the public service. The financial model is used when the Company has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Company performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the service delivered, when the amount are separately identifiable.

GMR Hyderabad International Airport Limited (GHIAL) had entered into a Concession Agreement with Government of India, which gives GHIAL an exclusive right to design, finance, build, operate and maintain a world class, state of the art international airport at Shamshabad, Hyderabad, Telangana, India. The concession arrangement is a service concession arrangement under appendix D to Ind AS 115. Through the concession agreement, GHIAL has granted further concession to the Company along with sub-leasing of the part of cargo infrastructure facility to the Company and since the Company has a right to charge the users for the services and therefore, the same has been classified under Intangible assets model.

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

Other Intangible assets

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

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

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

j) Borrowing cost

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

k) Leases

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases". In respect of the transition to Ind AS 116 please refer Note 35.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is lessee

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Unaudited condensed interim Statement of Profit and Loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in unaudited condensed interim Statement of Profit and Loss.

Where the company is lessor

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 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.

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term.

l) Inventories

Stores and spares are valued at lower of cost and net realisable value. However stores and spares held for use in providing the service not written down below cost if services are expected to be provided at or above the cost. Cost is determined on a weighted average basis. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

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 group of assets.

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

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

n) Provisions, contingent liabilities and commitments

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

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent liability is disclosed in the case of:

• A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation

• A present obligation arising from past events, when no reliable estimate is possible
• A possible obligation arising from past events, unless the probability of outflow of resources is remote

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

o) Retirement and other employee benefits

(i) Defined contribution plans

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 and employee state insurance. The Company recognizes contribution payable to a defined contribution plan as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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

(ii) Defined benefit plans

For defined benefit plans in the form of gratuity fund administered under a scheme of the Life Insurance Corporation of India, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest) , is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset."
Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• remeasurement"

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.
The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(iii) Compensated absences

Accumulated leave, which is expected to be utilised within the next 12 months, 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.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. However, the Company presents the entire provision towards accumulated 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 based on the actuarial valuation using the projected unit credit method at the year-end.

p) Financial instruments

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

Financial assets

Initial recognition and measurement:

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

Subsequent measurement:

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

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

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

Debt instruments at amortised cost:

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

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

Debt instrument at FVTOCI:

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

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

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 recognized 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.

Derecognition:

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

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

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

Impairment of financial assets:

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

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables under Ind AS 116
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 116.

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

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

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

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

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

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

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

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

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

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

Financial liabilities

Initial recognition and measurement:

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

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

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

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

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

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

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

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

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

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

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

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

q) 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.

r) Earnings per share

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

Diluted earnings per share is computed by dividing the net profit after tax, adjusted for effects of dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares except where the results are anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

32. Earnings Per Share (EPS)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(loss) for the year	1,637.07	(317.38)
Less : Preference dividend and tax thereon	(260.01)	(260.01)
Profit/ (Loss) attributable to equity shareholders	1,377.06	(577.39)
Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted)*	449,196,080	426,797,132
Earnings Per Share (Basic and diluted) (face value of Rs. 10 each)**	0.31	(0.14)

*Adjustments have been made in respect of consideration other than in cash aggregating Rs. 10,993.09 lakhs to be discharged by issue of Equity shares of Rs. 9,191.22 lakhs and Compulsorily Convertible Cumulative Preference Shares of Rs. 1,801.87 lakhs (Refer Note 1.1).

** The conversion of compulsorily convertible cumulative preference shares, if made, would have the effect of increasing the profit per share and would therefore be anti-dilutive and hence, are ignored for the purpose of computing diluted earnings per share.

33. Employee benefits plan

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service.

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost (including past service cost)	24.77	75.48
Interest cost on benefit obligation	3.95	3.09
Net benefit expense	**28.72**	**78.57**

Balance sheet
Details of provision for gratuity

	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	(556.06)	(491.69)
Fair value of plan assets	476.01	391.93
Plan liability	**(80.05)**	**(99.76)**

a. Defined benefits plan: (MRO Division)

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for MRO business:

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

	March 31, 2020	March 31, 2019
Current service cost (including past service cost)	57.02	44.62
Interest cost on benefit obligation	5.33	4.42
Net benefit expense	**62.35**	**49.04**

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

Balance sheet
Details of provision for gratuity

	March 31, 2020	March 31, 2019
Present value of defined benefit obligation	(338.31)	(253.27)
Fair value of plan assets	193.84	163.47
Plan liability	**(144.47)**	**(89.80)**

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

	March 31, 2020	March 31, 2019
Opening defined benefit obligation	253.27	196.77
Interest cost	18.36	13.86
Current service cost (including past service cost)	57.02	44.62
Benefits paid	(23.27)	(28.49)
Actuarial loss on obligation	32.93	26.51
Closing defined benefit obligation	**338.31**	**253.27**

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

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	163.47	98.50
Expected return	13.03	9.47
Contributions by employer	39.32	80.37
Actuarial gain	1.30	3.62
Benefits paid	(23.28)	(28.49)
Closing fair value of plan assets	**193.84**	**163.47**

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

	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

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

	March 31, 2020	March 31, 2019
Discount rate	6.80%	7.60%
Salary escalation Rate	8.00%	8.00%
Withdrawal Rate	5.00%	5.00%

Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected Benefits payments for the year ending

Year ending	March 31, 2020
March 31, 2021	15.27
March 31, 2022	18.65
March 31, 2023	24.78
March 31, 2024	31.13
March 31, 2025	53.38
March 31, 2026 to March 31, 2030	330.38

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

If the discount rate increases (decreases) by 1%, the defined benefit obligations would decrease by Rs. 35.89 lakhs (increase by Rs. 42.84 lakhs) as of March 31, 2020.

If the expected salary growth increases (decreases) by 1%, the defined benefit obligations would increase by Rs. 29.77 lakhs (decrease by Rs. 28.43 lakhs) as of March 31, 2020.

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 benefits plan: (Air Cargo Division)

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for Cargo business

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

	March 31, 2020	**March 31, 2019**
Current service cost (including past service cost)	(32.25)	30.86
Interest cost on benefit obligation	(1.38)	(1.33)
Net benefit expense	**(33.63)**	**29.53**

Balance sheet
Details of provision for gratuity

	March 31, 2020	**March 31, 2019**
Present value of defined benefit obligation	217.75	238.42
Fair value of plan assets	282.17	228.46
Plan asset/ (liability)	**64.42**	**(9.96)**

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

	March 31, 2020	**March 31, 2019**
Opening defined benefit obligation	238.42	184.23
Interest cost	15.72	30.86
Current service cost (including past service cost)	(32.25)	12.68
Benefits paid	(21.09)	(17.94)
Net Actuarial losses on obligation for the period recognised under OCI	16.95	28.59
Closing defined benefit obligation	**217.75**	**238.42**

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

	March 31, 2020	**March 31, 2019**
Opening fair value of plan assets	228.46	169.81
Adjustment to opening fair value of plan asset	-	-
Return on plan assets excl. interest income	(2.17)	(2.96)
Interest income	17.10	14.02
Contributions by employer	59.87	65.53
Benefits paid	(21.09)	(17.94)
Closing fair value of plan assets	**282.17**	**228.46**

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

Net Defined Benefit Obligation recognised in Balance Sheet

	March 31, 2020	March 31, 2019
Defined Benefit Obligation	(217.75)	(238.42)
Fair value of Plan Assets	282.17	228.46
Net Defined Benefit Asset/ (Obligation)	**64.42**	**(9.96)**

Actuarial (gain) / loss on obligation:

	March 31, 2020	March 31, 2019
Experience loss/ (gain)	9.76	25.20
Financial loss/ (gain)	7.19	3.39
Total actuarial (gain) /loss	**16.95**	**28.59**

Amount recognised in other comprehensive income (OCI):

	March 31, 2020	March 31, 2019
Opening amount recognised in OCI	39.34	7.79
Remeasurement for the year - Obligation (gain)/loss	16.95	28.59
Return on Plan Assets excluding net interest	2.17	2.96
Closing amount recognised in OCI	**58.46**	**39.34**

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

	March 31, 2020	March 31, 2019
Discount rate	5.90%	6.90%
Salary escalation Rate	7.50%	7.50%
Withdrawal Rate	20.00%	20.00%

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

Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected Benefits payments for the year ending

Year ending	March 31, 2020	March 31, 2019
Within 1 year	50.58	43.48
1 - 2 year	58.00	45.16
2 - 3 year	46.29	56.28
3 - 4 year	44.69	49.80
4 - 5 year	47.02	51.56
5 - 10 years	205.14	231.29

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

(a) Effect of 1% change in assumed discount rate

	March 31, 2020	March 31, 2019
- 1% increase	(7.19)	(9.70)
- 1% decrease	7.74	10.57

(b) Effect of 1% change in assumed salary escalation rate

	March 31, 2020	March 31, 2019
- 1% increase	0.34	10.43
- 1% decrease	(0.31)	(9.76)

c. Defined contribution plan

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

	March 31, 2020	March 31, 2019
Contribution to Provident Fund	353.11	243.18
Contribution to Superannuation Fund	29.69	31.50
Contribution to ESI	35.23	46.39

d. Leave benefit liabilities provided based on actuarial valuation amounts to Rs. 386.25 lakhs as at March 31, 2020 (March 31, 2019: Rs. 310.76)

The actuarial assumptions (demographic & financial) employed for the calculations for MRO business as at March 31, 2020 and March 31, 2019 are as follows.

	March 31, 2020	March 31, 2019
Discount rate	6.80%	7.60%
Salary escalation rate	8.00%	8.00%
Withdrawal rate	5.00%	5.00%

The actuarial assumptions (demographic & financial) employed for the calculations for Cargo business as at March 31, 2020 and March 31, 2019 are as follows.

	March 31, 2020	March 31, 2019
Discount rate	5.90%	6.90%
Salary escalation rate	7.50%	7.50%
Withdrawal rate	20.00%	20.00%

34. Related Party Disclosures:

A. Names of related parties and description of relationship:

Sl. No	Relationship	Name of related party
(i)	Holding Company	GMR Hyderabad International Airport Limited (GHIAL)
(ii)	GHIAL's holding Company	GMR Airports Limited (GAL)
(iii)	GAL's holding Company	GMR Infrastructures Limited(GIL)
(iv)	Ultimate holding Company	GMR Enterprises Private Limited (formerly known as GMR Holdings Private Limited)
(v)	Subsidiary Company	GMR Aero Technic Limited (GATL)
(v)	Fellow Subsidiaries (Where transactions have taken place during the year).	GMR Hyderabad Aviation SEZ Limited (GHASL)
		Raxa Security Services Limited
		GMR Hospitality and Retail Limited
		Asia Pacific Flight Training Academy Limited (up to March 1, 2019)
		Delhi International Airport Limited
		GMR Airport Developers Limited
		GMR Infra Developers Limited
(vi)	Post-employment benefit plan	GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)
(vii)	Enterprises having significant influence (up to November 02, 2018)	Menzies Aviation Cargo (Hyderabad) Limited, Mauritius Menzies Aviation Plc (UK) Menzies Aviation (India) Private Limited

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

(viii)	Key Managerial personnel (KMP)	Mr. P. S. Nair –Director
		Mr. Rajesh Kumar Arora –Director
		Mr. Gopalakrishna Kishore Surey - Director, Chairman
		Mr. Buchisanyasi Raju Grandhi- Director (w.e.f. April 30, 2018)
		Mr. Abdul Rahman Harith Saif Al Busaidi-Independent Director (up to March 27, 2020)
		Mrs. Kavitha Gudapati- -Independent & Woman Director
		Mr. Ashok Gopinath – Chief Executive Officer (up to September 19, 2019)
		Mr. K Venkata Ramana – Chief Financial Officer
		Ms. Apeksha Naidu- Company Secretary (up to January 30, 2020)
		Mr. G. Chandrabushan-Manager (w.e.f. September 19,2019)
		Mr. N. C. Sarabeswaran (w.e.f March 29, 2020)
		Mr. Rakhal Panigrahi (w.e.f. June 04, 2020)

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

Details of Key Managerial Personnel	Remuneration		Sitting fees	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Mrs. Kavitha Gudapati	-	-	1.75	2.30
Mr. Abdul Rahman Harith Saif Al Busaidi	-	-	1.65	2.00
Mr. Ashok Gopinath	81.48	160.98	-	-
Mr.K.Venkata Ramana	80.58	66.89	-	-
Ms. Apeksha Naidu	5.57	5.48	-	-
Mr. Rakhal Panigrahi	1.49	-	-	
G. Chandra Bushan	12.96	-	-	
Total	**182.08**	**233.35**	**3.40**	**4.30**

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

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	**GMR Hyderabad International Airport Limited**		
	Allotment of share capital (Refer Not 1.1)	11,741.22	1,350.00
	Receipt of Share application money	1,550.00	1,850.00
	Lease Rentals and Other Related expense	9.07	10.34
	Corporate guarantee given in relation to Working capital facility	3,000.00	-
	Preference dividend paid	107.84	36.13
	Concessionaire rent	33.04	598.39
	Concessionaire fee	1,773.74	1,800.42
	Reimbursement of salary cost	214.74	189.24
	Deposits received back	10.00	10.00
	Repairs & Maintenance – Buildings	0.51	0.64
	Repairs and Maintenance - Plant and machinery	4.21	0.29
	Repairs & Maintenance – Others	6.18	4.83
	Training charges	0.50	0.20

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

	Reimbursement of property insurance	2.05	1.61
	Reimbursement of rates and taxes	20.84	20.84
	Royalty charges	43.39	18.82
	Capital work-in-progress	-	15.73
	Power and water charges	245.40	270.59
	Bank charges – Reimbursement	18.05	11.09
	Cargo Handling Charges	-	0.95
	Interest on security deposit - Unwinding of discount	3.52	4.18
	Amortization of prepaid expense - Unwinding of discount	-	5.46
	Travel and conveyance	7.51	3.26
	Communication – Telephone	10.15	2.45
	Audit Charges – Reimbursement	0.50	-
	Depreciation on ROU Assets	475.07	-
	Follow me Vehicle Charges	3.67	4.19
	Finance cost on Lease Liabilities	180.74	-
	Bank Guarantee commission	-	0.57
(b)	**GMR Hyderabad Aviation SEZ Limited**		
	Lease rental	-	553.41
	Interest on Lease Liability	514.61	-
	Lease rental – amortization of prepaid expense	-	3.14
	Depreciation on ROU Asset	253.33	-
	Interest on security deposit - Unwinding of discount	1.26	1.13
	Electricity and Water Charges	360.55	351.58
	Repairs and maintenance – Others	19.41	22.08
(c)	**GMR Airport Developers Limited**		
	Repairs and maintenance -IT	55.92	53.08
	Repairs and maintenance -Others	196.97	184.08
	Reimbursement of Software maintenance	12.60	-
	Reimbursement of manpower deputation	18.87	-
	Repairs & Maintenance – Buildings	-	7.76
	Capital work-in-progress	5.02	0.75
(d)	**GMR Hospitality and Retail Limited**		
	Lodging and food expenses (Travelling and conveyance)	31.85	18.99
	Purchase of Laptop	-	0.82
	Miscellaneous expenses	0.35	-
	Travelling and conveyance	-	0.35
	Marketing expense	0.58	-
	Income from Cargo operations	6.66	-
(e)	**Raxa Security Services Limited**		
	Security services	131.36	106.65
(f)	**Delhi International Airport Limited**		
	Royalty charges	13.77	-
	Electricity charges	0.42	-
	Interest on security deposit - Unwinding of discount	2.31	2.08
	Lease rental and other related expenses	57.70	56.70
(g)	**GMR Airports Limited**		
	Training charges	7.14	8.10
	Technical fees	581.21	-
	Reimbursement of Audit fees	16.29	116.68
(h)	**Asia Pacific Flight Training Academy Limited**		
	Revenue from operations	-	12.94
(k)	**Menzies Aviation Cargo (Hyderabad) Limited,**		

	Mauritius		
	Preference dividend paid	-	179.55
(k)	**Menzies Aviation Plc (UK)**		
	Technical fees	-	468.73
	Repairs & Maintenance – Others	-	32.52
	Communication expenses	-	10.26
	Bank charges – Reimbursement	-	5.45
(l)	**Menzies Aviation (India) Private Limited**		
	Unsecured loans repaid	-	50.00
	Interest on loan - Unwinding of discount and changes in the discount rate	-	2.44
(m)	**GMR Aero Technic Limited**		
	Deputation Charges	5.10	-
	Management Fees	50.01	-
(n)	**GMR Infra Developers Limited**		
	Loans given	1000.00	-
	Receipt of Loan given	1000.00	-
	Interest income on loans	3.36	-
(o)	**GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)**		
	Contribution to the Gratuity fund	59.87	65.54
	Administrative expenses for maintenance of Gratuity fund	-	0.86

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

B. **Outstanding balances at the end of the Year – Debit/(Credit):**

	Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(a)	**GMR Hyderabad International Airport Limited**		
	Share application money pending allotment	-	(1,000.00)
	Trade Payable	(247.42)	(587.72)
	Finance lease liability	(1,514.08)	-
	Right-of-use Leased Assets	1,409.62	-
	Security Deposit	29.30	35.78
	Corporate guarantee given in relation to Non-Convertible Debentures	-	27,500.00
	Corporate guarantee given in relation to Working capital facility	3,000.00	-
	Payables for purchase of Intangible Assets	-	(215.93)
	Prepaid expenses (Unwinding of discount and changes in discount rates)	-	21.85
	Prepaid expenses	3.91	20.01
(b)	**GMR Hyderabad Aviation SEZ Limited**		
	Security Deposit	12.26	11.00
	Prepaid Expenses	-	59.63
	Right of use Asset	2,078.96	-
	Lease Liability	(2,787.27)	-
	Trade Payables	(5,423.28)	(5,232.76)

(c)	**GMR Airport Developers Ltd**		
	Trade Payable	(77.54)	(116.29)
	Payable for purchase of Intangibles	(3.38)	(0.75)
(d)	**GMR Hospitality and Retail Limited**		
	Trade Payable	(18.21)	(2.39)
	Advances received from Customers	(0.40)	(0.60)
(e)	**Raxa Security services Limited**		
	Trade Payable	(18.07)	(15.96)
(f)	**GMR Airports Limited**		
	Trade Payable	(140.54)	-
(h)	**Delhi International Airport Ltd**		
	Security Deposit	24.97	22.66
	Advance to Suppliers	0.50	-
	Prepaid Expenses	-	2.19
	Trade Payable	(11.94)	(1.76)
(i)	**Asia Pacific Flight Training Academy Ltd**		
	Trade Receivables	-	4.69
(j)	**GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)**		
	Trade Payables	(0.87)	(1.56)
(m)	**GMR Aero Technic Limited**		
	Investment in equity shares	10	10
	Other payables	(27.41)	(34.42)

35. Leases:

The Company has adopted Ind AS 116 "Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach. Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for any related prepayments). As a result, the comparative information has not been restated. The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability.

Accordingly, on transition to Ind AS 116, the Company recognised the right-of-use assets of Rs. 8,059.44 lakhs and lease liabilities amounting of Rs. 7,964.42 lakhs. Consequent to the amendment of lease agreement with GMR Hyderabad Aviation SEZ Limited w.e.f December 01, 2019, remeasurement of lease liability has been carried out to reflect the revised lease rentals and the corresponding adjustment of Rs. 3,790.40 lakhs has been done to ROU. During the year ended March 31, 2020, the Company has recognised interest expense on leases amounting to Rs. 698.54 lakhs and depreciation on right-of-use assets amounting to Rs. 752.82 lakhs in these standalone financial statements.

The Company has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability. The Company has applied the below practical expedients:

i. The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".
ii. The Company has not applied the requirements of Ind AS 116 for leases of low value assets.
iii. The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
iv. The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

Impact of Ind AS 116 on the Statement of profit and loss account:

Particulars	For the year ended March 31, 2020
Interest on lease liability (Refer Note 27)	698.54
Amortisation on right of use assets (Refer Note 28)	752.82
Less: Lease rental expenses	(1051.87)
Impact on the statement of profit and loss account	**399.49**

36. Commitments and Contingencies

a) Capital and other commitment

i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 548.09 lakhs (March 31, 2019 – Rs. 415.08 lakhs)

b) Contingent Liabilities

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

ii. **Preference dividend**
As per the terms of issuance of Compulsory Convertible Cumulative Preference Shares (Series A and Series B), the Company shall pay preference dividends at a coupon rate of 11.97% on the paid up value of compulsorily convertible cumulative preference shares (Series A and Series B). In the absence of profits available for distribution, the Company has not declared preference dividend on Compulsorily Convertible Cumulative Preference Shares ("CCCPS") which is amounting to Rs. 161.76 lakhs and tax thereon for the quarter ended September 30, 2019, December 31, 2019 and March 31, 2020.

Other Litigations

(a) Custom officer's Salary

The Company accrued Customs officers' salaries stationed at Air Cargo Terminal based on debit notes raised by the Customs Department on GMR Hyderabad International Airport Limited (GHIAL) as the ultimate cost has to be borne by the custodian i.e. the Company. GHIAL filed a writ petition under Article 226 of the Constitution of India in the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised in previous years. GHIAL received an order from the Honorable High court of Andhra Pradesh (Single Judge), stating that the grounds on which the levy was made by Customs Department were wholly unsustainable and accordingly the Company had reversed the accrued customs cost amounting to Rs. 1,402.09 Lakhs for the period from March 23, 2008 to March 31, 2012.

Subsequent to the above order, the Customs Department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Honorable High Court of Andhra Pradesh passed an order for interim suspension of the said order passed by the Honorable Single Judge and the matter is pending. The Management, based on internal assessment, is confident that there is no financial impact of this interim suspension order and accordingly, no provision has been made in these Financial Statements.

(b) Income Tax Matters

(i) The Company had received assessment order during previous years for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 154.18 Lakhs (including interest of Rs 21.64 Lakhs), Rs. 272.51 Lakhs (including interest of Rs 69.52 Lakhs), Rs. 302.70 Lakhs (including interest of Rs.74.38 Lakhs) and Rs. 254.40 Lakhs (including interest of Rs 65.96 Lakhs) for the respective assessment years. The Company had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 154.18 Lakhs, Rs. 272.51 Lakhs, Rs. 302.70 Lakhs, and Rs. 254.40 Lakhs for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively under protest. During the previous years, the said appeals were dismissed by the

Commissioner of Income - Tax (Appeals), Hyderabad against which the Company had filed an appeal with the Income Tax Appellate Tribunal, Hyderabad.

During the FY 2016-17, the company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(ii) The Company had received an order during previous years for the assessment year 2013-14 and 2014-15 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to the Company has reduced by Rs. 418.47 Lakhs for A.Y. 2013-14 and Rs. 310.92 Lakhs for A.Y 2014-15. Aggrieved by the reduction in refund and the demand, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. The Company had received a favourable order from Commissioner of Income -Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the previous year, the company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2013-2014 and 2014-2015. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(iii) The Company has received an order during the previous years for the assessment year 2015-16 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, the Company filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 417.17 Lakhs for AY 2015-16. During the FY 2018-19, the department has issued a refund order advice stating that refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of Rs. 377.05 Lakhs. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(iv) During the previous year, the Company has received an order for the assessment year 2016-17 denying the deduction u/s 80-IA of the Income Tax Act, 1961 and as per the order there is a tax demand amounting to Rs. 16.47 Lakhs for AY 2016-17. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(v) During previous years, the Company has received an order from Deputy Commissioner of Income Tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 84.98 Lakhs. The Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad on May 5, 2015. During the current year, the company has received an order on January 06, 2020 dated December 13, 2019 partially allowing the expense. Aggrieved by the order, the Company has filed an appeal with the ITAT, Hyderabad for which matter is pending. However, based on an internal assessment, the Management is of the opinion that the said order is time barred and will not be sustainable under law.

(c) Service Tax

(i) The Company had rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which the Company had not paid service tax in view of the exemption available under cargo handling services. The Company had received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring the Company to show cause as to why the services rendered during March 2008 to June 2010 should not be classified under “Airport Services” and “Storage and Warehousing Services” (“Taxable Service”).

On May 3, 2013, the Company had received an order from Commissioner of Customs, Central Excise and Service tax. As per the said order, the commissioner had concurred with the departments view and classified the services of cargo handling for export cargo as Taxable Service. As a result of which, there was a demand levied of Rs. 188.64 Lakhs as service tax for the period March 2008 to June 2010 under Airport Services and Rs. 107.35 Lakhs as service tax for the period March 2008 to June 2010 on Storage and Warehousing Services along with applicable interest and penalty.

Subsequently, the Customs, Excise & Service Tax Appellate Tribunal (CESTAT) in its stay order dated October 25, 2013 has mentioned that X-ray Screening, Terminal Storage and Processing, Unitization and Demurrage would be incidental and ancillary in relation to cargo handling service. As a result, there shall be a waiver of pre deposit of the dues and stay against recovery during pendency of the appeal.
Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(ii) The Company has received a show cause notice from the Office of Commissioner (Audit) Central tax requiring the Company to show cause as to why CENVAT credit of Rs. 64.86 Lakhs along with applicable interest and penalty should not be reversed/demanded on certain exempted services. The Company has filed a reply to the Show Cause notice with the Office of Commissioner (Audit) Central tax on October 10, 2017. Personal hearing completed on March 27, 2018, AC has passed an order dated March 28, 2018 by disallowing Company demand, order received on April 9, 2018. As a result of which, there is a demand levied of Rs. 64.86 Lakhs as service tax along with penalty of Rs. 63.19 Lakhs. Further, the Company has filed an appeal against the order with Commissioner (Appeals), Central tax during the previous year. The Company has received an unfavorable order from Commissioner of Customs and Central Tax (Appeals), Hyderabad on November 12, 2018, directing the Additional Commissioner to recalculate the demand. Subsequently, the company has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019.
Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(iii) The Company has received a SCN No. 31/2019-20 dated July 23, 2019 along with corrigendum to SCN dated July 25, 2019 from DGGI (Directorate General of GST Intelligence) on following points:

(a) Non reversal of CENVAT Credit against sale of goods for Rs. 2.58 lakhs.

(b) Proposing disallowance of Export of Services on the ground that 'Place of supply' for MRO Services of Aircraft going out of India after being put to use India can't be said to be outside India. Hence it does not qualify 'Export of Service' and hence subject to Service Tax for Rs. 207.99 lakhs along with applicable interest and penalty.

The Company has filed a writ petition on August 21, 2019 and received interim relief on August 22, 2019 staying the proceedings. Department has filed its reply and requested for stay vacation. The company is in the process of filing rejoinder. Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(**iv)** The Company has received a SCN No. 04/2019-20/AC dated 19 July 2019 from Office of the Commissioner of Central Tax requiring the Company to show cause as to why service tax payable of Rs. 19.35 lakhs on recovery from the Employee on serving the Short Notice Period which is subject to Service Tax under declared service ' To tolerate an Act' u/s 66E (e.) of the Finance Act ,1994 should not be demanded under the provisions of Section 73 of Finance Act, 1994 along with interest under Section 75 and penalty under Section 78 of Finance Act , 1994.

The company has filed a written response on August 19, 2019. Personal hearing held on January 23, 2020 and waiting for the final order. On similar issue, Group Company has gone for appeal and got the favorable order. Hence Management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(d) Provident Fund

(i) During the previous year, the company has received an order from Regional PF Commissioner – I, Regional Office II, Hyderabad, regarding the payment of contributions to International Worker under Employees Provident Funds and Miscellaneous Provisions Act, 1952 demanding an amount of Rs. 14.26 Lakhs. The company has filed writ petition before the High Court of Telangana. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statements.

(ii) In lieu of the judgement of Hon'ble Supreme Court dated 28 February 2019 in relation to the provisions of Section 6 of the Employees Provident Fund Act 1952, all fixed payments/allowances shall be part of Basic Wages which are paid universally, necessarily and ordinarily to employees except variable payments. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether the interest and penalties may be assessed.

The Management have determined that on account of the practicality of application of the judgement and uncertainty with respect to retrospective applicability, the Company would be in a position to determine the liability if any only on receipt of further clarifications on the said judgement. The Company will take the necessary steps based on further clarifications on the above matters and accordingly is of the opinion that the amount cannot be reasonably estimated. However, as a matter of caution, the Company has made a provision on a prospective basis.

37. Net dividend remitted in foreign exchange

(a) Compulsorily Convertible Cumulative Preference Shares

Year of remittance (ending on)	March 31, 2020	March 31, 2019	
Period to which relates		April 01, 2018 to October 31, 2018	January 01, 2018 to March 31, 2018
Number of non-resident shareholders	-	1	1
Number of CCCPS (Series A) of nominal value Rs.10,000 per share held on which dividend was remitted	-	18,000	18,000
Amount remitted in USD	-	1,76,123	80,353
Amount remitted in Rs. Lakhs	-	125.69	53.87

38. Segment Reporting

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The Company has identified two reportable segments under Ind AS 108 as follows:

a) Maintenance, Repairs and Overhauling (MRO) and;
b) GMR Hyderabad Air Cargo (Air Cargo)

The Chief Operating Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the standalone financial statements.

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

	Segment Revenue		**Segment Profit**	
	For the year ended March 31, 2020	**For the year ended March 31, 2019**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
MRO	20,346.02	15,353.67	2,742.83	1301.99
Air Cargo	9,477.98	9,857.35	840.23	729.22
	29,824.00	**25,211.02**	**3,583.06**	**2,031.21**
Less: Inter segment	(1.35)	(0.92)	-	-
Total	**29,822.65**	**25,210.10**	**3,583.06**	**2,031.21**
Other income			1,331.42	866.48
Finance costs			(3,231.52)	(2,665.33)
Tax expense			(45.89)	(549.74)
Profit after tax			**1,637.07**	**(317.38)**

Segment assets and liabilities:

	As at March 31, 2020	**As at March 31, 2019**
Segment assets		
MRO	28,054.80	23,522.41
Air Cargo	8,191.70	12,175.07
Unallocable assets	9,846.22	2,784.00
Inter - segment	(2,801.26)	-
Total assets	**43,291.46**	**38,481.48**
Segment liabilities		
MRO	14,598.91	8,426.79
Air Cargo	4,420.27	3,206.44
Unallocable liabilities	27,429.06	30,213.28
Inter – segment	(2,801.26)	-
Total liabilities	**43,646.98**	**41,846.51**

Other segment information

	Depreciation and amortization		**Additions to non - current assets**	
	For the year ended March 31, 2020	**For the year ended March 31, 2019**	**For the year ended March 31, 2020 (Refer Note 35)**	**For the year ended March 31, 2019**
MRO	1,799.19	1,390.78	3,451.65	707.87
Air Cargo	963.10	393.51	2,319.27	486.32

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the standalone financial statements of the company as a whole.

39. Pursuant to notification G.S.R.574(E) dated August 16, 2019 issued by Ministry of Corporate Affairs, the Company being a listed entity is not required to create Debenture Redemption Reserve.

40. Taxation

a) In view of the brought-forward business losses of the Company, also considering the brought-forward losses of the demerged undertaking (MRO business) (refer Note 1.1), no provision for current tax has been made in these financial statements. The Company, post-merger, has filed the income tax return for the year ended March 31, 2019 on November 30, 2019. Pending assessment and on grounds of prudence, no adjustment has been made to the current tax provision for that financial year.

b) Matters relating to erstwhile GMR Hyderabad Air Cargo and Logistics Private Limited (GHACLPL) (Transferor company merged into the Company):

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

(ii) Minimum Alternate Tax (MAT) Credit entitlement (cumulative balance) claimed by the Company as per the income tax return filed for the FY 2018-19 on November 30, 2019 aggregating Rs. 3,701.03 lakhs has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

41. Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Industrial Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 36.25 Lakhs (March 31, 2019: Rs. 148.94 Lakhs). W.e.f. 1st July, 2019 vide AIC No.15/2019 dated 19th June, 2019, the collection of Passenger Service Fee (Security Component) is replaced with Aviation Security Fee (ASF). ASF will be collected and remitted by airlines to the National Aviation Security Fee Trust (NASFT). All expenses relating to CISF will be met through NASFT directly. Accordingly, based on the communication from Holding Company (GHIAL), the Company has discontinued recognition of salary provision of CISF personnel deputed at cargo terminal from 01st July, 2019. The Management is confident that there would be no additional liability other than the amount accrued in the books of account.

42. Pursuant to Composite Scheme of Arrangement ("Scheme") approved by NCLT (Refer Note 1.1) all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company ("GATL"), immediately before the demerger, become the liabilities of the Resulting Company ("GAEL"/"the Company") by virtue of the demerger. In view of the above and the Scheme being effective, 1,750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures of GATL are transferred to GMR Air Cargo and Aerospace Engineering Limited ("GACAEL") (formerly known as GMR Aerospace Engineering Limited – "GAEL") with same terms and conditions as they were issued. Subsequently, such transfer of debentures was updated on the Bombay Stock Exchange (BSE) on October 15, 2019 and on the National Stock Exchange (NSE) on November 26, 2019.

43. The Management has assessed impairment of the carrying value of the MRO (Maintenance, Repair and Overhauling) Division, which was acquired by the Company during the year, in terms of the Composite Scheme of Arrangement from GMR Aero Technic Limited, wholly-owned subsidiary of the Company. This acquisition was accounted as a common control transaction in terms of Ind AS 103 Appendix C (also refer Note 1.1). The assessment was done at Cash Generating Unit ("MRO CGU") level, which has past accumulated losses as at March 31, 2020. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations, which resulted in operating profits during the last 2 years.

Pursuant to the agreement entered by the GMR Group ("Group") dated February 20, 2020, the Group has executed a definitive agreement with Aeroports De Paris ("ADP") for acquisition of 49% stake by ADP in GMR Airports Limited (the holding company of GMR Hyderabad International Airport Limited, which is the holding company of the company) ("GAL") on fully diluted basis. In accordance with which the first tranche of the consideration has been received by the Group. The second tranche of the consideration is subject to regulatory approvals, lender consents and other approvals which are currently in progress and the Group Management is confident of obtaining the requisite approvals to achieve an expeditious closure of the transaction.

The MRO CGU is part of the Airports business. To assess whether the MRO CGU is impaired, the Management of the Company has reckoned the values attributed to MRO CGU which are higher than its carrying value, on the basis of an independent valuation of the Airport business carried out as part of entering the aforesaid agreement.

The Management has also assessed impairment of the carrying value of the MRO CGU consequent to the outbreak of the COVID19 pandemic. The Management has reviewed its business plans and the projections considering the COVID19 impact, and such future business plan, projections were approved by the Board of Directors of the Company. In view of the recent deal with ADP, key assumptions used by the management in impairment testing is cost of equity @ 16.5%.

The Management has also performed sensitivity analysis considering different scenarios to build in the uncertainties attached. Based on such valuation assessment done by the Management and approved by the Board of Directors, and other management initiatives as mentioned above, the Management is of the view that there is no impairment required in the value of MRO CGU as at March 31, 2020 in these Financial Statements.

44. As at March 31, 2020, the Company has accumulated losses (including amalgamation adjustment deficit account) of Rs. 47,789.78 lakhs (as at March 31, 2019 is Rs 49,259.29 lakhs) and its net-worth has been fully eroded. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations including the composite scheme of arrangement (Refer Note 1.1 above). In the current year, the Company has made a Profit for the year and based on the business plans for the coming year including the cash flow projections, it has sufficient future cash flows to meet its liabilities as and when they fall due. The credit rating for the Company's NCD program has been confirmed by ICRA Limited with letter dated April 09, 2020 as [ICRA]AA(CE) (placed on watch with negative implications).

In view of the Management there is no significant uncertainty on the going concern assumption and that the Company will have positive net worth in the coming years.

Additionally, GMR Hyderabad International Airport Limited ("GHIAL") has confirmed its continuous financial support to the Company to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. During the year ended March 31, 2020, Company has allotted shares of Rs 2,550 lakhs to GHIAL for consideration in cash.

Accordingly, these Standalone Financial Statements have been prepared on Going Concern basis and do not include any adjustments relating to the recoverability of assets or the amounts of liabilities that may be necessary if the entity is unable to continue as a going concern.

45. Financial risk management objectives and policies

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

The Company 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

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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, equity risk, commodity risk and demand risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at March 31, 2020.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2020.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity; provisions.

The following assumption have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020.

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.

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

Particulars	**March 31, 2020**	**March 31, 2019 (Refer Note 1.1)**
Redeemable Non-Convertible Debentures	27,500.00	27,500.00
	27,500.00	**27,500.00**

Interest rate sensitivity

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

	Increase/decrease in Interest rate	**Effect on profit before tax**
As at March 31, 2020*		
Unsecured Overdraft facility from bank	+0.50%	-
Unsecured Overdraft facility from bank	- 0.50%	-

	Increase/decrease in Interest rate	**Effect on profit before tax**
As at March 31, 2019		
Unsecured Overdraft facility from bank	+0.50%	(14.00)
Unsecured Overdraft facility from bank	- 0.50%	14.00

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.

* The overdraft facility availed by the Company from Abu Dhabi Commercial Bank was closed during the current year March 31, 2020.

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

Particulars	Currencies Exposure	As at March 31, 2020	
		Amount in Foreign currency	Rs in Lakhs
Trade payables	USD	620,195	467.54
	EURO	6,572	5.46
	SGD	10,970	5.40
	GBP	816	0.76
Trade receivables	USD	6,247,009	4,709.31
Cash and cash equivalent	USD	971,797	732.60
Unbilled revenue	USD	831,038	626.52
Payable for purchase of fixed assets	EURO	51,030	42.38

Particulars	Currencies Exposure	As at March,2019	
		Amount in foreign currency	Rs in Lakhs
Trade payables	USD	10,82,089	745.21
	EURO	8,667	6.73
	GBP	160	0.14
Trade receivables	USD	59,34,733	4,105.06
Cash and cash equivalent	USD	10,843	7.50
Deposit from customers	USD	1,500	0.93
Unbilled revenue	USD	5,49,312	379.96
Payable for purchase of fixed assets	USD	90,734	63.25

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and other foreign currencies against company's functional currency. 5% represents the sensitivity rate used when reporting foreign currency risk internally to the key managerial personnel and represents management's assessment of the reasonably possible change in the foreign exchange rates. The sensitivity analysis considers only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rate.

As at March 31, 2020 , A positive number below indicates an increase in profit when the functional currency weakening against the USD and when functional currency weakening for other foreign currencies. For a 5 % strengthening of functional currency against USD and other foreign currencies, there would be a comparable opposite impact on the profit.

	March 31, 2020	March 31, 2019
Particulars	**Impact on profit after tax**	**Impact on profit after tax**
USD Sensitivity		
INR/USD- Increase by 5%	280.04	184.16
INR/USD- Decrease by 5%	(280.04)	(184.16)

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

EURO Sensitivity		
INR/EURO-Increase by 5%	(2.39)	(0.34)
INR/EURO- Decrease by 5%	2.39	0.34
GBP sensitivity		
INR/GBP-Increase by 5%	(0.04)	(0.01)
INR/GBP- Decrease by 5%	0.04	0.01
SGD sensitivity		
INR/SGD-Increase by 5%	(0.27)	-
INR/SGD- Decrease by 5%	0.27	-

Liquidity risk

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

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

Year ended March 31, 2020	Up to 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Redeemable Non-Convertible Debentures and interest there on	2,348.03	35,771.25	-	38,119.28
Trade payables	9,477.02	-	-	9,477.02
Leases	817.84	2,157.41	4,603.29	7,578.54
Other financial liabilities	200.91	-	-	200.91

Year ended March 31, 2019	Up to 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Redeemable Non-Convertible Debentures and interest there on	2,351.25	9,405.00	28,714.27	40,470.52
Overdraft facility from a bank	2,799.99	-	-	2,799.99
Trade payables	9,808.54	-	-	9,808.54
Other financial liabilities	462.96	-	-	462.96

Credit Risk

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

Trade receivables

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

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

Excessive risk Concentration

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

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

In order to avoid excessive concentrations of risk, the Company is trying to expand the customer base from Middle East and SAARC countries. Also additional revenue stream is in the pipeline i.e., from line maintenance.

46. Capital management

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

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

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

The following table summarises the capital of the Company:

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Borrowings	27,429.06	30,213.28
Cash and cash equivalents (including other bank balance)	(1,865.72)	(4,028.96)
Net debt	**25,563.34**	**26,184.32**
Equity	(355.52)	(3,375.03)
Net debt to Equity ratio	(71.90)	(7.76)

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020.

47. 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.

	Fair Value	**Carrying value**	**Fair Value**	**Carrying value**
	March 31, 2020	**March 31, 2020**	**March 31, 2019**	**March 31, 2019**
Financial assets				
Valued at cost				
Investments	10.00	10.00	10.00	10.00
Valued at fair value through profit and loss				
Investments	1,414.38	1,414.38	301.56	301.56
Valued at amortized cost				
Investments	4,964.11	4,964.11	-	-
Trade receivable	5,358.99	5,358.98	4,507.07	4,507.07
Other financial assets	1,058.49	1,058.49	972.82	972.82
Cash and cash equivalent and other bank	1,865.72	1,865.72	4,028.96	4,028.96

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

balances				
Financial assets – Loans	-	-	5,000.00	5,000.00
Total Financial Assets	**14,671.69**	**14,671.69**	**14,820.41**	**14,820.41**
Financial liabilities				
Valued at amortized cost				
Borrowings	27,429.06	27,429.06	30,213.28	30,213.28
Trade payables	9,477.02	9,477.02	9,808.54	9,808.54
Leases	4,326.11	4,326.11	-	-
Other financial liabilities	200.91	200.91	462.96	462.96
Total Financial Liabilities	**41,433.10**	**41,433.10**	**40,484.78**	**40,484.78**

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.
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.

48. 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 as at March 31, 2020

Particulars	Date of valuation	Total	Quoted prices in active market# (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments held at fair value through profit and loss	March 31, 2020	1,414.38	1,414.38	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019

Particulars	Date of valuation	Total	Quoted prices in active market# (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments held at fair value through profit and loss	March 31, 2019	301.56	301.56	-	-

There have been no transfers between Level 1 and Level 2 during the year ending March 31, 2020 & March 31, 2019.
#The mutual funds are valued using the closing NAV.

49. As the world faces one of its biggest challenge caused by the COVID-19 related disruptions, the country wide lockdown enforced from March 25, 2020 had temporarily impacted the Company's operations. The Maintenance, Repair and Overhaul (MRO) business and Air Cargo business remains relatively less affected from demand point of view as MRO demand increased due to downtime of aircrafts, and air cargo business was classified as essential services. The Company had to face some issues related to non-availability of manpower and supply chain disruptions to cater to such demand. Presently, the Company has resumed the operations and are adhering to strict safety measures and Government guidelines.

The Company has considered the possible effects that may result from the pandemic while assessing the recoverability of carrying values of assets/CGUs and also in estimating future cash flows. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information, to the extent relevant. In terms of the impact of COVID19 on impairment assessment of the MRO CGU, the Management has concluded that no impairment is required, refer Note 43 for details.

Additionally, in respect of going concern assessment the Management has determined that there are no material uncertainties exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, refer Note 44 for details.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these Financial Statements and the Company will continue to closely monitor any material changes to future economic conditions.

50. Use of estimates and judgement

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

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

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

(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:

Service Concession Arrangements -

Management has assessed applicability of Appendix D to Ind AS 115 – "Service Concession Arrangements" to operations and maintenance agreements entered into by the Company for provisioning of cargo services at Hyderabad Airport. In assessing the applicability, management has exercised significant judgement in relation to the underlying ownership of the assets, terms of the arrangement entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meets the criteria for recognition as service concession arrangements.

(B) ESTIMATES AND ASSUMPTIONS

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

Impairment of Cash Generating Unit (CGU):

The Company reviews its carrying value of CGU, annually, or more frequently when there is an indication for impairment. For the purpose of impairment testing, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets for assessing the value in use. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell (also refer note 43 above).

Income tax and Deferred Tax

Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/recovered for uncertain tax provisions. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that sufficient future taxable profit will be available against which those deductible temporary difference can be utilized.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan 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.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

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 Discounting cash flow 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.

Useful lives of property, plant and equipment

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

Provision for doubtful receivables

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

Other estimates

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

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited
(formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora	**SGK Kishore**
Director	Director
DIN : 03174536	DIN : 02916539
K Venkata Ramana	**Rakhal Panigrahi**
Chief Financial Officer	Company Secretary
	M.No. ACS39622

Place: Hyderabad
Date: June 04, 2020

INDEPENDENT AUDITOR'S REPORT
To The Members of GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED
(formerly known as GMR Aerospace Engineering Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED** (formerly known as GMR Aerospace Engineering Limited) ("the Parent") and its subsidiary, (the Parent and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income , their consolidated cash flows and their consolidated changes in equity for the year ended on that date

Basis for opinion:

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Assessment of impairment in the carrying value of the Maintenance, Repair and Overhauling division (MRO) – Cash Generating Unit ("MRO CGU")** At each reporting period, the Group assesses the carrying value of CGU to determine whether there is any indication that the MRO CGU has suffered an impairment loss. If any indication exists, the Group estimates the recoverable amount. As indicated in Note 43 of consolidated financial statements, owing to the past accumulated losses of the MRO CGU and the occurrence of the COVID-19 pandemic, the Management has assessed the impairment of the carrying value of the MRO CGU as at March 31, 2020. Basis ADP deal, the Management has determined the recoverable amount of MRO CGU. Additionally, the Management has used value-in-use approach and has applied significant judgements, assumptions related to capacity utilisation, revenue growth, margins and selection of discount rates. We have identified the estimation of the recoverable amount of MRO CGU as a key audit matter because these assumptions are of particular importance due to the level of uncertainties and the judgments involved, thus changes in these assumptions could have a significant impact on the recoverable amount of MRO CGU.	In response to this key matter, the following principal audit procedures are performed: • Evaluated the design and implementation and operating effectiveness of internal controls relating to the Management's assessment of the impairment workings of MRO CGU. • Assessed the reasonableness of the key business assumptions such as capacity utilisation, revenue growth rate and margins by understanding the Management's plan and by performing retrospective testing. • Assessed the reasonableness of the valuation model using market assumptions namely the discount rate adopted for the valuation with the assistance of our internal valuation experts (including for COVID19 impact). • Performed sensitivity analysis around the key assumptions, and stress-tested for various scenarios (considering COVID19 impact) to determine if any changes to key assumptions would impact the recoverable amounts. • In respect of the agreement between GMR Group and ADP, discussed with the Management and GMR Group to understand the implications insofar as the MRO CGU is concerned. Verified certain key terms of the agreement/documents in public domain. Compared and correlated the value attributed to the MRO CGU with the carrying value, to determine if there is impairment. • In respect of COVID-19 impact, performed corroborative enquiries with the Management to understand the impact and how this affected the projections. • We have assessed the disclosures made by the Company in relation to this matter. • The results of impairment testing were also approved by the Board of Directors.
2	**Accounting of Business combination:** As indicated in Note 1.1 of Consolidated Financial Statements, the Composite Scheme of Arrangement amongst GMR	In response to this key matter, the following principal audit procedures are performed: • Inspected the approval of the Composite Scheme of Arrangement ("the scheme"), the approval given by NCLT and documents filed with Registrar of Companies.

	Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL")(Transferor Company) and GMR Aerospace Engineering Limited("GAEL")(Transferee / Resulting Company) and their respective Shareholders and Creditors ("the Scheme"), wherein GHACLPL will merge with GAEL with an appointed date of April 01, 2018 received the approval of NCLT on July 26, 2019 and was thereafter filed with the Registrar of Companies on August 23, 2019. The Company has given effect to the common control business combination scheme as mentioned above. The aforesaid merger has been accounted under the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations. Considering the requirements of Ind AS 103 - Business Combinations, the accounting for the transaction has been given effect retrospectively by the Company. Accordingly, the consolidated financial statements for the corresponding periods in 2018-19 have been restated to give effect of the above Scheme. We have determined this to be a key audit matter due to the significance of the transaction and its material impact on the consolidated financial statements.	• Assessed the accounting treatment of the business combination and whether the requirements of applying 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations were complied. • Obtained the audited balances of the Transferor Company as at April 1, 2018 and compared them with those considered for the purposes of accounting for the merger business combination. Checked the accuracy of such adjustments made. • Checked the intercompany balances and transactions between companies involved in the scheme to assess the accuracy and completeness of the elimination adjustments; • Examined the disclosures in Notes 1.1 of the consolidated financial statements for adequacy and appropriateness, including disclosures of the impact of restatement of prior year figures.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the consolidated financial statements and our auditor's report thereon. The Board's report is expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the Board's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section

143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

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

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matter

Due to the COVID-19 related lock-down restrictions, we were not able to physically observe the stock verification that was carried out by management. Consequently, we have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Consolidated Financial Statements.

Our opinion on the Consolidated Financial Statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Company and the report of the statutory auditors of the subsidiary company, none of the directors of the Group company incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” which is based on the auditors’ reports of the Parent, subsidiary company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

   ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company, and its subsidiary companies.

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

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN: 20209354AAAAII4823

Place: Hyderabad
Date : July 20, 2020

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED** (formerly known as GMR Aerospace Engineering Limited) (hereinafter referred to as "the Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(F.R.N No.117366W/W- 100018)

Sumit Trivedi
(Partner)
(Membership No. 209354)
UDIN: 20209354AAAAII4823

Place: Hyderabad
Date: July 20, 2020

GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Consolidated Balance sheet as at March 31, 2020
(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at March 31, 2020 (Refer Note 1.1)	As at March 31, 2019 (Refer Note 1.1)
Assets			
Non-current assets			
Property, plant and equipment	3	14,307.65	15,035.06
Right-of-use assets	5	3,516.22	-
Other intangible assets	4	1,610.96	1,683.20
Intangible assets under development	6	121.23	121.54
Financial assets			
Other financial Assets	7(b)	111.75	113.81
Deferred tax asset (net)	8	0.35	32.70
Non-current tax assets (net)	9	3,296.14	2,299.76
Other non-current assets	10	684.33	496.58
		23,648.63	**19,782.65**
Current assets			
Inventories	11	4,325.30	3,368.33
Financial assets			
Investments	7(a)	6,378.49	301.56
Trade receivables	12	5,382.07	4,507.07
Cash and cash equivalents	13(a)	1,362.39	554.96
Bank balances other than cash and cash equivalents	13(b)	503.33	3,474.00
Loans	14	-	5,000.00
Other financial assets	7(b)	946.74	859.01
Current tax assets	9	170.64	172.68
Other current assets	10	607.15	453.84
		19,676.11	**18,691.45**
Total assets		**43,324.74**	**38,474.10**
Equity and liabilities			
Equity			
Share capital	15	47,383.09	33,840.00
Share Capital suspense	1.1	-	10,993.09
Other equity	16	(47,705.93)	(48,181.08)
Total Equity		**(322.84)**	**(3,347.99)**
Non-current liabilities			
Financial Liabilities			
Long term Borrowings	17	27,429.06	27,413.29
Lease Liabilities	18	3,002.85	-
Provisions	19	80.05	99.76
		30,511.96	**27,513.05**
Current liabilities			
Financial Liabilities			
Short-term Borrowings	17	-	2,799.99
Trade payables	20		
(i) total outstanding dues of micro enterprises and small enterprises		12.60	58.24
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		9,468.59	9,750.30
Lease Liabilities	18	1,323.26	-
Other financial liabilities	21	173.50	428.54
Provisions	19	386.25	310.76
Other current liabilities	22	1,771.42	961.21
		13,135.62	**14,309.04**
Total equity and liabilities		**43,324.74**	**38,474.10**
Corporate information and significant accounting policies	**1&2**		

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place : Hyderabad
Date : July 20, 2020

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora	**SGK Kishore**
Director	Director
DIN : 03174536	DIN : 02916539
K Venkata Ramana	**Rakhal Panigrahi**
Chief Financial Officer	Company Secretary
	M.No. ACS39622

Place : Hyderabad
Date : July 20, 2020

GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Consolidated Statement of profit and loss for the year ended March 31, 2020
(All amounts in ₹ Lakhs except otherwise stated)

		Notes	For the year ended March 31, 2020 (Refer Note 1.1)	For the year ended March 31, 2019 (Refer Note 1.1)
I.	**Revenue**			
	Revenue from operations	23	29,920.80	25,221.71
	Other income	24	1,282.23	866.48
	Total Revenue		**31,203.03**	**26,088.19**
II.	**Expenses**			
	Operations and maintenance expenses		371.78	566.24
	Cost of stores and spares consumed	25	6,054.59	4,623.84
	Employee benefits expense	26	8,087.23	6,591.16
	Finance costs	27	3,231.52	2,665.33
	Depreciation and amortization expenses	28	2,763.11	1,785.21
	Other expenses	29	9,004.63	9,623.56
	Total Expenses		**29,512.86**	**25,855.34**
III.	**Profit before Tax [(I) - (II)]**		**1,690.17**	**232.85**
IV.	**Tax expenses**	31		
	Current tax		1.92	574.50
	Deferred tax		45.54	(24.76)
			47.46	**549.74**
V.	**Profit/(Loss) for the year (III-IV)**		**1,642.71**	**(316.89)**
VI.	**Other comprehensive income**			
	Items that will not be reclassified to Profit and Loss			
	Re-measurement (losses) on defined benefit plan	30	(50.74)	(54.43)
	Deferred tax impact on Re-measurement (losses) on defined benefit plan	31	13.19	10.00
	Total other comprehensive loss		(37.55)	(44.43)
VII.	**Total comprehensive income/(loss) for the year (V + VI)**		**1,605.16**	**(361.32)**
	Earnings per equity share of par value of Rs.10 each :			
	Basic and diluted (Rs. Per share)	32	0.31	(0.14)
	Corporate information and significant accounting policies	**1&2**		

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place : Hyderabad
Date : July 20, 2020

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Rakhal Panigrahi
Company Secretary
M.No. ACS39622

Place : Hyderabad
Date : July 20, 2020

GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Consolidated Statement of Cash Flows for the year ended March 31, 2020
(All amounts in ₹ Lakhs ,unless otherwise stated)

	For the year ended March 31, 2020 (Refer Note 1.1)	For the year ended March 31, 2019 (Refer Note 1.1)
Cash flow from operating activities		
Profit before tax	1,690.17	232.85
Adjustments for		
Depreciation and amortization expense	2,763.11	1,785.21
Unrealized foreign exchange gain	(296.91)	102.85
Liabilities no longer required,written back	-	(0.76)
Interest income	(602.70)	(278.64)
Inventory written off	26.25	33.26
Property, plant and equipment written off	105.42	6.35
Income from mutual funds	(69.32)	(362.32)
Finance income on financial assets and fair value (gain)/loss on financial instruments at FVTPL	(26.13)	1.96
Provision for doubtful receivables	42.57	20.33
Bad debts written off	27.55	-
Gain on sale of Property, plant and equipment/Other intangible assets (net)	(4.07)	(5.03)
Finance costs	3,231.52	2,665.33
Operating Profit before working capital changes	**6,887.46**	**4,201.39**
Changes in working capital		
(Decrease)/Increase in trade payables	(346.57)	1,750.99
Increase in other financial liabilities and other liabilities	832.81	91.34
Increase in provisions	69.46	3.38
(Increase) in trade receivables	(645.34)	(1,827.41)
(Increase) in inventories	(983.22)	(275.15)
(Increase) in other financial assets and other assets	(372.89)	(782.24)
Cash from operations	**5,441.71**	**3,162.30**
Direct taxes paid	**(996.26)**	**(865.28)**
Net cash flow from operating activities (A)	**4,445.45**	**2,297.02**
Cash flows from investing activities		
Interest income received	474.01	218.82
Proceeds from sale of Property, plant and equipment/Other intangible assets (net)	4.45	5.03
Purchase of Property, plant and equipment including CWIP and capital advances	(1,858.93)	(939.02)
Investment in Inter Corporate Deposit	-	(5,000.00)
Redemption/maturity of Inter Corporate Deposit	5,000.00	-
Loan given	(1,000.00)	-
Receipt of loan given	1,000.00	-
Investment in Commercial Paper	(34,778.59)	-
Maturity of Commercial Paper	30,000.00	-
Purchase of current investments	(3,600.00)	(2,000.02)
Redemption of current investments	2,580.88	7,041.50
Investments in bank deposits (having original maturity of more than three months)	(498.33)	(6,468.77)
Redemption/maturity of bank deposits (having original maturity of more than three months)	3,469.00	4,789.76
Net cash flow from/ (used in) investing activities (B)	**792.49**	**(2,352.70)**
Cash flows from financing activities		
Proceeds from issue of share capital (including share application money)	1,550.00	1,850.00
Repayment of long-term borrowings	-	(50.00)
Payment of Lease liability	(365.67)	-
Dividends on equity and preference shares paid (including dividend distribution taxes)	(130.01)	(260.01)
(Repayment)/Proceeds from short-term borrowings	(2,799.99)	0.06
Finance cost paid (including interest towards lease liabilities)	(2,701.17)	(2,647.19)
Net cash flow (used in) financing activities (C)	**(4,446.84)**	**(1,107.14)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**791.10**	**(1,162.82)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	16.33	-
Cash and cash equivalents at the beginning of the year	554.96	317.34
Add: Effect of common control transaction (Refer Note 1.1)	-	1,400.44
Cash and cash equivalents at the end of the year (see note below)	**1,362.39**	**554.96**
Components of cash and cash equivalents		
Cash in hand	1.82	2.12
Cheques on hand	-	97.74
With banks - on current accounts	425.97	443.07
With banks - on escrow accounts	2.00	2.00
Exchange earners foreign currency account	732.60	7.50
Balances in cash credit account	-	2.53
Deposits with maturity for less than 3 months	200.00	-
Total cash and cash equivalents	**1,362.39**	**554.96**

Reconciliation of liabilities from financing activities for the year ended March 31, 2020:

Particulars	As at March 31, 2019	Proceeds /Impact of Ind AS 116	Repayment	Fair value changes & Other Adjustments#	As at March 31, 2020
Borrowings	30,213.28	-	(2,799.99)	15.77	27,429.06
Lease liabilities	-	7,964.42	(365.67)	(3,272.64)	4,326.11
Total liabilities from financing activities	**30,213.28**	**7,964.42**	**(3,165.66)**	**(3,256.87)**	**31,755.17**

includes adjustment on account of lease modification (Refer Note 35)

Reconciliation of liabilities from financing activities for the year ended March 31, 2019:

Particulars	As at March 31, 2018	Effect of common control transaction (Refer Note 1.1)	Proceeds*	Repayment	Fair value changes	As at March 31, 2019
Borrowings	30,197.52	36.56	0.06	(50.00)	29.14	30,213.28
Total liabilities from financing activities	**30,197.52**	**36.56**	**0.06**	**(50.00)**	**29.14**	**30,213.28**

* Short term borrowings (net) represents net of amounts received and payments made.

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place: Hyderabad
Date : July 20, 2020

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited (Formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Rakhal Panigrahi
Company Secretary
M.No. ACS39622

Place: Hyderabad
Date : July 20, 2020

GMR Air Cargo And Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited)
CIN: U45201TG2008PLC067141
Consolidated Statement of Changes in Equity for the year ended March 31, 2020
(All amounts are in ₹ lakhs, unless otherwise stated)

A. Share Capital:

	No. of shares	Rs. in lakhs
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 01, 2018	**32,49,00,000**	**32,490.00**
Issue of shares during the year	1,35,00,000	1,350.00
As at March 31, 2019	**33,84,00,000**	**33,840.00**
Issue of shares during the year (Refer Note 1.1)	11,74,12,200	11,741.22
As at March 31, 2020	**45,58,12,200**	**45,581.22**

Preference Share Capital

11.97% compulsory convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up	No. of shares	Rs. in lakhs
As at April 01, 2018	**-**	**-**
Issue of shares during the year	-	-
As at March 31, 2019	**-**	**-**
Issue of shares during the year (Refer Note 1.1)	18,735	1.87
As at March 31, 2020	**18,735**	**1.87**

11.97% compulsory convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up	No. of shares	Rs. in lakhs
As at April 01, 2018	**-**	**-**
Issue of shares during the year	-	-
As at March 31, 2019	**-**	**-**
Issue of shares during the year (Refer Note 1.1)	18,000	1,800.00
As at March 31, 2020	**18,000**	**1,800.00**

Total Share Capital as at March 31, 2019	**33,840.00**
Total Share Capital as at March 31, 2020	**47,383.09**

B. Other Equity

	As at March 31, 2020	As at March 31, 2019
(i) Equity component of related party loan		
As at April 01, 2019 / April 01, 2018	51.17	-
Add: Effect of common control transaction (Refer Note 1.1)	-	58.27
Less: Adjustment during the year	-	(7.10)
Closing Balance	**51.17**	**51.17**
(ii) Retained earnings		
As at April 01, 2019 / April 01, 2018	(48,143.09)	(47,521.76)
Add: Profit for the year	1,642.71	(316.89)
Remeasurement (losses) on the defined benefit plans	(37.55)	(44.43)
Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1)	(107.73)	(215.46)
Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1)	(0.11)	(0.22)
Dividend distribution tax on CCCPS dividend	(22.17)	(44.33)
Closing Balance	**(46,667.94)**	**(48,143.09)**
(iii) Amalgamation Adjustment Deficit Account		
Opening balance	(1,089.16)	-
Add: Effect of common control transaction (Refer Note 1.1)	-	(1,089.16)
Closing balance	**(1,089.16)**	**(1,089.16)**
(iv) Share application money pending allotment		
Opening balance	1,000.00	500.00
Add: Received during the year	1,550.00	1,850.00
Less: Issue of shares during the year	(2,550.00)	(1,350.00)
Closing balance	**-**	**1,000.00**
Total Other Equity	**(47,705.93)**	**(48,181.08)**

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sumit Trivedi
Partner

Place : Hyderabad
Date : July 20, 2020

For and on behalf of the Board of Directors of

GMR Air Cargo And Aerospace Engineering Limited
(Formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora
Director
DIN : 03174536

SGK Kishore
Director
DIN : 02916539

K Venkata Ramana
Chief Financial Officer

Rakhal Panigrahi
Company Secretary
M.No. ACS39622

Place : Hyderabad
Date : July 20, 2020

(All amounts in ₹ lakhs except otherwise stated)

3. Property, Plant & Equipment

	Buildings on leasehold land #	Plant and equipment	Office equipment	Computer equipment and IT systems	Furniture and fixtures	Vehicles	Total
Cost or deemed cost							
At April 1, 2018	**11,930.48**	**7,704.73**	**186.46**	**43.39**	**166.56**	**14.00**	**20,045.62**
Additions	-	387.56	11.20	116.28	80.32	-	595.36
At March 31, 2019	**11,930.48**	**8,092.29**	**197.66**	**159.67**	**246.88**	**14.00**	**20,640.98**
Additions	**28.56**	623.83	121.91	21.17	61.02	15.92	872.41
Disposals	**-**	(204.62)	(1.16)	(4.54)	**-**	**-**	(210.32)
As at March 31, 2020	**11,959.04**	**8,511.50**	**318.41**	**176.30**	**307.90**	**29.92**	**21,303.07**
Accumulated Depreciation							
At April 1, 2018	**1,979.37**	**1,953.41**	**182.59**	**20.92**	**76.68**	**8.14**	**4,221.11**
Depreciation charge for the year	654.47	668.06	2.60	26.53	30.53	2.62	1,384.81
At March 31, 2019	**2,633.84**	**2,621.47**	**185.19**	**47.45**	**107.21**	**10.76**	**5,605.92**
Depreciation charge for the year	669.79	698.77	10.09	51.40	61.96	2.39	1,494.40
Disposals		(99.28)	(1.16)	(4.46)	-	-	(104.90)
As at March 31, 2020	**3,303.63**	**3,220.96**	**194.12**	**94.39**	**169.17**	**13.15**	**6,995.42**
Net Block							
At March 31, 2019	**9,296.64**	**5,470.82**	**12.47**	**112.22**	**139.67**	**3.24**	**15,035.06**
As at March 31, 2020	**8,655.41**	**5,290.54**	**124.29**	**81.91**	**138.73**	**16.77**	**14,307.65**

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.

4. Other Intangible Assets

	Right to Operate - Cargo facility	Computer Software	Technical Know-how	Total
Cost or deemed cost				
At April 1, 2018	-	282.61	898.29	1,180.90
Add: Effect of common control transaction (Refer Note 1.1)	2,102.75	-	-	2,102.75
Additions	566.24	72.35	-	638.59
Disposals	(34.68)	-	-	(34.68)
At March 31, 2019	**2,634.31**	**354.96**	**898.29**	**3,887.56**
Additions	371.78	72.32	-	444.10
Disposals	(5.18)	-	-	(5.18)
As at March 31, 2020	**3,000.91**	**427.28**	**898.29**	**4,326.48**
Accumulated Amortization				
At April 1, 2018	-	275.88	898.29	1,174.17
Add: Effect of common control transaction (Refer Note 1.1)	658.11	-	-	658.11
Charge for the year	393.51	6.89	-	400.40
Disposals	(28.32)	-	-	(28.32)
At March 31, 2019	**1,023.30**	**282.77**	**898.29**	**2,204.36**
Charge for the year	488.03	27.86	-	515.89
Disposals	(4.73)	-	-	(4.73)
As at March 31, 2020	**1,506.60**	**310.63**	**898.29**	**2,715.52**
Net Block				
At March 31, 2019	**1,611.01**	**72.19**	**-**	**1,683.20**
As at March 31, 2020	**1,494.31**	**116.65**	**-**	**1,610.96**

5. Right of use Assets

	Right-of-use assets		Total
	Land	Buildings	
At April 01, 2019	**-**	**-**	**-**
Impact of adoption of Ind AS 116 (Refer Note 35)	6,174.76	1,884.68	8,059.44
Additions	**-**	**-**	-
Adjustments (Refer Note 35)	(3,790.40)	**-**	(3,790.40)
As at March 31, 2020	**2,384.36**	**1,884.68**	**4,269.04**
Accumulated Depreciation			
At April 01, 2019	**-**	**-**	**-**
Impact of adoption of Ind AS 116 (Refer Note 35)	277.75	475.07	752.82
Charge for the year	**-**	**-**	**-**
As at March 31, 2020	**277.75**	**475.07**	**752.82**
Net Block			
At April 01, 2019	**-**	**-**	**-**
As at March 31, 2020	**2,106.61**	**1,409.61**	**3,516.22**

6. Intangible Assets under development

	As at March 31, 2020	As at March 31, 2019
Computer Software	-	30.10
Capital expenditure incurred on intangible assets	121.23	91.44
	121.23	**121.54**

7(a) Investments

	Current	
	As at March 31, 2020	As at March 31, 2019
Non-trade investments		
Investment in Commercial Paper (unquoted) (held at amortised cost)		
-Piramal Enterprises Limited (Face value of Rs. 5,000 lakhs (March 31, 2019: Nil))	4,964.11	-
Investment in mutual funds (unquoted) (held at fair value through profit and loss)		
124,251.904 units (March 31, 2019: Nil) of Rs.100 each of Aditya Birla Sun Life Liquid Fund - Growth-Regular Plan	394.80	-
173,207.142 units (March 31, 2019: 72,819.237 units) of face value of Rs.100 each ICICI Prudential Liquid Fund - Growth	506.63	200.56
Nil units (March 31, 2019: 257,486.852 units) of face value of Rs.10 each Sundaram Money Fund Regular Growth	-	101.00
23,377.357 units (March 31, 2019: Nil) of face value of Rs.1000 each Axis - Liquid Fund - Growth	512.95	-
Total	**6,378.49**	**301.56**

7(b) Other Financial Assets

	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Security deposits				
Unsecured,considered good, to related parties	48.30	62.96	7.23	6.48
Unsecured,considered good, to others	62.74	50.14	-	-
Interest accrued on fixed deposits	-	-	11.40	-
Interest accrued on Inter Corporate Deposit	-	-	-	50.66
Interest accured on Commercial Paper	-	-	25.12	42.49
Other deposits	0.71	0.71	-	-
Unbilled revenue	-	-	902.99	759.38
Total	**111.75**	**113.81**	**946.74**	**859.01**

8. Deferred tax Assets (net)

		As at March 31, 2020	As at March 31, 2019
Deferred tax liability (DTL) relating to			
Impact of WDV of Property, plant and equipment & Intangible assets		(400.27)	(307.86)
Impact of notional interest on deposits		(17.75)	-
Impact of fair value adjustments on Investments in Mutual Funds		(6.34)	(0.42)
	(A)	**(424.36)**	**(308.28)**
Deferred tax assets (DTA) relating to			
Carry forward tax losses/unabsorbed depreciation		201.56	295.95
Impact of additional expenditure on account of Ind AS 116		101.91	-
Impact of notional interest on deposits		-	3.67
Impact of temporary differences due to disallowances of Gratuity and Leave encashment		121.24	41.36
	(B)	**424.71**	**340.98**
Deferred tax (net)	**(A+B)**	**0.35**	**32.70**

Deferred tax asset (net)
For the year ended March 31, 2020:

	Opening Balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing Balance
Deferred tax liability:				
Impact of WDV of Property, plant and equipment & Intangible assets	(307.86)	(92.41)	-	(400.27)
Impact of notional interest on deposits	-	(17.75)	-	(17.75)
Impact of fair value adjustments on Investments in Mutual Funds	(0.42)	(5.92)	-	(6.34)
Total deferred tax liability (A)	**(308.28)**	**(116.08)**	**-**	**(424.36)**
Deferred tax assets:				
Impact of temporary differences due to disallowances of Gratuity and Leave encashment	41.36	66.69	13.19	121.24
Impact of notional interest on deposits	3.67	(3.67)	-	-
Carry forward tax losses/unabsorbed depreciation	295.95	(94.39)	-	201.56
Impact of additional expenditure on account of Ind AS 116	-	101.91	-	101.91
Total deferred tax assets (B)	**340.98**	**70.54**	**13.19**	**424.71**
Deferred Tax Liability (Net) (A + B) (Refer Note below)	**32.70**	**(45.54)**	**13.19**	**0.35**

Deferred tax asset (net)
For the year ended March 31, 2019:

	Opening Balance	Effect of common control transaction (Refer Note 1.1)	Recognised in statement of profit and loss	Recognised in other comprehensive income	Other adjustments (Equity component of related party loans)	Closing Balance
Deferred tax liability:						
Impact of WDV of Property, plant and equipment & Intangible assets	(295.95)	(37.25)	25.34	-	-	(307.86)
Impact of notional interest on loans	-	(3.92)	-	-	3.92	-
Impact of fair value adjustments on Investments in Mutual Funds	-	-	(0.42)	-	-	(0.42)
Total deferred tax liability (A)	**(295.95)**	**(41.17)**	**24.92**	**-**	**3.92**	**(308.28)**
Deferred tax assets:						
Impact of temporary differences due to disallowances of Gratuity and Leave encashment	-	31.15	0.21	10.00	-	41.36
Impact of notional interest on deposits	-	4.04	(0.37)	-	-	3.67
Carry forward tax losses/unabsorbed depreciation	295.95	-	-	-	-	295.95
Total deferred tax assets (B)	**295.95**	**35.19**	**(0.16)**	**10.00**	**-**	**340.98**
Deferred Tax Asset (Net) (A + B) (Refer Note below)	**-**	**(5.98)**	**24.76**	**10.00**	**3.92**	**32.70**

Note:

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

(ii) The Company w.r.t Developer of SEZ unit 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.

(iii) Minimum Alternate Tax (MAT) Credit entitlement (cumulative balance) claimed by the Company as per the income tax return filed for the FY 2018-19 on November 30, 2019 aggregating Rs. 3,701.03 lakhs has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

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

	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:		
- unused tax losses	48,353.89	50,101.41
	48,353.89	**50,101.41**

8.2. Reconciliation of tax expenses to accounting profits is as follows: (Refer Note 40)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Accounting profit before Tax	1,690.17	232.85
Applicable Tax Rate in India (%)	26.00%	29.12%
Expected Income tax expense	439.44	67.81
Adjustments:		
Non-deductible expenses for tax purposes	-	624.56
Effect of tax on exempted/non taxable income/allowable expenses	-	(218.63)
Deductions allowed under Chapter VI-A	-	(445.63)
Effect of tax on other heads of income and others	-	197.87
Effect of non adjustment of losses of the Company against profits of transferor company (Refer Note 40)	-	348.52
On account of adjustment of carried forward business losses (Refer Note 40)	(437.57)	-
Other adjustments	45.59	(24.76)
Tax expense reported in statement of profit and loss	**47.46**	**549.74**

9. Tax Assets:

	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Advance income-tax (net of provisions of Rs. 5,135.19 lakhs (March 31, 2019: Rs. 5,133.27 lakhs)	3,296.14	2,299.76	170.64	172.68
	3,296.14	**2,299.76**	**170.64**	**172.68**

10. Other Assets:

	Non Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good				
Capital advances	285.48	20.38	-	-
Advances recoverable in cash or kind	272.55	272.55	191.38	116.30
Total (A)	**558.03**	**292.93**	**191.38**	**116.30**
Other loans and advances				
Prepaid expenses	13.83	91.18	204.75	119.39
Balances with statutory/ government authorities	112.47	112.47	211.02	218.15
Total (B)	**126.30**	**203.65**	**415.77**	**337.54**
Total (A+B)	**684.33**	**496.58**	**607.15**	**453.84**

11. Inventories

	As at March 31, 2020	As at March 31, 2019
Stores and spares (valued at lower of cost or net realisable value)*	4,325.30	3,368.33
	4,325.30	**3,368.33**

*includes material in transit of Rs.3.58 lakhs (March 31,2019 Rs.18.60 lakhs)

12. Trade Receivables

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
- Considered good- Secured	-	-
- Considered good-Un Secured	5,382.07	4,507.07
- Have significant increase in Credit Risk	-	-
- Credit impaired	71.13	28.56
Less: Provisions for Trade receivables - credit impaired	(71.13)	(28.56)
Total	**5,382.07**	**4,507.07**

Notes:

(i) No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
(ii) Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days for MRO business, Consultancy business and 30 - 60 days for Air Cargo business
(iii) The Company maintains an allowance for impairment of doubtful accounts based on financial condition of the customer, ageing of the customer receivable and overdues, available collaterals and historical experience of collections from customers. Accordingly, the Company creates provision for past due receivables.

	As at March 31, 2020	As at March 31, 2019
Movement in the allowance for doubtful debts		
Balance at beginning of the year	28.56	3.94
Add: Effect of common control transaction (Refer Note 1.1)	-	4.29
Impairment losses recognised on receivables	42.57	20.33
Balance at end of the year	**71.13**	**28.56**

13(a) Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash on hand	1.82	2.12
Cheques on hand	-	97.74
Balance with banks		
- on current accounts	425.97	443.07
- exchange earner's foreign currency account	732.60	7.50
- on escrow accounts	2.00	2.00
- Balances in cash credit account	-	2.53
- Deposits with maturity for less than or equal to 3 months	200.00	-
Total	**1,362.39**	**554.96**

13(b) Bank balance other than cash and cash equivalent

	As at March 31, 2020	As at March 31, 2019
Fixed deposits held as Margin money	5.33	5.00
Deposits with maturity for more than three months but less than 12 months		
- Held as Security (Refer Note below)	-	2,821.00
- With Others	498.00	648.00
	503.33	**3,474.00**

Note:

During the year ended March 31, 2019, the company made deposit of Rs. 2,821.00 lakhs with Abu Dhabi Commercial Bank under lien for overdraft facility of Rs. 2,800.00 lakhs sanctioned by Bank which was withdrawn and overdraft facility was closed during the current year.

14. Financial Assets - Loans

	As at March 31, 2020	As at March 31, 2019
Inter corporate deposit		
- Considered good-Un Secured	-	5,000.00
- Have significant increase in Credit Risk	-	-
- Credit impaired	-	-
Total	**-**	**5,000.00**

15. Share Capital

	Equity Shares	
	In numbers	Amount
Authorised share capital:		
At April 01, 2018	**35,50,00,000**	**35,500.00**
355,000,000 equity shares of Rs. 10/- each		
Add: Effect of common control transaction (Refer Note 1.1)		
2,500,000 equity shares of Rs. 10/- each	25,00,000	250.00
50,000 compulsory convertible cumulative preference shares of Rs.10/- each (Series B)	50,000	5.00
18,450 compulsory convertible cumulative preference shares of Rs. 10,000/- each (Series A)	18,450	1,845.00
At March 31, 2019	**35,75,68,450**	**37,600.00**
Increase during the year	32,40,00,000	32,400.00
As at March 31, 2020	**68,15,68,450**	**70,000.00**

Issued, subscribed and fully paid share capital	As at March 31, 2020	As at March 31, 2019
455,812,200 (March 31, 2019: 338,400,000) fully paid equity shares of Rs. 10 each	45,581.22	33,840.00
18,000 (March 31, 2019: Nil) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up (Refer Note 1.1)	1,800.00	-
18,735 (March 31, 2019: Nil) 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up (Refer Note 1.1)	1.87	-
	47,383.09	**33,840.00**

a. Reconciliaton of number of shares and amount outstanding at end of the year

Equity Shares	In numbers	Amount
As at April 01, 2018	**32,49,00,000**	**32,490.00**
Issues of the shares during the year	1,35,00,000	1,350.00
As at March 31, 2019	**33,84,00,000**	**33,840.00**
Issues of the shares during the year (Refer Note below)	11,74,12,200	11,741.22
As at March 31, 2020	**45,58,12,200**	**45,581.22**

Preference shares - Series A CCCPS of Rs.10,000/- each fully paid up	In numbers	Amount
As at April 01, 2019	**-**	**-**
Issues of the shares during the year (Refer Note below)	18,000	1,800.00
As at March 31, 2020	**18,000**	**1,800.00**

Preference shares - Series B CCCPS of Rs.10/- each fully paid up	In numbers	Amount
As at April 01, 2019	**-**	**-**
Issues of the shares during the year (Refer Note below)	18,735	1.87
As at March 31, 2020	**18,735**	**1.87**

Note: Includes effect of common control transaction (refer Note 1.1), adjustments have been made in respect of consideration other in cash aggregating Rs. 10,993.09 lakhs to be discharged by issue of Equity shares of Rs. 9,191.22 lakhs and Compulsorily Convertible Cumulative Preference Shares (Series A & B) of Rs 1,801.87 lakhs.

b. 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 share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. In event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Terms/ rights attached to CCCPS

The Company has issued 18,000 fully paid up CCCPS (Series A) of Rs. 10,000/- each fully paid up and 18,735 fully paid up CCCPS (Series B) of Rs. 10/- each.
CCCPS (Series A) and CCCPS (Series B) carry cumulative dividend @ 11.97% and the Company declares the dividend in Indian Rupees. CCCPS (Series A) and CCCPS (Series B) shall be compulsorily converted into equity shares of Rs. 10/- each at the rate of one equity share for each CCCPS (Series A) and CCCPS (Series B) share, as the case may be, after the expiry of the concession period.

Other than the right to receive the dividends and preference rights on voluntary winding up, the CCCPS (Series A) and CCCPS (Series B) shall not have any rights including but not limited to the voting rights. These preference shares shall rank pari-passu for the all the rights other than the par value of each share and the dividends thereon.

c. Shares held by holding company

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No of shares held	Amount	No of shares held	Amount
GMR Hyderabad International Airport Limited and its nominees				
45,58,12,200 fully paid equity shares of Rs. 10 each	45,58,12,200	45,581.22	33,84,00,000	33,840.00
18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up	18,000	1,800.00	-	-
18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up	18,735	1.87	-	-

d.Details of shareholders holding more than 5% shares in the company

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No of shares held	% Holding in Class	No of shares held	% Holding in Class
45,58,12,200 fully paid equity shares of Rs. 10 each				
GMR Hyderabad International Airport Limited and its nominees	45,58,12,200	100%	33,84,00,000	100%
18,000 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series A of Rs.10,000 each fully paid up				
GMR Hyderabad International Airport Limited and its nominees	18,000	100%	-	-
18,735 11.97% compulsorily convertible cumulative preference shares ('CCCPS') Series B of Rs.10/- each fully paid up				
GMR Hyderabad International Airport Limited and its nominees	18,735	100%	-	-

As per records of the Company including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.

(All amounts in ₹ lakhs except otherwise stated)

16. Other equity	As at March 31, 2020	As at March 31, 2019
(i) Equity component of related party loan		
As at April 01, 2019 / April 01, 2018	51.17	-
Add: Effect of common control transaction (Refer Note 1.1)	-	58.27
Less: Adjustment during the period	-	(7.10)
Closing Balance	**51.17**	**51.17**

(ii) Retained earnings	As at March 31, 2020	As at March 31, 2019
Opening Balance	(48,143.09)	(47,521.76)
Add: Profit/(Loss) for the year	1,642.71	(316.89)
Remeasurement (losses) on the defined benefit plans	(37.55)	(44.43)
Dividend paid to earlier share holders of CCCPS (Series A) amount per share Rs. 1,197/- per share (Refer Note 1.1)	(107.73)	(215.46)
Dividend paid to earlier share holders of CCCPS (Series B) amount per share Rs. 1.197/- per share (Refer Note 1.1)	(0.11)	(0.22)
Dividend distribution tax on CCCPS dividend	(22.17)	(44.33)
Closing Balance	**(46,667.94)**	**(48,143.09)**

(iii) Amalgamation Adjustment Deficit Account	As at March 31, 2020	As at March 31, 2019
Opening balance	(1,089.16)	-
Add: Effect of common control transaction (Refer Note 1.1)	-	(1,089.16)
Closing balance	(1,089.16)	(1,089.16)
(iv) Share application money pending allotment	**-**	**1,000.00**
Total	**(47,705.93)**	**(48,181.08)**

16.1. Distributions made and proposed

Particulars	As at March 31, 2020	As at March 31, 2019
Cash dividends on CCCPS - Series A, and Series B declared and paid: (Refer Note below)		
Dividend on CCCPS (Series A) amount per share Rs. 1,197/-	107.73	215.46
Dividend on CCCPS (Series B) amount per share Rs. 1.197/-	0.11	0.22
Dividend distribution tax on above	22.17	44.33

Notes

During the year ended March 31, 2020:
The Board of Directors:
(a) At their meeting held on April 25, 2019 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for Quarter 4 of FY 2018-19.
(b) At their meeting held on July 24, 2019 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for Quarter 1 of FY 2019-20.

During the year ended March 31, 2019:
The Board of Directors:
(b) Through circular resolution dated April 12, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) Quarter 4 of FY 2017-18.

(c) At their meeting held on May 02, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the month of April of FY 2018-19.

(d) At their meeting held on July 30, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of May and June of FY 2018-19.
(e) Through circular resolution dated September 10, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of July and August of FY 2018-19.
(f) Through circular resolution on October 20, 2018 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of September and October of FY 2018-19.
(g) At their meeting held on January 24, 2019 have declared preference dividend of 11.97% on Compulsory Convertible Cumulative Preference Shares (Series A and Series B) for the months of November and December of FY 2018-19.

17. Borrowings

	Long Term		Short Term	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Debentures				
Secured				
Redeemable Non Convertible Debentures	9,974.20	9,968.45	-	-
Unsecured				
Redeemable Non Convertible Debentures	17,454.86	17,444.84	-	-
Others				
Overdraft facility from bank	-	-	-	2,799.99
	27,429.06	**27,413.29**	**-**	**2,799.99**

Notes:(i) During the year ended March 31, 2018 the Company has issued 1,000 Senior, Rated, Listed, Secured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.

The Debentures are secured by:

(a) First pari-passu charge by way of equitable mortgage of leasehold rights of the land to the extent of 16.46 acres on which MRO facilities are constructed along with the buildings, structures, etc. on the land.

(b) First ranking pari-passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.

(c) First ranking pari-passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, present and future of the Company.

(d) First ranking pari-passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.

(e) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.

(f) As per the Debenture Trust Deed dated October 04, 2017, Debenture Trustee (acting on the instruction of Majority Resolution) may permit the Company to create a charge on the Security in favour of lenders advancing Loan Equivalent Risk Facility("LER Facility") to the Company. The Security Interest created over the Security for securing the LER Facility shall be second charge and shall rank subservient to the charge of the Debenture Holders.

(g) Redeemable Non-Convertible debentures includes an adjustment of unamortised upfront fee paid of ₹ 25.80 lakhs as at March 31, 2020 (As at March 31, 2019: ₹ 31.55 lakhs) and also refer note 39.

(ii) During the year ended March 31, 2018 the Company issued 1750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of Rs. 1,000,000 each and fixed interest of 8.55% per annum payable semi-annually and the interest rate shall be reset at the end of 4 years from the allotment as per the terms of Debenture Trust Deed. Tenure of Non Convertible Debentures (NCDs) is 7 years from the date of allotment and is due for payment at the end of 7th year from the date of allotment.

The Debentures are secured by:

(a) First ranking pari passu charge on all movable assets of the company, including but not limited to movable plant and machinery, spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, intellectual property, uncalled capital, present and future.

(b) First ranking pari passu charge on the Transaction Accounts and all book debts, operating cash flows, current assets, receivables, commissions, revenues of whatsoever nature and wherever arising, of Issuer, present and future of the Company.

(c) First ranking pari passu charge and assignment on all the rights, title, interest, benefits, claims and demands whatsoever of company in the Project Documents and operation and maintenance related agreements, Clearances Approvals pertaining to their operations, both present and future and letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party to the Project Documents and the insurance Proceeds received by Company.

(d) Unconditional and irrevocable corporate guarantee given by GMR Hyderabad International Airport Limited as per Deed of guarantee dated October 04, 2017.

(e) The Charge Created against Debt as per the Debenture Trust Deed dated October 04, 2017 in all respects, rank pari-passu inter se amongst the Debenture Holders and the Working capital lenders, without any preference or priority to one over the other or others. The Working Capital Facility to be availed, shall be in the form and substance, satisfactory to the debenture holders, shall not exceed an amount of ₹ 3,500 lakhs (Rupees Three Thousand Five Hundred Lakhs Only)

(f) Redeemable Non-Convertible debentures includes an adjustment of unamortised upfront fee paid of ₹ 45.14 lakhs as at March 31, 2020 (₹ 55.16 lakhs as at March 31, 2019) and also refer note 39.

(iii)The overdraft facility availed by the Company from Abu Dhabi Commercial Bank is repayable on demand and carries interest of FD rate plus 150bps, which is secured by fixed deposit placed with Abu Dhabi Commercial Bank as per the terms of sanction letter. The facility was closed during the current year.

(All amounts in ₹ lakhs except otherwise stated)

18. Lease Liabilities

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note 35)	3,002.85	-	1,323.26	-
	3,002.85	**-**	**1,323.26**	**-**

19. Provisions

	Non-Current		Current	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits				
Provision for gratuity	80.05	99.76	-	-
Leave Encashment	-	-	386.25	310.76
Total	**80.05**	**99.76**	**386.25**	**310.76**

20. Trade payables

	Current	
	As at March 31, 2020	As at March 31, 2019
Trade Payables		
(i) Total Oustanding dues of micro enterprises and small enterprises	12.60	58.24
(ii) Total Oustanding dues of creditors other than micro enterprises and small enterprises	9,468.59	9,750.30
	9,481.19	**9,808.54**

Based on and to the extent of information availble with the Company under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at reporting date are furnished below:

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Principal amount due to suppliers under MSMED Act, as at the end of the Year	12.60	58.24
(ii) Interest accrued and due to suppliers under MSMED Act on the above amount as at the end of the year	-	-
(iii) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
(iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
(v) Interest paid to suppliers under MSMED Act (Section 16)	-	-
(vi) Interest due and payable to suppliers under MSMED Act for payments already made	-	-
(vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

21. Other financial liabilities

	Current	
	As at March 31, 2020	As at March 31, 2019
Payables for purchase of fixed assets	78.13	355.75
Deposit from customers	71.88	54.29
Retention money	17.05	12.06
Interest Accrued but not due on borrowings	6.44	6.44
	173.50	**428.54**

22. Other current liabilities

	Current	
	As at March 31, 2020	As at March 31, 2019
Advances from customers	213.28	253.60
Others		
Stautory Liabilities	606.15	557.09
Unearned revenue	951.99	150.52
	1,771.42	**961.21**

(All amounts in ₹ lakhs except otherwise stated)

23. Revenue from operations	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Income from MRO operations		
Revenue from MRO Services	20,346.02	15,353.67
Income from cargo operations		
Cargo operations	8,748.14	8,976.05
Improvements to concession asset	371.78	566.24
Income from MRO Consultancy and Training services		
Revenue from Training Services	98.15	11.61
Other operating revenue		
Document handling charges	100.08	77.25
Container handling charges	74.51	53.81
Rent	145.05	146.47
Parking income	37.07	36.61
	29,920.80	**25,221.71**

24. Other income	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Interest Income	602.70	278.64
Finance income on financial assets held at amortised cost	7.09	5.31
Fair value gain on financial instruments at fair value through profit or loss	24.38	3.50
Profit on sale of Mutual Funds	69.32	362.32
Gain on account of foreign exchange fluctuation (net)	350.97	60.14
Liabilities no longer required, written back	-	0.76
Other non operating income	40.94	58.41
Miscellaneous income	186.83	97.40
	1,282.23	**866.48**

25. Cost of stores and spare consumed	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Inventory at the beginning of the year	3,368.33	3,126.44
Add: Purchases	7,037.81	4,898.99
Less: Inventory written off	(26.25)	(33.26)
Less: Inventory at the end of the year	(4,325.30)	(3,368.33)
	6,054.59	**4,623.84**

(All amounts in ₹ lakhs except otherwise stated)

26. Employee benefit expenses	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Salaries, wages and bonus	7,152.32	5,768.41
Contribution to provident and other funds (Refer Note 33)	383.93	274.85
Gratuity expenses (Refer Note 33)	28.72	78.57
Staff welfare expenses	522.26	469.33
Total	**8,087.23**	**6,591.16**

27. Finance costs	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Interest on		
Cash Credit facility and overdraft facility from bank	116.72	239.53
Redeemable Non Convertible Debentures	2,367.00	2,366.95
Lease Liability	698.54	-
Financial liabilities held at amortized cost	-	2.44
Interest others	0.11	0.05
Bank and finance charges	49.15	56.36
	3,231.52	**2,665.33**

28. Depreciation and amortisation expenses	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Depreciation of property, plant and equipment (Refer Note 3)	1,494.40	1,384.81
Amortisation of intangible assets (Refer Note 4)	515.89	400.40
Depreciation on Right of use Assets (Refer Note 5)	752.82	-
	2,763.11	**1,785.21**

29. Other expenses	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Rates and taxes	594.53	283.89
Concession fee	1,773.74	1,800.42
Technical fee	581.21	468.73
Cargo handling charges	477.34	380.29
Lease expenses	123.18	644.22
Concessionaire rent	33.04	598.39
Electricity and water charges (net of recoveries)	589.01	612.97
Equipment hire charges	81.36	63.04
Insurance	342.99	234.70
Repairs and Maintenance		
- Plant and machinery	213.09	198.36
- Buildings	59.57	119.43
- IT Systems	86.86	78.09
- Others	604.33	482.18
Sub-contracting expenses	153.82	91.58
Advertising and sales promotion	83.46	43.50
Travelling and conveyance	482.80	497.46
Communication expenses	57.52	48.12
Printing and stationery	42.83	29.70
Security expenses	167.61	255.59
House Keeping Charges	59.92	40.82
Business development expenses	209.58	111.47
Membership and Subscriptions	17.33	78.34
Corporate social responsibility expense	-	59.62
Legal and professional fees	1,004.82	635.04
Board meeting expenses	3.39	4.29
Payment to auditors *	48.47	31.39
Provision for doubtful trade receivable	42.57	20.33
Bad debts written off	27.55	-
Property, plant and equipment written off	105.42	6.35
Charity and Donations	770.00	1,501.00
Inventory written off	26.25	33.26
Miscellaneous expenses	141.04	170.99
	9,004.63	**9,623.56**

*net of reimbursements of Rs 16.80 lakhs (March 31, 2019 - Rs 116.68 lakhs)

Note: The Company has made a Donation to Prudent Electoral Trust (formerly known as Satya Electoral Trust) amounting to Rs. 700.00 Lakhs (March 31, 2019 - Rs. 1,500 Lakhs).

Payment to auditors	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
Statutory audit fee	21.56	21.56
Limited review/Certifications	24.00	9.00
Reimbursement of expenses	2.91	0.83
	48.47	**31.39**

30. Other comprehensive income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	For the year ended March 31, 2020	**For the year ended March 31, 2019**
Re-measurement (losses) on defined benefit plan	(50.74)	(54.43)
Deferred tax impact on above	13.19	10.00
	(37.55)	**(44.43)**

(All amounts in ₹ lakhs except otherwise stated)

31. Tax expenses

(a) Income tax expense:

The major components of income tax expenses For the year ended March 31, 2020 and year ended March 31, 2019 are:

(i) Profit or loss

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	1.92	574.50
Deferred tax	45.54	(24.76)
Total income tax expense recognised in statement of Profit & Loss	**47.46**	**549.74**

(ii) OCI

	For the year ended March 31, 2020	For the year ended March 31, 2019
Income tax effect on remeasurement of defined benefit plans	(13.19)	(10.00)
Income tax charge / (credit) to OCI	**(13.19)**	**(10.00)**

1. Corporate information

GMR Air Cargo and Aerospace Engineering Limited (formerly known as GMR Aerospace Engineering Limited) ("the Company") is a 100% subsidiary of GMR Hyderabad International Airport Limited and its Subsidiary ('the Group") is mainly engaged to carry out the business of Cargo handling at Rajiv Gandhi International Airport and Maintenance, Repair and Overhaul facility (MRO) of Aircrafts and allied services and to promote, plan, design, develop, operate, market, alter the MRO facility and all other related allied and ancillary activities but limited to MRO Consultancy and training services, maintenance of hangars and related workshops. (also refer Note 1.1).

The Company has changed the name from GMR Aerospace Engineering Limited to GMR Air Cargo and Aerospace Engineering Limited w.e.f. September 25, 2019.

The consolidated Financial Statements were adopted by the Board of Directors and authorized for issue in accordance with a resolution on July 20, 2020.

1.1 Composite Scheme of Arrangement (Merger)

a) The Board of Directors of the Company in their meeting held on December 10, 2018 has approved, subject to the required approvals, the Composite Scheme of Arrangement amongst GMR Hyderabad Air Cargo and Logistics Private Limited ("GHACLPL")(Transferor Company) and GMR Aero Technic Limited ("GATL")(Demerged company) and GMR Aerospace Engineering Limited("GAEL")(Transferee/Resulting Company) and their respective Shareholders and Creditors ("Scheme"), wherein GHACLPL will merge with GAEL and the Maintenance, Repair and Overhaul facility (MRO) Business of GATL will demerge into GAEL with an appointed date of April 01, 2018. The above scheme has received the approval of NCLT on July 26, 2019 and was thereafter filed with the Registrar of Companies on August 23, 2019.

The Company has given effect to the Scheme in the quarter ended September 2019 and since the above transaction results in a common control business combination the aforesaid mergers have been accounted under the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations.

Considering the requirements of Ind AS 103 - Business Combinations, the accounting for the transaction has been given effect retrospectively by the Company. Accordingly, the Consolidated Financial Statements/information for the corresponding periods in 2018-19 have been restated to give effect of the above Scheme.

b) Salient features of the scheme are as follows:
Merger of GHACLPL with GAEL:

Pursuant to the Scheme, with effect from the Appointed Date and upon the Scheme becoming effective, a total of 9,19,12,200 equity shares of face value Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the equity shareholder of the Transferor Company holding 10,20,000 equity shares of face value of Rs.10/- (Rupees Ten Only) each therein, as on the Record Date in the Share Exchange Ratio of 90.11:1, a total of 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10,000/- (Rupees Ten Thousand Only) each of the Transferee Company to be issued to the 11.97% Series A CCCPS holder of the Transferor Company holding 18,000, 11.97% Series A CCCPS of Rs.10,000/- (Rupees Ten Thousand Only) each therein as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1, a total of 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs.10/- (Rupees Ten Only) each of the Transferee Company to be issued to the 11.97% Series B CCCPS holder of the Transferor Company holding 18,735, 11.97% Series B CCCPS of Rs.10/- (Rupees Ten Only) each as on the Record Date (as per the existing terms) in the Share Exchange Ratio of 1:1.

During the current year, the Company has allotted 91,912,200 equity shares of face value Rs. 10/-, 18,000, 11.97% Series A Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10,000/- and 18,735, 11.97% Series B Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10/- to

GMR Hyderabad International Airport Limited ("GHIAL") towards the consideration other than in cash and the Share Capital Suspense account balance of Rs. 10,993.09 lakhs has been adjusted.

In accordance with the Scheme, the Company has acquired the business of Transferor Company (GHACLPL) on the appointment date (April 01, 2018) at book values as stated in the table below:

Particulars	Amount in Rs. Lakhs
Non-Current Assets	
Intangible assets	1,444.64
Intangible assets under development	118.30
Other Financial assets	31.34
Non-current tax assets (net)	1,362.05
Other non-current assets	371.93
Sub-total	**3,328.26**
Current Assets	
Investments	4,979.29
Trade Receivables	856.79
Cash and cash equivalents	1,400.44
Other bank balances	1,794.99
Other financial assets	38.84
Other current assets	89.40
Sub-total	**9,159.75**
Total Assets	**12,488.01**

Non-Current Liabilities	
Borrowings	30.74
Provisions	14.42
Deferred tax liabilities (net)	5.98
Sub-total	**51.14**
Current Liabilities	
Trade Payables	1,841.82
Other Financial liabilities	99.00
Provisions	92.54
Other current liabilities	441.31
Sub-total	**2,474.67**
Total Liabilities	**2,525.81**

Net assets (A)	**9,962.20**
Purchase consideration (B)	**10,993.09**
Excess of consideration over net assets acquired (A-B)	**(1,030.89)**

Adjusted as under:

Amalgamation Adjustment Deficit A/c	(1,089.16)
Equity component of interest free loan	58.27

Details as under:

Equity component of interest free loan	58.27
General reserve (net of Rs.1,327.74 lakhs) taken over	-
Retained earnings (net of Rs. 6,672.32 lakhs) taken over	-
Amalgamation Adjustment Deficit Account	(1,089.16)

Pursuant to Scheme, on merger the Authorised Share Capital has increased from ₹ 35,500 lakhs to ₹ 37,600 lakhs.

Demerger of Maintenance, Repair and Overhauling (MRO) business of GATL with GAEL:

In accordance with the Scheme, the Company has acquired the Demerged undertaking (MRO) of the Demerged Company (GATL) on the appointment date (April 01, 2018) at book values however, this does not impact the consolidated financial statements as GATL is a wholly-owned subsidiary of GAEL.

Refer Note 1.1 of the audited Standalone Financial Statements for the year ended March 31, 2020 for details.

2. Significant Accounting Policies

2.1 Basis of preparation and presentation:

(a) Statement of Compliance:

The Consolidated Financial Statements are prepared in accordance with Indian Accounting Standards ("Ind AS"), notified under the Section 133 of the Companies Act, 2013 ("the Act"), the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and other relevant provision of the Act.

(b) Basis of measurement:

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

2.2 Basis of consolidation:

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2020. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
b) Exposure, or rights, to variable returns from its involvement with the investee, and
c) The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the Group obtains control over subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interests even if the results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies if material.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Summary of Significant Accounting Policies

a) Use of estimates

The preparation of Consolidated Financial Statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. The Group based its assumptions and estimates on parameters available when the Consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

b) Current versus non-current classification

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

i) It is expected to be realised or intended to be sold or consumed in normal operating cycle,
ii) It is held primarily for the purpose of trading,
iii) It is expected to be realised within twelve months after the reporting period, or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

c) Foreign currencies

Functional and presentation currency

The Consolidated Financial Statements are presented in INR (Indian rupees), which is the functional currency of the Group and the currency of the primary economic environment in which the Group 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 Group uses an average rate if the average approximates the actual rate at the date of the transaction

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The date of transaction for the purpose of determining the exchange rate on initial recognition of the related asset, expense or income (part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

d) Fair value measurement

The Group 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 Group.

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 in to 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 Group 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 Consolidated 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 recognized in the Consolidated Financial Statements on a recurring basis, the Group 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 Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

e) Revenue recognition

<u>**Revenue from Services:**</u>

MRO Business including MRO Consultancy and Training services:

Revenue is recognised upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is reduced for estimated customer returns, rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

Revenue relating to fixed price contracts is recognised based on percentage of completion method (POC method).

Unearned revenue is recognised when there are billings in excess of revenues.

Cargo Business Services:
Revenue is recognised to depict rendering of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. Revenue is reduced for estimated rebates and other similar allowances, taxes or duties collected on behalf of the government. An entity shall recognise revenue when the entity satisfies a performance obligation by transferring a promised service to a customer.
The specific recognition criteria described below must also be met before revenue is recognised.

Income from services:
Revenue from outbound cargo is recognized for non-airline customers and airline customers at the time of departure of aircraft. Revenue from inbound cargo is recognized at the time of arrival of aircraft in case of airline customers and at the point of delivery of cargo in case of non-airline customers. The Group collects indirect taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

"Income from the concession arrangements earned under the intangible asset model consists of :
(i) fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset; and
(ii) payments actually received from the users."

Revenues and cost of improvements to concession assets :
In conformity with appendix D of Ind AS 115, the Group recognizes revenues and the associated costs of improvements to concession assets which it is obligated to perform at the airports as established by the concession agreement. Revenues represent the value of the exchange between the Group and the government with respect to the improvements, given that the Group constructs or provides improvements to the airports as obligated under the concession agreement and in exchange, the government grants the Group the right to obtain benefits for services provided using those assets. The Group has determined that its obligations as per the concession agreement should be considered to be a revenue earning activity as all expenditures incurred to fulfill the concession agreement are included in the maximum tariff it charges its customers and therefore it recognizes the revenue and expense in profit and loss when the expenditures are performed.

The cost for such additions and improvements to concession assets is based on actual costs incurred by the Group in the execution of the additions or improvements, considering the requirements in the concession agreement. The amount of revenues for these services is equal to the amount of costs incurred, as Group do not obtain any profit margin for these construction services. The amounts paid are set at market value.

Other operating revenue:
Other operating revenue includes income from ancillary revenue generating activities and is recognized based on the terms agreed with the customers when the services are rendered."

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 Group 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.

For others, Interest income is recognized on a time proportion basis taking in to account the amount outstanding and the applicable interest rate. Interest income is included in other income in the statement of profit and loss.

Dividend income:

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

f) Taxes:

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

Current income tax:

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

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

Deferred tax:

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

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

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

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

g) Property, plant and equipment

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

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

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 Group 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.

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

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

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

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

The Group depreciates the building on leasehold land on straight line basis over the period of lease, i.e.27 years. For certain categories of buildings, accelerated depreciation has been provided over the life of 10-27 years.

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 Property, Plant and Equipment and, i.e., when the Group intends to use these during more than a period of 12 months.

h) Intangible assets

Service concession arrangements:

The Group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

These arrangements may include Infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Appendix D to Ind AS 115 – Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the Group receives a right (i.e. a concessionaire) to charge users of the public service. The financial model is used when the Group has an unconditional contractual right to receive cash or other financial assets from or at the direction of the grantor for the construction service. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the Group performs more than one service (i.e. construction, upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the service delivered, when the amount are separately identifiable.

GMR Hyderabad International Airport Limited (GHIAL) had entered into a Concession Agreement with Government of India, which gives GHIAL an exclusive right to design, finance, build, operate and maintain a world class, state of the art international airport at Shamshabad, Hyderabad, Telangana, India. The concession arrangement is a service concession arrangement under appendix D to Ind AS 115. Through the concession agreement, GHIAL has granted further concession to the Group along with sub-leasing of the part of cargo infrastructure facility to the Group and since the Group has a right to charge the users for the services and therefore, the same has been classified under Intangible assets model.

The intangible asset is amortised over the shorter of the estimated period of future economic benefits which the intangible assets are expected to generate or the the concession period, from the date they are available for use.

An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

Other Intangible assets

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

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

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

i) Borrowing cost

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

j) Leases

Effective April 01, 2019, the Group has adopted Ind AS 116 "Leases". In respect of the transition to Ind AS 116 please refer Note 35.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

<u>Where the Group is lessee</u>

The Group recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right- of-use asset is depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Unaudited condensed interim Statement of Profit and Loss.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group may adopt the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in unaudited condensed interim Statement of Profit and Loss.

Where the Group is lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group 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.

Leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term.

k) Inventories

Stores and spares are valued at lower of cost and net realisable value. However stores and spares held for use in providing the service not written down below cost if services are expected to be provided at or above the cost. Cost is determined on a weighted average basis. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

l) Impairment of non-financial assets

The Group 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 Group 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 group of assets.

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

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

m) Provisions, contingent liabilities and commitments

Provisions are recognised when the Group 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 Group 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non–occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

Contingent liability is disclosed in the case of:

• A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation

• A present obligation arising from past events, when no reliable estimate is possible
• A possible obligation arising from past events, unless the probability of outflow of resources is remote

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

n) Retirement and other employee benefits

(i) Defined contribution plans

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

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

(ii) Defined benefit plans

For defined benefit plans in the form of gratuity fund administered under a scheme of the Life Insurance Corporation of India, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest) , is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset."

Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• remeasurement"

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.
The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(iii) Compensated absences

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Group 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.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. However, the Group presents the entire provision towards accumulated 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 based on the actuarial valuation using the projected unit credit method at the year-end.

o) Financial instruments

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

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 Group commits to purchase or sell the asset.

Subsequent measurement:

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

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

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

Debt instruments at amortised cost:

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

This category is the most relevant to the Group. 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 Group 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 Group 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 recognized by an acquirer in a business combination to which Ind

AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group 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.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the balance sheet) when:
a. The rights to receive cash flows from the asset have expired, or
b. The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

Impairment of financial assets:

In accordance with Ind AS 109, the Group 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 116
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 Group 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 116.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes 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 Group 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 Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, the Group is required to consider:

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

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

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

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

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

For assessing credit risk and impairment loss, the Group 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 Group's financial liabilities include trade and other payables, loans and borrowings including cash credit, financial guarantee contracts and derivative financial instruments.

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

Financial liabilities at fair value through profit or loss:

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group 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 Group 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 Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings:

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

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

Derecognition

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

p) 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 Group's cash management.

q) 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.

Diluted earnings per share is computed by dividing the net profit after tax, adjusted for effects of dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares except where the results are anti-dilutive. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

32. Earnings Per Share (EPS)

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(loss) for the year	1,642.71	(316.89)
Less : Preference dividend and tax thereon	(260.01)	(260.01)
Profit/ (Loss) attributable to equity shareholders	1,382.70	(576.90)
Weighted Average number of equity shares used for computing Earning Per Share (Basic and diluted)*	449,196,080	426,797,132
Earnings Per Share (Basic and diluted) (face value of Rs. 10 each)**	0.31	(0.14)

* Adjustments have been made in respect of consideration other than in cash aggregating Rs. 10,993.09 lakhs to be discharged by issue of Equity shares of Rs. 9,191.22 lakhs and Compulsorily Convertible Cumulative Preference Shares of Rs. 1,801.87 lakhs (Refer Note 1.1).

** The conversion of compulsorily convertible cumulative preference shares, if made, would have the effect of increasing the profit per share and would therefore be anti-dilutive and hence, are ignored for the purpose of computing diluted earnings per share.

33. Employee benefits plan

The Group has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service.

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

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost (including past service cost)	24.77	75.48
Interest cost on benefit obligation	3.95	3.09
Net benefit expense	**28.72**	**78.57**

Balance sheet
Details of provision for gratuity

	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	(556.06)	(491.69)
Fair value of plan assets	476.01	391.93
Plan liability	**(80.05)**	**(99.76)**

a. Defined benefits plan: (MRO Division)

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for MRO business:

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

	March 31, 2020	March 31, 2019
Current service cost (including past service cost)	57.02	44.62
Interest cost on benefit obligation	5.33	4.42
Net benefit expense	**62.35**	**49.04**

Balance sheet
Details of provision for gratuity

	March 31, 2020	March 31, 2019
Present value of defined benefit obligation	(338.31)	(253.27)
Fair value of plan assets	193.84	163.47
Plan liability	**(144.47)**	**(89.80)**

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

	March 31, 2020	March 31, 2019
Opening defined benefit obligation	253.27	196.77
Interest cost	18.36	13.86
Current service cost (including past service cost)	57.02	44.62
Benefits paid	(23.27)	(28.49)
Actuarial loss on obligation	32.93	26.51
Closing defined benefit obligation	**338.31**	**253.27**

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

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	163.47	98.50
Expected return	13.03	9.47
Contributions by employer	39.32	80.37
Actuarial gain	1.30	3.62
Benefits paid	(23.28)	(28.49)
Closing fair value of plan assets	**193.84**	**163.47**

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

	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

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

	March 31, 2020	March 31, 2019
Discount rate	6.80%	7.60%
Salary escalation Rate	8.00%	8.00%
Withdrawal Rate	5.00%	5.00%

Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected Benefits payments for the year ending

Year ending	March 31, 2020
March 31, 2021	15.27
March 31, 2022	18.65
March 31, 2023	24.78
March 31, 2024	31.13
March 31, 2025	53.38
March 31, 2026 to March 31, 2030	330.38

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

If the discount rate increases (decreases) by 1%, the defined benefit obligations would decrease by Rs. 35.89 lakhs (increase by Rs. 42.84 lakhs) as of March 31, 2020.

If the expected salary growth increases (decreases) by 1%, the defined benefit obligations would increase by Rs. 29.77 lakhs (decrease by Rs. 28.43 lakhs) as of March 31, 2020.

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 Group's policy for plan asset management.

b. Defined benefits plan: (Air Cargo Division)

The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity plan for Cargo business

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

	March 31, 2020	March 31, 2019
Current service cost (including past service cost)	(32.25)	30.86
Interest cost on benefit obligation	(1.38)	(1.33)
Net benefit expense	**(33.63)**	**29.53**

Balance sheet
Details of provision for gratuity

	March 31, 2020	March 31, 2019
Present value of defined benefit obligation	217.75	238.42
Fair value of plan assets	282.17	228.46
Plan asset/ (liability)	**64.42**	**(9.96)**

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

	March 31, 2020	March 31, 2019
Opening defined benefit obligation	238.42	184.23
Interest cost	15.72	30.86
Current service cost (including past service cost)	(32.25)	12.68
Benefits paid	(21.09)	(17.94)
Net Actuarial losses on obligation for the period recognised under OCI	16.95	28.59
Closing defined benefit obligation	**217.75**	**238.42**

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

	March 31, 2020	March 31, 2019
Opening fair value of plan assets	228.46	169.81
Adjustment to opening fair value of plan asset	-	-
Return on plan assets excl. interest income	(2.17)	(2.96)
Interest income	17.10	14.02
Contributions by employer	59.87	65.53
Benefits paid	(21.09)	(17.94)
Closing fair value of plan assets	**282.17**	**228.46**

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

Net Defined Benefit Obligation recognised in Balance Sheet

	March 31, 2020	March 31, 2019
Defined Benefit Obligation	(217.75)	(238.42)
Fair value of Plan Assets	282.17	228.46
Net Defined Benefit Asset/ (Obligation)	**64.42**	**(9.96)**

Actuarial (gain) / loss on obligation:

	March 31, 2020	March 31, 2019
Experience loss/ (gain)	9.76	25.20
Financial loss/ (gain)	7.19	3.39
Total actuarial (gain) /loss	**16.95**	**28.59**

Amount recognised in other comprehensive income (OCI):

	March 31, 2020	March 31, 2019
Opening amount recognised in OCI	39.34	7.79
Remeasurement for the year - Obligation (gain)/loss	16.95	28.59
Return on Plan Assets excluding net interest	2.17	2.96
Closing amount recognised in OCI	**58.46**	**39.34**

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

	March 31, 2020	March 31, 2019
Discount rate	5.90%	6.90%
Salary escalation Rate	7.50%	7.50%
Withdrawal Rate	20.00%	20.00%

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

Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

Expected Benefits payments for the year ending

Year ending	March 31, 2020	March 31, 2019
Within 1 year	50.58	43.48
1 - 2 year	58.00	45.16
2 - 3 year	46.29	56.28
3 - 4 year	44.69	49.80
4 - 5 year	47.02	51.56
5 - 10 years	205.14	231.29

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is as shown below:

(a) Effect of 1% change in assumed discount rate

	March 31, 2020	March 31, 2019
- 1% increase	(7.19)	(9.70)
- 1% decrease	7.74	10.57

(b) Effect of 1% change in assumed salary escalation rate

	March 31, 2020	March 31, 2019
- 1% increase	0.34	10.43
- 1% decrease	(0.31)	(9.76)

c. Defined contribution plan

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

	March 31, 2020	March 31, 2019
Contribution to Provident Fund	353.11	243.18
Contribution to Superannuation Fund	29.69	31.50
Contribution to ESI	35.23	46.39

d. Leave benefit liabilities provided based on actuarial valuation amounts to Rs. 386.25 lakhs as at March 31, 2020 (March 31, 2019: Rs. 310.76)

The actuarial assumptions (demographic & financial) employed for the calculations for MRO business as at March 31, 2020 and March 31, 2019 are as follows.

	March 31, 2020	March 31, 2019
Discount rate	6.80%	7.60%
Salary escalation rate	8.00%	8.00%
Withdrawal rate	5.00%	5.00%

The actuarial assumptions (demographic & financial) employed for the calculations for Cargo business as at March 31, 2020 and March 31, 2019 are as follows.

	March 31, 2020	March 31, 2019
Discount rate	5.90%	6.90%
Salary escalation rate	7.50%	7.50%
Withdrawal rate	20.00%	20.00%

34. Related Party Disclosures:

A. Names of related parties and description of relationship:

Sl. No	Relationship	Name of related party
(i)	Holding Company	GMR Hyderabad International Airport Limited (GHIAL)
(ii)	GHIAL's holding Company	GMR Airports Limited (GAL)
(iii)	GAL's holding Company	GMR Infrastructures Limited(GIL)
(iv)	Ultimate holding Company	GMR Enterprises Private Limited (formerly known as GMR Holdings Private Limited)
(v)	Fellow Subsidiaries (Where transactions have taken place during the year).	GMR Hyderabad Aviation SEZ Limited (GHASL)
		Raxa Security Services Limited
		GMR Hospitality and Retail Limited
		Asia Pacific Flight Training Academy Limited (up to March 1, 2019)
		Delhi International Airport Limited
		GMR Airport Developers Limited
		GMR Infra Developers Limited
(vi)	Post-employment benefit plan	GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)
(vii)	Enterprises having significant influence (up to November 02, 2018)	Menzies Aviation Cargo (Hyderabad) Limited, Mauritius Menzies Aviation Plc (UK) Menzies Aviation (India) Private Limited
(viii)	Key Managerial personnel (KMP)	Mr. P. S. Nair –Director

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

		Mr. Rajesh Kumar Arora –Director
		Mr. Gopalakrishna Kishore Surey - Director, Chairman
		Mr. Buchisanyasi Raju Grandhi- Director (w.e.f. April 30, 2018)
		Mr. Abdul Rahman Harith Saif Al Busaidi-Independent Director (up to March 27, 2020)
		Mrs. Kavitha Gudapati- -Independent & Woman Director
		Mr. Ashok Gopinath – Chief Executive Officer (up to September 19, 2019)
		Mr. K Venkata Ramana – Chief Financial Officer
		Ms. Apeksha Naidu- Company Secretary (up to January 30, 2020)
		Mr. G. Chandrabushan-Manager (w.e.f. September 19,2019)
		Mr. N. C. Sarabeswaran (w.e.f March 29, 2020)
		Mr. Rakhal Panigrahi (w.e.f. June 04, 2020)

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

Details of Key Managerial Personnel	Remuneration		Sitting fees	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Mrs. Kavitha Gudapati	-	-	1.75	2.30
Mr. Abdul Rahman Harith Saif Al Busaidi	-	-	1.65	2.00
Mr. Ashok Gopinath	81.48	160.98	-	-
Mr.K.Venkata Ramana	80.58	66.89	-	-
Ms. Apeksha Naidu	5.57	5.48	-	-
Mr. Rakhal Panigrahi	1.49	-	-	
G. Chandra Bushan	12.96	-	-	
Total	**182.08**	**233.35**	**3.40**	**4.30**

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

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a)	**GMR Hyderabad International Airport Limited**		
	Allotment of share capital (Refer Not 1.1)	11,741.22	1,350.00
	Receipt of Share application money	1,550.00	1,850.00
	Lease Rentals and Other Related expense	9.07	10.34
	Corporate guarantee given in relation to Working capital facility	3,000.00	-
	Preference dividend paid	107.84	36.13
	Concessionaire rent	33.04	598.39
	Concessionaire fee	1,773.74	1,800.42
	Reimbursement of salary cost	214.74	189.24
	Deposits received back	10.00	10.00
	Repairs & Maintenance – Buildings	0.51	0.64
	Repairs and Maintenance - Plant and machinery	4.21	0.29
	Repairs & Maintenance – Others	6.18	4.83
	Training charges	0.50	0.20
	Reimbursement of property insurance	2.05	1.61

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

	Reimbursement of rates and taxes	20.84	20.84
	Royalty charges	43.39	18.82
	Capital work-in-progress	-	15.73
	Power and water charges	245.40	270.59
	Bank charges – Reimbursement	18.05	11.09
	Cargo Handling Charges	-	0.95
	Interest on security deposit - Unwinding of discount	3.52	4.18
	Amortization of prepaid expense - Unwinding of discount	-	5.46
	Travel and conveyance	7.51	3.26
	Communication – Telephone	10.15	2.45
	Audit Charges – Reimbursement	0.50	-
	Depreciation on ROU Assets	475.07	-
	Follow me Vehicle Charges	3.67	4.19
	Finance cost on Lease Liabilities	180.74	-
	Bank Guarantee commission	-	0.57
(b)	**GMR Hyderabad Aviation SEZ Limited**		
	Lease rental	-	553.41
	Interest on Lease Liability	514.61	-
	Lease rental – amortization of prepaid expense	-	3.14
	Depreciation on ROU Asset	253.33	-
	Interest on security deposit - Unwinding of discount	1.26	1.13
	Electricity and Water Charges	360.55	351.58
	Repairs and maintenance – Others	19.41	22.08
(c)	**GMR Airport Developers Limited**		
	Repairs and maintenance -IT	55.92	53.08
	Repairs and maintenance -Others	196.97	184.08
	Reimbursement of Software maintenance	12.60	-
	Reimbursement of manpower deputation	18.87	-
	Repairs & Maintenance – Buildings	-	7.76
	Capital work-in-progress	5.02	0.75
(d)	**GMR Hospitality and Retail Limited**		
	Lodging and food expenses (Travelling and conveyance)	31.85	18.99
	Purchase of Laptop	-	0.82
	Miscellaneous expenses	0.35	-
	Travelling and conveyance	-	0.35
	Marketing expense	0.58	-
	Income from Cargo operations	6.66	-
(e)	**Raxa Security Services Limited**		
	Security services	131.36	106.65
(f)	**Delhi International Airport Limited**		
	Royalty charges	13.77	-
	Electricity charges	0.42	-
	Interest on security deposit - Unwinding of discount	2.31	2.08
	Lease rental and other related expenses	57.70	56.70
(g)	**GMR Airports Limited**		
	Training charges	7.14	8.10
	Technical fees	581.21	-
	Reimbursement of Audit fees	16.29	116.68
(h)	**Asia Pacific Flight Training Academy Limited**		
	Revenue from operations	-	12.94
(k)	**Menzies Aviation Cargo (Hyderabad) Limited, Mauritius**		

	Preference dividend paid	-	179.55
(k)	**Menzies Aviation Plc (UK)**		
	Technical fees	-	468.73
	Repairs & Maintenance – Others	-	32.52
	Communication expenses	-	10.26
	Bank charges – Reimbursement	-	5.45
(l)	**Menzies Aviation (India) Private Limited**		
	Unsecured loans repaid	-	50.00
	Interest on loan - Unwinding of discount and changes in the discount rate	-	2.44
(m)	**GMR Infra Developers Limited**		
	Loans given	1000.00	-
	Receipt of Loan given	1000.00	-
	Interest income on loans	3.36	-
(n)	**GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)**		
	Contribution to the Gratuity fund	59.87	65.54
	Administrative expenses for maintenance of Gratuity fund	-	0.86

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

B. **Outstanding balances at the end of the Year – Debit/(Credit):**

	Particulars	**As at March 31, 2020**	**As at March 31, 2019**
(a)	**GMR Hyderabad International Airport Limited**		
	Share application money pending allotment	-	(1,000.00)
	Trade Payable	(247.42)	(587.72)
	Finance lease liability	(1,514.08)	-
	Right-of-use Leased Assets	1,409.62	-
	Security Deposit	29.30	35.78
	Corporate guarantee given in relation to Non-Convertible Debentures	-	27,500.00
	Corporate guarantee given in relation to Working capital facility	3,000.00	-
	Payables for purchase of Intangible Assets	-	(215.93)
	Prepaid expenses (Unwinding of discount and changes in discount rates)	-	21.85
	Prepaid expenses	3.91	20.01
(b)	**GMR Hyderabad Aviation SEZ Limited**		
	Security Deposit	12.26	11.00
	Prepaid Expenses	-	59.63
	Right of use Asset	2,078.96	-
	Lease Liability	(2,787.27)	-
	Trade Payables	(5,423.28)	(5,232.76)
(c)	**GMR Airport Developers Ltd**		
	Trade Payable	(77.54)	(116.29)
	Payable for purchase of Intangibles	(3.38)	(0.75)
(d)	**GMR Hospitality and Retail Limited**		

	Trade Payable	(18.21)	(2.39)
	Advances received from Customers	(0.40)	(0.60)
(e)	**Raxa Security services Limited**		
	Trade Payable	(18.07)	(15.96)
(f)	**GMR Airports Limited**		
	Trade Payable	(140.54)	-
(h)	**Delhi International Airport Ltd**		
	Security Deposit	24.97	22.66
	Advance to Suppliers	0.50	-
	Prepaid Expenses	-	2.19
	Trade Payable	(11.94)	(1.76)
(i)	**Asia Pacific Flight Training Academy Ltd**		
	Trade Receivables	-	4.69
(j)	**GMR Hyderabad Air Cargo and Logistics Private Limited Employees' Group Gratuity Trust (Formerly known as Hyderabad Menzies Air Cargo Private Limited Employees' Group Gratuity Trust)**		
	Trade Payables	(0.87)	(1.56)

35. Leases:

The Group has adopted Ind AS 116 "Leases" with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 "Leases" and related interpretation and guidance. The Group has applied Ind AS 116 using the modified retrospective approach. Right-of-use assets at April 1, 2019 for leases previously classified as operating leases were recognised and measured at an amount equal to lease liability (adjusted for any related prepayments). As a result, the comparative information has not been restated. The Group has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability.

Accordingly, on transition to Ind AS 116, the Group recognised the right-of-use assets of Rs. 8,059.44 lakhs and lease liabilities amounting of Rs. 7,964.42 lakhs. Consequent to the amendment of lease agreement with GMR Hyderabad Aviation SEZ Limited w.e.f December 01, 2019, remeasurement of lease liability has been carried out to reflect the revised lease rentals and the corresponding adjustment of Rs. 3,790.40 lakhs has been done to ROU. During the year ended March 31, 2020, the Group has recognised interest expense on leases amounting to Rs. 698.54 lakhs and depreciation on right-of-use assets amounting to Rs. 752.82 lakhs in these Consolidated Financial Statements.

The Group has discounted lease payments using the incremental borrowing rate as at April 1, 2019 for measuring the lease liability. The Group has applied the below practical expedients:

i. The Group has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".
ii. The Group has not applied the requirements of Ind AS 116 for leases of low value assets.
iii. The Group has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition.
iv. The Group has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

Impact of Ind AS 116 on the Statement of profit and loss account:

Particulars	For the year ended March 31, 2020
Interest on lease liability (Refer Note 27)	698.54
Amortisation on right of use assets (Refer Note 28)	752.82
Less: Lease rental expenses	(1051.87)
Impact on the statement of profit and loss account	**399.49**

36. Commitments and Contingencies

a) Capital and other commitment

i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances) amounting to Rs. 548.09 lakhs (March 31, 2019 – Rs. 415.08 lakhs)

b) Contingent Liabilities

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

ii. **Preference dividend**
As per the terms of issuance of Compulsory Convertible Cumulative Preference Shares (Series A and Series B), the Company shall pay preference dividends at a coupon rate of 11.97% on the paid up value of compulsorily convertible cumulative preference shares (Series A and Series B). In the absence of profits available for distribution, the Company has not declared preference dividend on Compulsorily Convertible Cumulative Preference Shares ("CCCPS") which is amounting to Rs. 161.76 lakhs and tax thereon for the quarter ended September 30, 2019, December 31, 2019 and March 31, 2020.

Other Litigations

(a) Custom officer's Salary

The Company accrued Customs officers' salaries stationed at Air Cargo Terminal based on debit notes raised by the Customs Department on GMR Hyderabad International Airport Limited (GHIAL) as the ultimate cost has to be borne by the custodian i.e. the Company. GHIAL filed a writ petition under Article 226 of the Constitution of India in the Honorable High Court of Judicature of Andhra Pradesh at Hyderabad against the demand raised in previous years. GHIAL received an order from the Honorable High court of Andhra Pradesh (Single Judge), stating that the grounds on which the levy was made by Customs Department were wholly unsustainable and accordingly the Company had reversed the accrued customs cost amounting to Rs. 1,402.09 Lakhs for the period from March 23, 2008 to March 31, 2012.

Subsequent to the above order, the Customs Department preferred an appeal against the same and on November 2, 2012, a bench of two judges of the Honorable High Court of Andhra Pradesh passed an order for interim suspension of the said order passed by the Honorable Single Judge and the matter is pending. The Management, based on internal assessment, is confident that there is no financial impact of this interim suspension order and accordingly, no provision has been made in these Consolidated Financial Statements.

(b) Income Tax Matters

(i) The Company had received assessment order during previous years for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961 and demanding tax of Rs. 154.18 Lakhs (including interest of Rs 21.64 Lakhs), Rs. 272.51 Lakhs (including interest of Rs 69.52 Lakhs), Rs. 302.70 Lakhs (including interest of Rs.74.38 Lakhs) and Rs. 254.40 Lakhs (including interest of Rs 65.96 Lakhs) for the respective assessment years. The Company had filed an appeal with Commissioner of Income - Tax (Appeals), Hyderabad and had paid Rs. 154.18 Lakhs, Rs. 272.51 Lakhs, Rs. 302.70 Lakhs, and Rs. 254.40 Lakhs for the assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13 respectively under protest. During the previous years, the said appeals were dismissed by the Commissioner of Income - Tax (Appeals), Hyderabad against which the Company had filed an appeal with the Income Tax Appellate Tribunal, Hyderabad.

During the FY 2016-17, the Company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2009-2010, 2010-2011, 2011-2012 and 2012-13. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(ii) The Company had received an order during previous years for the assessment year 2013-14 and 2014-15 respectively, denying the deduction u/s 80-IA of the Income Tax Act, 1961. Per this order the refund receivable to the Company has reduced by Rs. 418.47 Lakhs for A.Y. 2013-14 and Rs. 310.92 Lakhs for A.Y 2014-15. Aggrieved by the reduction in refund and the demand, the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad. The Company had received a favourable order from Commissioner of Income -Tax (Appeals), Hyderabad allowing the deduction u/s 80-IA of the Income tax Act, 1961 for the Assessment years 2013-14 and 2014-15. The Department appealed against the CIT order before ITAT in respect of the aforesaid years. During the previous year, the Company has received a favorable order from Income Tax Appellate Tribunal, Hyderabad allowing the deduction u/s 80 IA of the Income tax Act, 1961 for the Assessment years 2013-2014 and 2014-2015. The department appealed against the ITAT order before High Court in respect of the aforesaid years which is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iii) The Company has received an order during the previous years for the assessment year 2015-16 denying the deduction u/s 80-IA of the Income Tax Act, 1961. Subsequently, the Company filed for rectification of order u/s 154 of the Income-tax Act, 1961 and as per the rectified order there is a tax demand amounting to Rs. 417.17 Lakhs for AY 2015-16. During the FY 2018-19, the department has issued a refund order advice stating that refund for AY 2017-18 has been adjusted against the demand for AY 2015-16 to the extent of Rs. 377.05 Lakhs. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iv) During the previous year, the Company has received an order for the assessment year 2016-17 denying the deduction u/s 80-IA of the Income Tax Act, 1961 and as per the order there is a tax demand amounting to Rs. 16.47 Lakhs for AY 2016-17. Aggrieved by the demand the Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad which matter is pending. However, based on an internal assessment the Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(v) During previous years, the Company has received an order from Deputy Commissioner of Income Tax, Hyderabad for the reopening of the assessment year 2008-09 disallowing an item of expense amounting to Rs. 84.98 Lakhs. The Company has filed an appeal with the Commissioner of Income - Tax (Appeals), Hyderabad on May 5, 2015. During the current year, the Company has received an order on January 06, 2020 dated December 13, 2019 partially allowing the expense. Aggrieved by the order, the Company has filed an appeal with the ITAT, Hyderabad for which matter is pending. However, based on an internal assessment, the Management is of the opinion that the said order is time barred and will not be sustainable under law.

(c) Service Tax

(i) The Company had rendered cargo handling services for export cargo during the period March 2008 to June 2010 on which the Company had not paid service tax in view of the exemption available under cargo handling services. The Company had received a show cause notice from the Office of Commissioner of Customs & Central Excise requiring the Company to show cause as to why the services rendered during March 2008 to June 2010 should not be classified under "Airport Services" and "Storage and Warehousing Services" ("Taxable Service").

On May 3, 2013, the Company had received an order from Commissioner of Customs, Central Excise and Service tax. As per the said order, the commissioner had concurred with the departments view and classified the services of cargo handling for export cargo as Taxable Service. As a result of which, there was a demand levied of Rs. 188.64 Lakhs as service tax for the period March 2008 to June 2010 under Airport Services and Rs. 107.35 Lakhs as service tax for the period March 2008 to June 2010 on Storage and Warehousing Services along with applicable interest and penalty.

Subsequently, the Customs, Excise & Service Tax Appellate Tribunal (CESTAT) in its stay order dated October 25, 2013 has mentioned that X-ray Screening, Terminal Storage and Processing, Unitization and

Demurrage would be incidental and ancillary in relation to cargo handling service. As a result, there shall be a waiver of pre deposit of the dues and stay against recovery during pendency of the appeal.
Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(ii) The Company has received a show cause notice from the Office of Commissioner (Audit) Central tax requiring the Company to show cause as to why CENVAT credit of Rs. 64.86 Lakhs along with applicable interest and penalty should not be reversed/demanded on certain exempted services. The Company has filed a reply to the Show Cause notice with the Office of Commissioner (Audit) Central tax on October 10, 2017. Personal hearing completed on March 27, 2018, AC has passed an order dated March 28, 2018 by disallowing Company demand, order received on April 9, 2018. As a result of which, there is a demand levied of Rs. 64.86 Lakhs as service tax along with penalty of Rs. 63.19 Lakhs. Further, the Company has filed an appeal against the order with Commissioner (Appeals), Central tax during the previous year. The Company has received an unfavorable order from Commissioner of Customs and Central Tax (Appeals), Hyderabad on November 12, 2018, directing the Additional Commissioner to recalculate the demand. Subsequently, the Company has filed an appeal against the unfavorable order with CESTAT, Hyderabad on February 11, 2019.
Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(iii) The Company has received a SCN No. 31/2019-20 dated July 23, 2019 along with corrigendum to SCN dated July 25, 2019 from DGGI (Directorate General of GST Intelligence) on following points:

(a) Non reversal of CENVAT Credit against sale of goods for Rs. 2.58 lakhs.

(b) Proposing disallowance of Export of Services on the ground that 'Place of supply' for MRO Services of Aircraft going out of India after being put to use India can't be said to be outside India. Hence it does not qualify 'Export of Service' and hence subject to Service Tax for Rs. 207.99 lakhs along with applicable interest and penalty.

The Company has filed a writ petition on August 21, 2019 and received interim relief on August 22, 2019 staying the proceedings. Department has filed its reply and requested for stay vacation. The Company is in the process of filing rejoinder. Based on an internal assessment, Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(**iv)** The Company has received a SCN No. 04/2019-20/AC dated 19 July 2019 from Office of the Commissioner of Central Tax requiring the Company to show cause as to why service tax payable of Rs. 19.35 lakhs on recovery from the Employee on serving the Short Notice Period which is subject to Service Tax under declared service ' To tolerate an Act' u/s 66E (e.) of the Finance Act ,1994 should not be demanded under the provisions of Section 73 of Finance Act, 1994 along with interest under Section 75 and penalty under Section 78 of Finance Act , 1994.

The Company has filed a written response on August 19, 2019. Personal hearing held on January 23, 2020 and waiting for the final order. On similar issue, Company Company has gone for appeal and got the favorable order. Hence Management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(d) Provident Fund

(i) During the previous year, the Company has received an order from Regional PF Commissioner – I, Regional Office II, Hyderabad, regarding the payment of contributions to International Worker under Employees Provident Funds and Miscellaneous Provisions Act, 1952 demanding an amount of Rs. 14.26 Lakhs. The Company has filed writ petition before the High Court of Telangana. However, based on an internal assessment the management is confident that no liability in this regard would be payable and as such no provision has been made in these Consolidated Financial Statements.

(ii) In lieu of the judgement of Hon'ble Supreme Court dated 28 February 2019 in relation to the provisions of Section 6 of the Employees Provident Fund Act 1952, all fixed payments/allowances shall be part of Basic Wages which are paid universally, necessarily and ordinarily to employees except variable payments. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether the interest and penalties may be assessed.

The Management have determined that on account of the practicality of application of the judgement and uncertainty with respect to retrospective applicability, the Group would be in a position to determine the liability if any only on receipt of further clarifications on the said judgement. The Group will take the necessary steps based on further clarifications on the above matters and accordingly is of the opinion that the amount cannot be reasonably estimated. However, as a matter of caution, the Group has made a provision on a prospective basis.

37. Net dividend remitted in foreign exchange

(a) Compulsorily Convertible Cumulative Preference Shares

Year of remittance (ending on)	**March 31, 2020**	**March 31, 2019**	
Period to which relates		April 01, 2018 to October 31, 2018	January 01, 2018 to March 31, 2018
Number of non-resident shareholders	-	1	1
Number of CCCPS (Series A) of nominal value Rs.10,000 per share held on which dividend was remitted	-	18,000	18,000
Amount remitted in USD	-	1,76,123	80,353
Amount remitted in Rs. Lakhs	-	125.69	53.87

38. Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The Group has identified two reportable segments under Ind AS 108 as follows:

a) Maintenance, Repairs and Overhauling (MRO)* and;
b) GMR Hyderabad Air Cargo (Air Cargo)

The Chief Operating Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements.

	Segment Revenue		**Segment Profit**	
	For the year ended March 31, 2020	**For the year ended March 31, 2019**	**For the year ended March 31, 2020**	**For the year ended March 31, 2019**
MRO	20,444.17	15,365.28	2,799.23	1,302.48
Air Cargo	9,477.98	9,857.35	840.23	729.22
	29,922.15	**25,222.63**	**3,639.46**	**2,031.70**
Less: Inter segment	(1.35)	(0.92)	-	-
Total	**29,920.80**	**25,221.71**	**3,639.46**	**2,031.70**
Other income			1,282.23	866.48
Finance costs			(3,231.52)	(2,665.33)
Tax expense			(47.46)	(549.74)

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

Profit after tax			**1,642.71**	**(316.89)**

Segment assets and liabilities:

	As at March 31, 2020	As at March 31, 2019
Segment assets		
MRO	28,116.09	23,559.45
Air Cargo	8,191.70	12,175.07
Unallocable assets	9,845.62	2,774.00
Inter - segment	(2,828.67)	(34.42)
Total assets	**43,324.74**	**38,474.10**
Segment liabilities		
MRO	14,626.92	8,436.79
Air Cargo	4,420.27	3,206.44
Unallocable liabilities	27,429.06	30,213.28
Inter – segment	(2,828.67)	(34.42)
Total liabilities	**43,647.58**	**41,822.09**

Other segment information

	Depreciation and amortization		Additions to non - current assets	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020 (Refer Note 35)	For the year ended March 31, 2019
MRO	1,800.01	1,391.70	3,451.65	710.73
Air Cargo	963.10	393.51	2,319.27	486.32

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

* includes MRO consultancy and training services.

39. Pursuant to notification G.S.R.574(E) dated August 16, 2019 issued by Ministry of Corporate Affairs, the Company being a listed entity is not required to create Debenture Redemption Reserve.

40. Taxation

a) In view of the brought-forward business losses of the Company, also considering the brought-forward losses of the demerged undertaking (MRO business) (refer Note 1.1), no provision for current tax has been made in these Consolidated Financial Statements. The Company, post-merger, has filed the income tax return for the year ended March 31, 2019 on November 30, 2019. Pending assessment and on grounds of prudence, no adjustment has been made to the current tax provision for that financial year.

b) Matters relating to erstwhile GMR Hyderabad Air Cargo and Logistics Private Limited (GHACLPL) (Transferor company merged into the Company):

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

(ii) Minimum Alternate Tax (MAT) Credit entitlement (cumulative balance) claimed by the Company as per the income tax return filed for the FY 2018-19 on November 30, 2019 aggregating Rs. 3,701.03 lakhs has not been recognised in the books in view of the ongoing disputes/litigations with the tax authorities.

41. Bureau of Civil Aviation (BCAS), through its order dated April 28, 2010, decided that there shall be a Sterile Cargo Holding Area at the airports. The access to cargo processing area will be regulated by airport entry permits issued by BCAS. Accordingly, Central Industrial Security Force (CISF) personnel were deployed as per the instructions of BCAS and the security charges includes accrual of security cost of CISF personnel amounting to Rs. 36.25 Lakhs (March 31, 2019: Rs. 148.94 Lakhs). W.e.f. 1st July, 2019 vide AIC No.15/2019 dated 19th June, 2019, the collection of Passenger Service Fee (Security Component) is replaced with Aviation Security Fee (ASF). ASF will be collected and remitted by airlines to the National Aviation Security Fee Trust (NASFT). All expenses relating to CISF will be met through NASFT directly. Accordingly, based on the communication from Holding Company (GHIAL), the Group has discontinued recognition of salary provision of CISF personnel deputed at cargo terminal from 01st July, 2019. The Management is confident that there would be no additional liability other than the amount accrued in the books of account.

42. Pursuant to Composite Scheme of Arrangement (“Scheme”) approved by NCLT (Refer Note 1.1) all the liabilities relatable to the Demerged Undertaking, being transferred by the Demerged Company (“GATL”), immediately before the demerger, become the liabilities of the Resulting Company (“GAEL”/"the Company") by virtue of the demerger. In view of the above and the Scheme being effective, 1,750 Senior, Rated, Listed, Unsecured, Redeemable, Non-Convertible Debentures of GATL are transferred to GMR Air Cargo and Aerospace Engineering Limited (“GACAEL”) (formerly known as GMR Aerospace Engineering Limited – “GAEL”) with same terms and conditions as they were issued. Subsequently, such transfer of debentures was updated on the Bombay Stock Exchange (BSE) on October 15, 2019 and on the National Stock Exchange (NSE) on November 26, 2019.

43. The Management has assessed impairment of the carrying value of the MRO (Maintenance, Repair and Overhauling) Division, which was acquired by the Company during the year, in terms of the Composite Scheme of Arrangement from GMR Aero Technic Limited, wholly-owned subsidiary of the Company. This acquisition was accounted as a common control transaction in terms of Ind AS 103 Appendix C (also refer Note 1.1). The assessment was done at Cash Generating Unit (“MRO CGU”) level, which has past accumulated losses as at March 31, 2020. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations, which resulted in operating profits during the last 2 years.

Pursuant to the agreement entered by the GMR Group (“Group”) dated February 20, 2020, the Group has executed a definitive agreement with Aeroports De Paris (“ADP”) for acquisition of 49% stake by ADP in GMR Airports Limited (the holding company of GMR Hyderabad International Airport Limited, which is the holding company of the company) ("GAL") on fully diluted basis. In accordance with which the first tranche of the consideration has been received by the Group. The second tranche of the consideration is subject to regulatory approvals, lender consents and other approvals which are currently in progress and the Group Management is confident of obtaining the requisite approvals to achieve an expeditious closure of the transaction.

The MRO CGU is part of the Airports business. To assess whether the MRO CGU is impaired, the Management of the Group has reckoned the values attributed to MRO CGU which are higher than its carrying value, on the basis of an independent valuation of the Airport business carried out as part of entering the aforesaid agreement.

The Management has also assessed impairment of the carrying value of the MRO CGU consequent to the outbreak of the COVID19 pandemic. The Management has reviewed its business plans and the projections considering the COVID19 impact, and such future business plan, projections were approved by the Board of Directors of the Group. In view of the recent deal with ADP, key assumptions used by the management in impairment testing is cost of equity @ 16.5%.

The Management has also performed sensitivity analysis considering different scenarios to build in the uncertainties attached. Based on such valuation assessment done by the Management and approved by the Board of Directors, and other management initiatives as mentioned above, the Management is of the view that there is no impairment required in the value of MRO CGU as at March 31, 2020 in these Consolidated Financial Statements.

44. As at March 31, 2020, the Group has accumulated losses (including amalgamation adjustment deficit account) of Rs. 47,757.10 lakhs (as at March 31, 2019 is Rs 49,232.25 lakhs) and its net-worth has been fully eroded. The Management has undertaken several initiatives to improve its income from operations and establish profitable operations including the composite scheme of arrangement (Refer Note 1.1 above). In the current year, the Group has made a Profit for the year and based on the business plans for the coming year including the cash flow projections, it has sufficient future cash flows to meet its liabilities as and when they fall due. The credit rating for the Group's NCD program has been confirmed by ICRA Limited with letter dated April 09, 2020 as [ICRA]AA(CE) (placed on watch with negative implications).

In view of the Management there is no significant uncertainty on the going concern assumption and that the Group will have positive net worth in the coming years.

Additionally, GMR Hyderabad International Airport Limited ("GHIAL") has confirmed its continuous financial support to the Group to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. During the year ended March 31, 2020, Group has allotted shares of Rs 2,550 lakhs to GHIAL for consideration in cash.

Accordingly, these Consolidated Financial Statements have been prepared on Going Concern basis and do not include any adjustments relating to the recoverability of assets or the amounts of liabilities that may be necessary if the entity is unable to continue as a going concern.

45. Financial risk management objectives and policies

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

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group'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 Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, equity risk, commodity risk and demand risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments. The sensitivity analyses in the following sections relate to the position as at March 31, 2020.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2020.
The analyses exclude the impact of movements in market variables on: the carrying values of gratuity; provisions.

The following assumption have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2020.

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 Group's exposure to the risk of changes in market interest rates relates

primarily to the Group's long-term debt obligations with fixed interest rates. The Group does not have any long-term debt with floating interest rates.

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

Particulars	March 31, 2020	March 31, 2019 (Refer Note 1.1)
Redeemable Non-Convertible Debentures	27,500.00	27,500.00
	27,500.00	**27,500.00**

Interest rate sensitivity

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

	Increase/decrease in Interest rate	Effect on profit before tax
As at March 31, 2020*		
Unsecured Overdraft facility from bank	+0.50%	-
Unsecured Overdraft facility from bank	- 0.50%	-

	Increase/decrease in Interest rate	Effect on profit before tax
As at March 31, 2019		
Unsecured Overdraft facility from bank	+0.50%	(14.00)
Unsecured Overdraft facility from bank	- 0.50%	14.00

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.

* The overdraft facility availed by the Group from Abu Dhabi Commercial Bank was closed during the current year March 31, 2020.

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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group's exposure to foreign currency risk at the end of reporting period expressed in Indian Rupees are as follows:

Particulars	Currencies Exposure	As at March 31, 2020	
		Amount in Foreign currency	Rs in Lakhs
Trade payables	USD	620,195	467.54
	EURO	6,572	5.46
	SGD	10,970	5.40
	GBP	816	0.76
Trade receivables	USD	6,276,917	4,731.86
Cash and cash equivalent	USD	971,797	732.60
Unbilled revenue	USD	831,038	626.52

Payable for purchase of fixed assets	EURO	51,030	42.38

Particulars	Currencies Exposure	As at March,2019	
		Amount in foreign currency	Rs in Lakhs
Trade payables	USD	10,82,089	745.21
	EURO	8,667	6.73
	GBP	160	0.14
Trade receivables	USD	59,34,733	4,105.06
Cash and cash equivalent	USD	10,843	7.50
Deposit from customers	USD	1,500	0.93
Unbilled revenue	USD	5,49,312	379.96
Payable for purchase of fixed assets	USD	90,734	63.25

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and other foreign currencies against Group's functional currency. 5% represents the sensitivity rate used when reporting foreign currency risk internally to the key managerial personnel and represents management's assessment of the reasonably possible change in the foreign exchange rates. The sensitivity analysis considers only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rate.

As at March 31, 2020 , A positive number below indicates an increase in profit when the functional currency weakening against the USD and when functional currency weakening for other foreign currencies. For a 5 % strengthening of functional currency against USD and other foreign currencies, there would be a comparable opposite impact on the profit.

	March 31, 2020	March 31, 2019
Particulars	**Impact on profit after tax**	**Impact on profit after tax**
USD Sensitivity		
INR/USD- Increase by 5%	281.17	184.16
INR/USD- Decrease by 5%	(281.17)	(184.16)
EURO Sensitivity		
INR/EURO-Increase by 5%	(2.39)	(0.34)
INR/EURO- Decrease by 5%	2.39	0.34
GBP sensitivity		
INR/GBP-Increase by 5%	(0.04)	(0.01)
INR/GBP- Decrease by 5%	0.04	0.01
SGD sensitivity		
INR/SGD-Increase by 5%	(0.27)	-
INR/SGD- Decrease by 5%	0.27	-

Liquidity risk

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

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

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

Year ended March 31, 2020	Up to 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Redeemable Non-Convertible Debentures and interest there on	2,348.03	35,771.25	-	38,119.28
Trade payables	9,481.19	-	-	9,481.19
Leases	817.84	2,157.41	4,603.29	7,578.54
Other financial liabilities	173.50	-	-	173.50

Year ended March 31, 2019	Up to 1 year	1 - 5 year	More than 5 year	Total Contracted cash flows
Redeemable Non-Convertible Debentures and interest there on	2,351.25	9,405.00	28,714.27	40,470.52
Overdraft facility from a bank	2,799.99	-	-	2,799.99
Trade payables	9,808.54	-	-	9,808.54
Other financial liabilities	428.54	-	-	428.54

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 Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

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

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

Excessive risk Concentration

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

In order to avoid excessive concentrations of risk, the Group is trying to expand the customer base from Middle East and SAARC countries. Also additional revenue stream is in the pipeline i.e., from line maintenance.

46. Capital management

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

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

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

The following table summarises the capital of the Group:

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings	27,429.06	30,213.28

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

Cash and cash equivalents (including other bank balance)	(1,865.72)	(4,028.96)
Net debt	**25,563.34**	**26,184.32**
Equity	(322.84)	(3,347.99)
Net debt to Equity ratio	(79.18)	(7.82)

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020.

47. Fair values:

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

	Fair Value	**Carrying value**	**Fair Value**	**Carrying value**
	March 31, 2020	**March 31, 2020**	**March 31, 2019**	**March 31, 2019**
Financial assets				
Valued at fair value through profit and loss				
Investments	1,414.38	1,414.38	301.56	301.56
Valued at amortized cost				
Investments	4,964.11	4,964.11	-	-
Trade receivable	5,382.07	5,382.07	4,507.07	4,507.07
Other financial assets	1,058.49	1,058.49	972.82	972.82
Cash and cash equivalent and other bank balances	1,865.72	1,865.72	4,028.96	4,028.96
Financial assets – Loans	-	-	5,000.00	5,000.00
Total Financial Assets	**14,684.77**	**14,684.77**	**14,810.41**	**14,810.41**
Financial liabilities				
Valued at amortized cost				
Borrowings	27,429.06	27,429.06	30,213.28	30,213.28
Trade payables	9,481.19	9,481.19	9,808.54	9,808.54
Leases	4,326.11	4,326.11	-	-
Other financial liabilities	173.50	173.50	428.54	428.54
Total Financial Liabilities	**41,409.86**	**41,409.86**	**40,450.36**	**40,450.36**

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.

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.

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

48. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020

Particulars	Date of valuation	Total	Quoted prices in active market# (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments held at fair value through profit and loss	March 31, 2020	1,414.38	1,414.38	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019

Particulars	Date of valuation	Total	Quoted prices in active market# (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets					
Investments held at fair value through profit and loss	March 31, 2019	301.56	301.56	-	-

There have been no transfers between Level 1 and Level 2 during the year ending March 31, 2020 & March 31, 2019.
#The mutual funds are valued using the closing NAV.

49. As the world faces one of its biggest challenge caused by the COVID-19 related disruptions, the country wide lockdown enforced from March 25, 2020 which lockdown was released from May 25, 2020 had temporarily impacted the Group's operations. The Maintenance, Repair and Overhaul (MRO) business and Air Cargo business remains relatively less affected from demand point of view as MRO demand increased due to downtime of aircrafts, and air cargo business was classified as essential services. The Group had to face some issues related to non-availability of manpower and supply chain disruptions to cater to such demand. Presently, the Group has resumed the operations and are adhering to strict safety measures and Government guidelines.

The Group has considered the possible effects that may result from the pandemic while assessing the recoverability of carrying values of assets/CGUs and also in estimating future cash flows. In developing the assumptions relating to the possible future uncertainties in the global and domestic economic conditions because of this pandemic, the Group, as at the date of approval of these Consolidated Financial Statements has used internal and external sources of information, to the extent relevant. In terms of the impact of COVID19 on impairment assessment of the MRO CGU, the Management has concluded that no impairment is required, refer Note 43 for details.

Additionally, in respect of going concern assessment the Management has determined that there are no material uncertainties exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern, refer Note 44 for details.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these Consolidated Financial Statements and the Group will continue to closely monitor any material changes to future economic conditions.

50. Additional information as required by Schedule III to the Companies act, 2013

(All amounts in Rs. Lakhs, except otherwise stated)

Name of entity	Net Assets as at March 31, 2020		Share of profit for the year ended March 31, 2020		Share of other comprehensive loss for the year ended March 31, 2020		Share in total comprehensive income for the year ended March 31, 2020	
	% of consolidated net assets	Amount	% of share of profit	Amount	% of share of other comprehensive loss	Amount	% of share of total comprehensive income	Amount
Parent								
GACAEL*	99.90%	43,281.46	99.66%	1,637.07	100%	(37.55)	99.65%	1,599.52
Subsidiary								
GMR Aero Technic Limited	0.10%	43.28	0.34%	5.64	0%	-	0.35%	5.64

* GMR Air Cargo And Aerospace Engineering Limited ("GACAEL")

51. Use of estimates and judgement

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

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

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

(A) JUDGEMENTS

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

Service Concession Arrangements -

Management has assessed applicability of Appendix D to Ind AS 115 – "Service Concession Arrangements" to operations and maintenance agreements entered into by the Group for provisioning of cargo services at Hyderabad Airport. In assessing the applicability, management has exercised significant judgement in relation to the underlying ownership of the assets, terms of the arrangement entered with the grantor, ability to determine prices, fair value of construction service, assessment of right to guaranteed cash etc. Based on detailed evaluation, management has determined that this arrangement meets the criteria for recognition as service concession arrangements.

(B) ESTIMATES AND ASSUMPTIONS

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

Impairment of Cash Generating Unit (CGU):

The Group reviews its carrying value of CGU, annually, or more frequently when there is an indication for impairment. For the purpose of impairment testing, estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the assets for assessing the value in use. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell (also refer note 43 above).

Income tax and Deferred Tax

Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/recovered for uncertain tax provisions. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that sufficient future taxable profit will be available against which those deductible temporary difference can be utilized.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan 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.
The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

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 Discounting cash flow 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.

Useful lives of property, plant and equipment

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

Provision for doubtful receivables

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

Other estimates

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

For and on behalf of the Board of Directors
GMR Air Cargo And Aerospace Engineering Limited
(formerly known as GMR Aerospace Engineering Limited)

Rajesh Kumar Arora	**SGK Kishore**
Director	Director
DIN : 03174536	DIN : 02916539
K Venkata Ramana	**Rakhal Panigrahi**
Chief Financial Officer	Company Secretary
	M.No. ACS39622

Place: Hyderabad
Date: July 20, 2020

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.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2020
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable
4.	Share capital	10,00,000
5.	Reserves & surplus	32,68,000
6.	Total assets	70,69,000
7.	Total Liabilities	70,69,000
8.	Investments	Nil
9.	Turnover	98,15,000
10.	Profit before taxation	7,21,000
11.	Provision for taxation	1,57,000
12.	Profit after taxation	5,64,000
13.	Proposed Dividend	NIL
14.	% of shareholding	100%

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

By Order of the Board of Directors
For GMR Air Cargo And Aerospace Engineering Limited

	Sd/-	**Sd/-**
Place: Hyderabad	**Rajesh Kumar Arora**	**S G K Kishore**
Date: July 20, 2020	**Director**	**Director**
	DIN: 03174536	**DIN: 02916539**

Sd/-	**Sd/-**
K. Venkata Ramana	**Rakhal Panigrahi**
Chief Financial Officer	**Company Secretary**