Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

1 General information

Taneja Aerospace and Aviation Limited (TAAL) is a public limited company incorporated in India under the Companies Act, 1956. TAAL is engaged in the business of manufacture and sale of various parts and components to aviation industry, providing services related to Airfield & MRO and allied services.

2 Significant accounting policies

Significant accounting policies adopted by the Company are as under:

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for items that have been measured at fair value as required by relevant Ind AS.

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

The Company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

(c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the Balance Sheet date, reported amounts of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis.

Revisions to accounting estimates, if any, are recognised in the year in which the estimates are revised and in any future years affected.

Refer Note 3 for detailed discussion on estimates and judgments.

2.2 Property, plant and equipment

a) Property, plant and equipment are stated at their original cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of property, plant and equipment comprises of its purchase price including duties, taxes, freight and any other directly attributable cost of bringing the asset to its working condition for its intended use. However, cost excludes indirect taxes wherever credit of the duty or tax is availed of.

b) All indirect expenses incurred during acquisition / construction of property, plant and equipment including interest cost on funds deployed for the property, plant and equipment are treated as incidental expenditure and are capitalised for the period until the asset is ready for its intended use.

c) Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

d) Subsequent expenditure relating to property, plant and equipment is capitalised only if such expenditure

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

e) Considering the nature of business activity, Runway has been treated as Plant and Equipment and depreciation has been provided accordingly.

f) Assets received on amalgamation are recorded at its fair value.

g) Where a significant component (in terms of cost) of an asset has an economic useful life shorter than that of it's corresponding asset, the component is depreciated over it's shorter life.

Depreciation methods, estimated useful lives

Depreciation is provided on straight line method on Buildings, Plant and Equipment and Computer-Hardware and on written down value method on all other assets, based on the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act, 2013. Depreciation on addition to property, plant and equipment is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale / deletion of property, plant and equipment is provided for upto the date of sale, deduction or discard of property, plant and equipment as the case may be. In case of impairment, if any, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Based on the technical experts assessment of useful life, following class of property, plant and equipment are being depreciated over useful lives different from the prescribed useful lives under Schedule II to the Companies Act, 2013.

Management believes that such estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. These estimates are based on the technical evaluation which considered the nature and usage of the assets, the operating conditions of the assets, anticipated technological changes and maintenance support, etc.

Property, plant and equipment	
Plant & Machinery	15 - 48 years

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

2.3 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment properties are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on investment properties is provided on a pro-rata basis on straight line method over the estimated useful lives. Useful life of assets, as assessed by the Management, corresponds to those prescribed by Schedule II - Part 'C'.

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

Investment properties are de-recognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of de-recognition.

2.4 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

Foreign currency transactions are recorded in the reporting currency by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains / losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; non-monetary items denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined.

2.5 Fair value measurement

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 accessible to the Company.

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.

2.6 Revenue recognition

Effective April 1, 2018, the Company adopted Ind AS 115 - "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and / or revised significant accounting policies related to revenue recognition.

Revenue is recognised upon transfer of control of promised goods and services to the customers in an amount that reflects the consideration we expect to receive in exchange for those goods and services and where there is no uncertainty as to measurement or collectability of consideration.

Revenue from long-term fixed price, fixed time frame contracts where the performance obligations are satisfied over time and there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method and billed in terms of the agreement with and certification by the customer.

Rental income arising from operating leases (leases of hangar) is accounted for on a straight-line basis (except where the rentals are structured to increase in line with expected general inflation) over the lease terms based on agreement / contract entered into with the third party on accrual basis and is included in revenue in the Statement of Profit and Loss due to its operating nature.

Training fees received, being non-refundable, is accounted over the training period.

The Company accounts for volume discounts and pricing incentives to customers as a reduction of revenue based on the ratable allocation of the discounts / incentives to each of the underlying performance obligation that corresponds to the progress by the customer towards earning the discount / incentive. Also, when the level of discount varies with increases in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. The discounts are passed on to the customer either as direct payments or as a reduction of payments due from the customer.

The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

Revenue recognised in excess of billings is classified as contract assets (‘Unbilled revenue’) included in other current financial assets.

Billings in excess of revenue recognised is classified as contract liabilities (‘Deferred revenue’) included in other current liabilities.

The impact of applying Ind AS 115 - “Revenue from Contract with Customers” instead of the erstwhile Ind AS 18 - “Revenue”, on the financials statements of the Company for the year ended as at March 31, 2019 is provided in Note 47.

Other Income

Interest income is recognised on the basis of effective interest method as set out in Ind AS 109 - "Financial Instruments", and where no significant uncertainty as to measurability or collectability exists. The Company recognises duty drawback and income from duty credit scrips only when there is reasonable assurance that the conditions attached to them will be complied with, and the duty drawback and

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

duty credit scrips will be received. Commission income is recognised when the right to receive payment is established.

2.7 Taxes

Tax expense for the year, comprising current tax, deferred tax and minimum alternate tax credit are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(b) Minimum Alternate Tax

Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act, in respect of MAT paid is recognised as asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(c) Deferred tax

Deferred income-tax is provided in full, using the Balance Sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income-tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income-tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income-tax asset is realised or the deferred income-tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.8 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Also initial direct cost incurred in operating lease such as commissions, legal fees and internal costs is recognised immediately in the Statement of Profit and Loss.

Leases of property, plant and equipment where the Company, as lessee, has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

As a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the

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

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value.

Stock of raw materials, stores, spares, bought out items and certain components are valued at cost less amounts written down.

Stock of certain aero structures, components, work-in-progress and finished goods are valued at lower of cost and net realisable value based on technical estimate of the percentage of work completed.

In determining the cost of raw materials, components, stores, spares and loose tools, the First In First Out (FIFO) method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Work-in-progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work-in-progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on item by item basis.

Excise duty liability, wherever applicable, is included in the valuation of closing inventory of finished goods. Excise duty payable on finished goods is accounted for upon manufacture and transfer of finished goods to the stores. Payment of excise duty is deferred till the clearance of goods from the factory premises.

2.10 Impairment of non-financial assets

The Company assesses at each year end date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, the Company estimates the asset's recoverable amount and the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the Statement of Profit and Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the Statement of Profit and Loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

2.11 Provisions and contingent liabilities

Provisions are recognised when there is a present obligation 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 there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

2.12 Borrowing costs

Borrowing costs includes interest, amortization of ancillary

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costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of the assets, upto the date the asset is ready for its intended use. All other borrowing costs are recognised as an expense in the Statement of Profit and Loss in the year in which they are incurred.

2.13 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risks of changes in value.

Cash and cash equivalents includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal. Cash and cash equivalents include restricted cash and bank balances. The restrictions are primarily on account of bank balances held as margin money deposits against guarantees.

2.14 Investment in subsidiary

When an entity prepares separate financial statements, it shall account for investments in subsidiaries, joint ventures and associates either:

(a) at cost; or

(b) in accordance with Ind AS 109.

Company accounts for its investment in subsidiary at cost.

2.15 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.

(a) Financial assets

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

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

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

<u>Amortized cost:</u> Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the Effective Interest Rate method (EIR).

<u>Fair Value through Other Comprehensive Income (FVOCI):</u> Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at Fair Value through Other Comprehensive Income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is re-classified from equity to the Statement of Profit and Loss and recognised in other gains / (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

<u>Fair value through profit or loss:</u> Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

(iii) Impairment of financial assets

In accordance with Ind AS 109 - "Financial Instruments", the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on 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-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, 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-months ECL.

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 shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) 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.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for major clients. It 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 historically observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the provision at the reporting date.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when:

a) the rights to receive cash flows from the financial asset is transferred; or

b) entity retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is de-recognised only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

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

(ii) 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.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are de-recognised as well as through the EIR amortization 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 amortization is included as finance costs in the Statement of Profit and Loss.

Financial guarantee contracts

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

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

(iii) De-recognition

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss as finance costs.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.16 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services upto the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Balance Sheet.

(b) Defined contribution plan

The Company makes defined contribution to provident fund and superannuation fund, which are recognised as an expense in the Statement of Profit and Loss on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

Employee's State Insurance Scheme: Contribution towards employees' state insurance scheme is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(c) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the other comprehensive income in the year in which they arise.

(d) Other long-term employee benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within twelve months from the end of the year are treated as short-term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond twelve months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Leaves under defined benefit plans can be encashed only on discontinuation of service by an employee.

2.17 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year (if any). The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating results separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Segments are identified having regard to the dominant source and nature of risks and returns and internal organisation and management structure. The Company has considered business segments as the primary segments for disclosure. The business segments are "Aviation" and "Trading of Goods". The Company does not have any geographical segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Thus, as defined in Ind AS 108 - Operating Segments, the Company's entire business falls under two operational segment and hence the necessary information has been disclosed in the Balance Sheet and the Statement of Profit and Loss.

2.19 Rounding off amounts

All amounts disclosed in financial statements and notes have been rounded off to the nearest lakhs as per requirement of Schedule III of the Act, unless otherwise stated.

3 Significant accounting judgments, estimates and assumptions

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

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end 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.

(a) Defined benefits and other long-term benefits

The cost of the defined benefit plans such as gratuity and leave encashment 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 year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account inflation, seniority, promotion and other relevant factors on long-term basis.

4 Standards (including amendments) issued but not yet effective

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

(a) Ind AS 116 - Leases

On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 116-“Leases”. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective of the Standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

The effective date for adoption of Ind AS 116 is financial periods beginning on or after April 1, 2019. The Company is currently evaluating the requirements of amendments.

The Company believes that the adoption of this amendment will not have a material effect on the standalone financial statements.

(b) Ind AS 12 - Income Taxes

On March 30, 2019, Ministry of Corporate Affairs ("MCA") issued amendments to the guidance in Ind AS 12 - Income Taxes, in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income-tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company believes that this amendment will not have a material impact on the standalone financial statements.

(c) Ind AS 19 - Employee Benefits

On March 30, 2019, Ministry of Corporate Affairs ("MCA") issued amendments to Ind AS 19 - “Employee Benefits”, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company believes that this amendment will not have a material impact on the standalone financial statements.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

5 Property, plant and equipment

5.1 Financial Year 2018-19

	Gross block			Depreciation			Net block	
	As on April 1, 2018	Additions/ Adjustments	As at March 31, 2019	As on April 1, 2018	For the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Owned assets								
Freehold Land	6,274.80	-	6,274.80	-	-	-	6,274.80	6,274.80
Buildings	460.60	3.69	464.29	36.83	18.42	55.25	409.04	423.77
Plant and Equipment	3,773.32	39.98	3,813.30	445.06	225.45	670.51	3,142.79	3,328.26
Furniture and fixtures	4.78	0.33	5.11	1.55	0.45	2.00	3.11	3.23
Office equipment	20.48	3.07	23.55	6.77	5.69	12.46	11.09	13.71
Computer - Hardware	12.97	0.10	13.07	7.53	2.55	10.08	2.99	5.44
Vehicles	20.97	-	20.97	6.45	4.36	10.81	10.16	14.52
Total	**10,567.92**	**47.17**	**10,615.09**	**504.19**	**256.92**	**761.11**	**9,853.98**	**10,063.73**

5.2 Financial Year 2017-18

	Gross block			Depreciation			Net block	
	As on April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As on April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Owned assets								
Freehold Land	6,274.80	-	6,274.80	-	-	-	6,274.80	6,274.80
Buildings	460.60	-	460.60	18.43	18.40	36.83	423.77	442.17
Plant and Equipment	3,622.78	150.54	3,773.32	229.61	215.45	445.06	3,328.26	3,393.17
Furniture and fixtures	4.78	-	4.78	0.89	0.66	1.55	3.23	3.89
Office equipment	10.22	10.26	20.48	2.97	3.80	6.77	13.71	7.25
Computer - Hardware	10.05	2.93	12.97	3.73	3.79	7.53	5.44	6.31
Vehicles	6.68	14.29	20.97	1.31	5.15	6.45	14.52	5.38
Total	**10,389.91**	**178.02**	**10,567.92**	**256.94**	**247.25**	**504.19**	**10,063.73**	**10,132.97**

5.3 Capital work-in-progress

	As on April 1, 2018	Additions/ Adjustments	As at March 31, 2019	As on April 1, 2017	Additions/ Adjustments	As at March 31, 2018
Capital work-in progress	**1.08**	**(1.08)**	**-**	**-**	**1.08**	**1.08**

6 Investment properties

6.1 Financial Year 2018-19

	Gross block			Depreciation			Net block	
	As on April 1, 2018	Additions/ Adjustments	As at March 31, 2019	As on April 1, 2018	For the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Hangar (Building)	1,315.93	-	1,315.93	93.66	46.82	140.48	1,175.45	1,222.27
Total	**1,315.93**	**-**	**1,315.93**	**93.66**	**46.82**	**140.48**	**1,175.45**	**1,222.27**

6.2 Financial Year 2017-18

	Gross block			Depreciation			Net block	
	As on April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As on April 1, 2017	For the year	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017
Hangar (Building)	1,315.93	-	1,315.93	46.84	46.82	93.66	1,222.27	1,269.09
Total	**1,315.93**	**-**	**1,315.93**	**46.84**	**46.82**	**93.66**	**1,222.27**	**1,269.09**

During the year, the Company has recognised rental income of INR 1,267.59 lakhs (March 31, 2018 - INR 1,195.84 lakhs) in the

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Statement of Profit and Loss for investment properties.

Investment properties is leased out under operating leases. Disclosure on future rent receivable is included in Note 39.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The fair value of investment properties as at March 31, 2019 is INR 5,688.11 lakhs (March 31, 2018 - INR 5,600.32 lakhs). Fair value has been determined by an in-house expert and the valuation is classified as a level 3 valuation.

7 Financial assets - Investments

Particulars	As at March 31, 2019	As at March 31, 2018
Investment in equity instruments (Fully paid-up)		
Unquoted equity shares (Non-trade, stated at cost)		
Katra Auto Engineering Private Limited - 50,000 Shares	**5.00**	5.00
(Previous Year 50,000) of INR 10/- each		
Capital advance to subsidiary *	**646.05**	646.05
	651.05	651.05
* Long-term loan in nature of equity into 100% subsidiary.		
Investments measured at Fair Value Through Profit and Loss (fully paid)		
- Investments in Mutual Funds (Quoted) (Refer footnote i)	**57.11**	-
Current	**57.11**	-
Non-current	**651.05**	651.05
Total Financial assets - Investments	**708.16**	651.05

i. Details of investments in Mutual Funds (Quoted) designated at FVTPL:

Particulars	Units as on March 31, 2019	As at March 31, 2019	Units as on March 31, 2018	As at March 31, 2018
Tata Liquid Fund Direct Plan- Growth	**7,041.20**	**57.11**	-	-

8 Deferred tax asset (net)

Particulars	As at March 31, 2019	As at March 31, 2018
MAT credit entitlement #		
As at April 1	**134.69**	146.38
Less: Charged / (credited)		
– to profit and loss	**134.69**	11.69
Total Deferred tax asset (net)	**-**	134.69

In the opinion of Management, based on the projected future taxable profits, the outstanding MAT credit entitlement will be utilised within the stipulated time period prescribed as per the provisions of Income Tax Act, 1961. However, as a matter of prudence, the Company has written off the MAT credit entitlement as a charge to the respective years' Statement of Profit and Loss.

9 Other non-current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Capital advance to suppliers	**198.58**	205.72
Balance with revenue authorities	**44.38**	50.11
Total Other non-current assets	**242.96**	255.83

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

10 Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
Raw materials in stock	**213.94**	216.02
Raw materials in transit	**7.48**	43.97
Work-in-progress in stock (At cost)	**88.91**	227.41
Total Inventories	**310.33**	487.40

11 Trade receivables

Particulars	As at March 31, 2019	As at March 31, 2018
Secured, considered good	-	-
Unsecured		
- Considered good	**735.48**	425.32
- Considered doubtful	**486.17**	482.21
Less : Allowance for bad and doubtful debts	**(486.17)**	(482.21)
	735.48	425.32
Further classified as:		
Receivables from related parties	**108.00**	180.15
Receivable from others	**627.48**	245.17
Total Trade receivables	**735.48**	425.32

12 Cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Balances with banks		
On current accounts	**370.20**	506.36
Margin money deposits with banks (Less than 3 months maturity)	**11.31**	8.24
Cash on hand	**0.17**	0.11
Total Cash and cash equivalants	**381.68**	514.72

13 Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2019	As at March 31, 2018
Margin money deposits with banks (More than 3 months maturity)	**92.11**	89.26
Total Bank balances other than cash and cash equivalents	**92.11**	89.26

14 Current financial assets - Loans

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good:		
Loans to related parties	-	122.38
Security deposits	**25.90**	17.18
Total Current financial assets - Loans	**25.90**	139.56

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

15 Current tax assets (Net)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance income tax [Net of provision for tax: INR 53.30 lakhs; (March 31, 2018: INR 52.51 lakhs)]	**399.76**	371.91
Total Current tax assets (Net)	**399.76**	371.91

16 Other current assets

Particulars	As at March 31, 2019	As at March 31, 2018
Advance to suppliers	**17.69**	210.92
Advance to staff	**15.53**	18.41
Prepaid expenses	**52.46**	59.21
Other receivables	**25.67**	-
Unbilled revenue	**19.55**	2.89
Total Other current assets	**130.90**	291.43

17 Equity share capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised		
4,00,00,000 (March 31, 2018 - 4,00,00,000) Equity Shares of INR 5/- each	**2,000.00**	2,000.00
10,00,000 (March 31, 2018 - 10,00,000) 15% Redeemable Cumulative Preference Shares of INR 50/- each	**500.00**	500.00
	2,500.00	2,500.00
Issued, subscribed and paid up		
2,49,30,736 (March 31, 2018 - 2,49,30,736) Equity Shares of INR 5/- each fully paid up	**1,246.54**	1,246.54
Total Equity share capital	**1,246.54**	1,246.54

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of shares	Amount	Number of shares	Amount
Equity Shares at the beginning of the year	**2,49,30,736**	**1,246.54**	2,49,30,736	1,246.54
Equity Shares issued during the year	-	-	-	-
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	**2,49,30,736**	**1,246.54**	2,49,30,736	1,246.54

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares of INR 5/- each. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Indian Seamless Enterprises Limited	**1,26,53,299**	**50.75**	1,26,53,299	50.75

(d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

(e) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

18 Other equity

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	**Capital reserve**		
	Opening balance	**5.83**	5.83
	Closing balance	**5.83**	5.83
(b)	**Securities premium account**		
	Opening balance	**5,203.53**	5,203.53
	Closing balance	**5,203.53**	5,203.53
(c)	**General reserve**		
	Opening balance	**1,271.86**	1,271.86
	Closing balance	**1,271.86**	1,271.86
(d)	**Retained earnings**		
	Opening balance	**1,051.60**	1,022.85
	Change in accounting policy (refer Note 47)	**(50.66)**	-
	Net Profit / (Net Loss) for the year	**515.99**	15.00
	Re-measurement gains / (losses) on defined benefit plans	**7.65**	13.75
	Closing balance	**1,524.58**	1,051.60
	Total Other equity	**8,005.80**	7,532.82

19 Non-current borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Secured loans:		
Term loan from banks	**2,527.18**	3,265.30
Other non-current borrowings	**6.53**	8.19
Less: Current maturities	**908.35**	756.47
Total Non-current borrowings	**1,625.36**	2,517.02

The term loan from bank outstanding as at March 31, 2019 amounting to INR 1,294.36 lakhs (March 31, 2018 : INR 1,763.44 lakhs) (including current maturities of non-current borrowings) is secured by a first charge on assignment of Hangar-1 rental

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

/ receivables from lessee and specific free hold lands to the extent of 37.47 acres (March 31, 2018 : 37.47 acres) of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu. Second pari-passu charge is created on other property, plant and equipment (both movable and immovable) of the Company along-with other consortium banks as a collateral security.
The term loan from bank outstanding as at March 31, 2019 amounting to INR 995.32 lakhs (March 31, 2018: INR 1,260.90 lakhs) (including current maturities of non-current borrowings) is secured by a first charge on assignment of Hangar-2 rental / receivables from lessee and specific free hold lands to the extent of 41.40 acres of land and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu as a collateral security.
The term loan from bank outstanding as at March 31, 2019 amounting to INR 237.50 lakhs (March 31, 2018: INR 250.00 lakhs) (including current maturities of non-current borrowings) is secured by a exclusive charge on plant & equipment to be procured under the facility & continuing security of specific free hold lands already mortgaged with bank as a collateral security.
The other non-current borrowing from banks outstanding as at March 31, 2019 amounting to INR 6.53 lakhs (March 31, 2018: INR 8.19 lakhs) (including current maturities of other non-current borrowings) is secured by the respective charge on motor vehicle.

Maturity profile of secured term loans (as at March 31, 2019)

Particulars	Maturity Profile			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
Non-current borrowings	1060.90	405.38	115.17	43.91

20 Other non-current financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Deposit from lessee	**139.78**	122.61
Deposit from customers	**5.75**	5.75
Total Other non-current financial liabilities	**145.53**	128.36

21 Provisions

	Particulars	As at March 31, 2019	As at March 31, 2018
	Non-current provisions		
	Provision for employee benefits		
(a)	Provision for gratuity	**121.49**	139.33
(b)	Provision for leave encashment (unfunded)	**36.21**	62.80
	Total Non-current provisions	**157.70**	202.13
	Current provisions		
(a)	Provision for gratuity	**11.39**	0.78
(b)	Provision for leave encashment (unfunded)	**6.98**	7.06
	Total Current provisions	**18.37**	7.84
	Total Provisions	**176.07**	209.97

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

22 Current tax liabilities (net)

Particulars	As at March 31, 2019	As at March 31, 2018
Current tax payable [net of advance tax INR Nil (March 31, 2018: INR 0.04 lakhs)]	-	0.04
Total Current tax liabilities (net)	**-**	0.04

23 Other non-current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred rent income	**455.18**	490.93
Total Other non-current liabilities	**455.18**	490.93

24 Current borrowings

Particulars	As at March 31, 2019	As at March 31, 2018
Secured		
Working capital borrowings from banks	**592.49**	293.71
Total Current borrowings	**592.49**	293.71

Details of securities and other terms

Working capital loans from banks is secured against hypothecation of stock and book-debts on pari-passu basis and second charge on property, plant and equipment including specific free hold lands to the extent of 26.87 acres (March 31, 2018 - 26.87 acres) and development thereon of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu. Loan is at MCLR plus 5 - 5.50 % p.a rate of interest.

25 Trade payables

Particulars	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro enterprises and small enterprises *	**2.90**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**273.42**	472.15
Total Trade payables	**276.32**	472.15

* The identification of micro, small and medium enterprise suppliers as defined under the provisions of "The Micro, Small and Medium Enterprise Development Act, 2006" [MSMED Act] is based on Management's knowledge of their status. The Company has accrued INR 0.12 lakhs (March 31, 2018: INR Nil) towards interest payable to the vendors under the MSMED Act.

26 Other current financial liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Current maturities of non-current borrowings	**908.35**	756.47
Expenses payables	**131.51**	469.79
Employee related liabilities #	**79.56**	102.33
Other payables	**-**	83.66
Total Other current financial liabilities	**1,119.42**	1,412.25

Includes INR 1.70 lakhs (March 31, 2018: INR 0.26 lakhs) due to Whole-time Director.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

27 Other current liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory due payable *	**121.71**	129.66
Advance from customers	**234.81**	160.34
Deferred revenue	**21.74**	18.72
Deferred rent income	**35.74**	35.74
Total Other current liabilities	**414.00**	344.46

* Includes payable towards TDS, GST and other employee related statutory obligations.

28 Revenue from operations

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sales - Aviation		
- Domestic sales	**485.66**	190.49
- Export sales	**103.23**	361.82
Services - Aviation		
- Domestic conversion charges	**1,044.38**	957.26
- Rental income & other maintenance services	**1,544.03**	1,451.37
- Training & other services	**95.56**	190.02
Total Revenue from operations	**3,272.86**	3,150.96

Revenue from operations for periods upto June 30, 2017 includes excise duty. From July 1, 2017, excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations.

Performance obligations and remaining performance obligations *

Aggregate amount of the transaction price allocated to long-term fixed price contracts that are partially or fully unsatisfied as on March 31, 2019 is INR 1,670.46 lakhs of which the Company expects to recognise 60% (INR 1,004.59 lakhs) as revenue in 2019-20, 32% (INR 534.62 lakhs) as revenue in the financial year 2020-21 and 8% (INR 131.25 lakhs) as revenue in the financial year 2021-22. All other contracts are for periods one year or less. As permitted under Ind AS 115, the transaction price allocated to these unsatisfied contracts is not disclosed.

* As permitted under the transitional provisions of Ind AS 115, the transaction price allocated to partially or fully unsatisfied performance obligations as at March 31, 2018 is not disclosed.

29 Other income

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gain on sale of investments	**5.09**	-
Gain on changes in fair value of investments	**2.02**	-
Interest income *	**38.27**	49.87
Miscellaneous income	**14.89**	45.92
Total Other income	**60.27**	95.79

* Includes interest on income-tax refunds of INR 15.08 lakhs (March 31, 2018: INR 10.78 lakhs).

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

30 Cost of raw materials consumed

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Inventory at the beginning of the year	**259.98**	200.45
Add : Purchases	**277.72**	691.75
Less : Inventory at the end of the year	**221.42**	259.98
Total Raw materials consumed	**316.28**	632.22

31 Changes in inventories of finished goods, work-in-progress and stock-in trade

Particulars		Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the beginning of the year:			
Opening work-in-progress		**227.41**	206.92
Less: Change in accounting policy (refer Note 47)		**91.47**	-
	(I)	**135.94**	206.92
Inventories at the end of the year:			
Closing work-in-progress		**88.91**	227.41
	(II)	**88.91**	227.41
(Increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(I)-(II)**	**47.03**	(20.49)

32 Employee benefits expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages, bonus and other allowances	**752.17**	836.47
Contribution to provident and other funds	**56.09**	61.71
Gratuity	**10.45**	32.69
Staff welfare expenses	**36.92**	41.96
Total Employee benefits expense	**855.63**	972.83

33 Finance costs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Interest on term loans	**345.05**	316.56
Interest on working capital	**72.13**	118.69
Other finance costs	**76.00**	65.90
Total Finance costs	**493.18**	501.15

34 Depreciation and amortization expense

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on Property, plant and equipment (refer Note 5)	**256.92**	247.25
Depreciation on Investment properties (refer Note 6)	**46.82**	46.82
Total Depreciation and amortization expense	**303.74**	294.07

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

35 Other expenses

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Repairs and maintenance - Plant & Equipment	**28.68**	31.62
Power and fuel	**80.37**	78.57
Repairs and maintenance - Buildings	**2.09**	4.80
Repairs and maintenance - Others	**31.05**	21.39
Selling expenses	**8.99**	20.74
Rent	**12.96**	2.58
Rates and taxes	**60.92**	39.55
Insurance	**14.20**	13.63
Traveling & conveyance	**48.28**	86.68
Vendor charges	**23.27**	9.31
Provision for doubtful debts	**3.96**	62.67
Bad debts written off	**6.63**	-
Office & other administrative expenses*	**51.45**	66.56
Legal, professional & consultancy charges	**216.80**	299.08
Auditors remuneration	**9.70**	8.74
Total Operational and other expenses	**599.36**	745.95

* Includes printing and stationery expenses, security charges, communication expenses, sitting fees and miscellaneous expenses.

The following is the break-up of Auditors remuneration (exclusive of taxes)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
As auditor:		
- Statutory audit	**3.25**	2.50
In other capacity:		
- Limited Review	**4.50**	4.50
- Re-imbursement of expenses	**1.95**	1.74
Total	**9.70**	8.74

36 Income Tax

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
(A) Deferred tax relates to the following:		
Deferred tax assets		
MAT credit entitlement	**-**	134.69
	-	134.69
(B) Recognition of deferred tax asset to the extent of deferred tax liability		
Balance Sheet		
Deferred tax asset	**-**	134.69
Deferred tax liabilities	**-**	-
Deferred tax assets / (liabilities), net	**-**	134.69
Deferred tax expense (As per the Statement of Profit and Loss)	**134.69**	11.69
	134.69	11.69

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

36 Income Tax (Contd...)

Particulars	**Year ended March 31, 2019**	Year ended March 31, 2018
(C) The reconciliation of tax expense and the accounting profit multiplied by India's tax rate :		
Tax expenses as per the Statement of Profit and Loss		
Current tax	**0.79**	-
Deferred tax	**134.69**	11.69
Total	**135.48**	11.69
Profit from continuing operations before income-tax expense	**651.47**	26.69
Tax Rate	**31.20%**	30.90%
Tax computed using statutory tax rate	**203.26**	8.25
Tax effect of:		
Utilization of carry forward losses	**(201.68)**	(8.25)
MAT credit written off	**134.69**	11.69
Effect of change in tax rates	**(0.79)**	-
Income-tax expense	**135.48**	11.69

37 Earnings / (Loss) per share

Basic earnings / (loss) per share amounts are calculated by dividing the profit / (loss) for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings / (loss) per share amounts are calculated by dividing the profit / (loss) attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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

Particulars	**March 31, 2019**	March 31, 2018
Profit / (Loss) attributable to equity shareholders of the Company	**515.99**	15.00
Weighted average number of equity shares for basic EPS	**2,49,30,736**	2,49,30,736
Basic - Earnings / (loss) per share (INR)	**2.07**	0.06
Diluted - Earnings / (loss) per share (INR)	**2.07**	0.06

Diluted EPS is same as Basic EPS, as there are no outstanding potential shares as on date as well as in the corresponding previous year.

38 Employee benefits

(A) Defined contribution plans

Particulars	**March 31, 2019**	March 31, 2018
During the year, the Company has recognised the following amounts in the Statement of Profit and Loss -		
Employer's contribution to provident fund, family pension fund and other funds	**56.09**	61.71

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

(B) Defined benefit plans

a) Gratuity payable to employees

i) Actuarial assumptions

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Discount rate (per annum)	**7.70%**	7.80%
Rate of increase in salary	**7%-10%**	7%-10%
Expected average remaining working lives of employees (years)	**12.36**	12.59
Withdrawal rate	**2%-5%**	0%-5%

ii) Changes in the present value of defined benefit obligation

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Present value of obligation at the beginning of the year	**146.82**	129.53
Interest cost	**10.31**	9.25
Past service cost	**-**	5.95
Current service cost	**12.07**	17.95
Curtailments	**(11.93)**	-
Settlements	**-**	-
Benefits paid	**(5.43)**	(2.11)
Actuarial (gain) / loss on obligations	**(7.65)**	(13.75)
Present value of obligation at the end of the year *	**144.19**	146.82
* Included in provision for employee benefits (Refer Note 21-(a)) Actuarial (gain) / loss on gratuity of INR (7.65 lakhs) for the year ended March 31, 2019 (March 31, 2018: INR (13.75 lakhs)) is included in other comprehensive income.		

iii) Expenses recognised in the Statement of Profit and Loss

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Current service cost	**12.07**	17.95
Past service cost	**-**	5.95
Interest cost	**10.31**	8.79
Expected return on plan assets	**-**	-
Actuarial (gain) / loss on obligations	**-**	-
Settlements	**-**	-
Curtailments	**(11.93)**	-
Total expenses recognised in the Statement of Profit and Loss	**10.45**	32.69

iv) Assets and liabilities recognised in the Balance Sheet

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Present value of unfunded obligation as at the end of the year	**144.19**	146.82
Less : Funded with Life Insurance Corporation	**11.31**	6.70
Unfunded net asset / (liability) recognised in the Balance Sheet	**132.88**	140.12

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

v) Expected contribution to the fund in the next year

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Total amount	**133.00**	7.00

vi) A quantitative sensitivity analysis for significant assumption as at March 31, 2019 & March 31, 2018 is as shown below:

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Impact on defined benefit obligation		
Discount rate		
1% increase	**133.47**	135.62
1% decrease	**156.44**	159.57
Salary rate		
1% increase	**154.95**	157.40
1% decrease	**134.56**	137.35
Withdrawal rate		
1% increase	**144.41**	147.33
1% decrease	**143.95**	134.50

vii) Maturity profile of defined benefit obligation

Particulars	Gratuity	
	March 31, 2019	March 31, 2018
Year		
Apr 2019- Mar 2020	**11.39**	12.65
Apr 2020- Mar 2021	**12.12**	12.29
Apr 2021- Mar 2022	**11.64**	28.47
Apr 2022 onwards	**142.62**	109.88

39 Leases

Operating leases where Company is a lessor:

The Company has entered into lease transactions mainly for leasing of Hangars for a period of 25 years. The terms of lease include terms of renewal, increase in rents in future periods, which are inline with general inflation and terms of cancellation. The operating lease payments recognised in the Statement of Profit and Loss amounts to INR 1,267.59 lakhs (March 31, 2018 - INR 1,195.84 lakhs) included in Note 28.

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

Particulars	March 31, 2019	March 31, 2018
Within one year	**1,343.64**	1,267.59
After one year but not more than five years	**6,230.60**	5,877.92
More than five years	**19,838.20**	21,534.52

40 Related party disclosures

(A) Names of related parties and description of relationship as identified and certified by the Company:

Ultimate Holding company (Effective from July 31, 2017)
Vishkul Leather Garments Private Limited

Holding company (Effective from July 31, 2017)
Indian Seamless Enterprises Limited

Subsidiary company
Katra Auto Engineering Private Limited

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

Entities under common control
ISMT Limited
Laurus Tradecon Private Limited (Formerly known as Lighto Technologies Private Limited)
TAAL Enterprises Limited
TAAL Tech India Private Limited
First Airways Inc.

Key Management Personnel (KMP)
Mr. Salil Taneja (Whole Time Director upto September 30, 2018)
Mr. Muralidhar Chitteti Reddy (Managing Director from October 01, 2018)

Non whole-time director
Mr. C S Kameswaran (upto February 06, 2018)
Mr. R Poornalingam (upto September 27, 2017)
Mr. Rakesh Surie (upto September 27, 2017)
Mr. Nirmal Chandra (upto September 27, 2017)
Dr. Prahlada Ramarao (from December 2, 2017)
Mr. Muralidhar Chitteti Reddy (from December 2, 2017 upto September 30, 2018)
Mrs. Rahael Shobhana Joseph (from December 14, 2017)
Mrs. Arvind Nanda (from August 14, 2018)
Mr. Salil Taneja (from October 1, 2018)

(B) Details of transactions with related parties in the ordinary course of business for the year ended:

	Particulars	**March 31, 2019**	March 31, 2018
(i)	**Subsidiary company**		
	- Investment	**5.00**	5.00
	- Balance receivable as at the year end (Loan in the nature of equity Contribution) *	**646.05**	646.05
	- Advance given during the year (on current account)	**0.25**	-
	- Balance receivable as at the year end (on current account)	**0.50**	0.25
(ii)	**Entities under common control**		
	Loans taken from related parties during the year		
	- TAAL Enterprises Limited	**150.00**	-
	- TAAL Tech India Private Limited	**50.00**	25.00
	Loan re-paid to related parties during the year		
	- TAAL Enterprises Limited	**150.00**	-
	- TAAL Tech India Private Limited	**50.00**	25.00
	Loans given to related parties during the year	**-**	-
	Loan re-paid by related parties during the year		
	- ISMT Limited (including interest of Rs. 8.02 lakhs)	**108.02**	-
	- TAAL Tech India Private Limited	**14.36**	-
	Sale of trading goods		
	- First Airways, Inc.	**28.00**	288.43
	Purchase of traded goods		
	- ISMT Limited	**30.09**	277.30

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

	Particulars	March 31, 2019	March 31, 2018
	Reversal of provision for doubtful debts		
	- Lauraus Tradecon Private Limited	**20.00**	20.00
	Re-imbursement of expenditure during the year (net)		
	- TAAL Tech India Private Limited	**5.12**	7.99
	- TAAL Enterprises Limited	**6.00**	6.00
	Interest income		
	- ISMT Limited	**13.65**	15.00
	Interest paid		
	- TAAL Enterprises Limited	**16.25**	-
	- TAAL Tech India Private Limited	**0.06**	1.59
	Commission received for bank guarantee		
	- TAAL Tech India Private Limited	**-**	10.59
	Balance payable as at the end of the year		
	- ISMT Limited	**-**	112.60
	- TAAL Enterprises Limited	**-**	83.67
	- First Airways, Inc.	**-**	26.95
	Balance receivable as at the end of the year		
	- Lauraus Tradecon Private Limited	**108.00**	200.15
	- TAAL Tech India Private Limited	**-**	14.36
	- TAAL Enterprises Limited	**25.67**	-
(iii)	**Key Management Personnel (KMP)**		
	Managerial remuneration #		
	- Mr. Salil Taneja	**77.07**	102.00
	- Mr. Muralidhar C Reddy	**21.00**	-
	Director sitting fees	**7.20**	8.90
	Balance payable as at the year end		
	- Mr. Salil Taneja	**-**	0.26
	Balance receivable as at the year end		
	- Mr. Muralidhar C Reddy	**0.08**	-

* This loan is interest-free and was given to the subsidiary for purchase of land.

Excludes contribution to gratuity fund and provision for leave encashment as separate figures are not ascertainable for the managerial personnel. Further, the Company has not paid any commission to the managerial personnel.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

41 Segment reporting

The chief operating decision maker regularly monitors and reviews the operating results separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Segments are identified having regard to the dominant source and nature of risks and returns and internal organisation and management structure. The Company has considered business segments as the primary segments for disclosure. The business segments are "Aviation" and "Trading of Goods". The Company does not have any geographical segment. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the significant accounting policies.

Particulars	**Aviation**	**Trading of Goods**	**Total 2018-19**	Aviation	Trading of Goods	Total 2017-18
a. Segment revenue						
Segmental revenue from :						
External sales and services (including other income)	**3,305.13**	**28.00**	**3,333.13**	2,958.32	288.43	3,246.75
Total Segment revenue	**3,305.13**	**28.00**	**3,333.13**	2,958.32	288.43	3,246.75
b. Segment result						
Operating Profit / (Loss)	**653.55**	**(2.08)**	**651.47**	(5.42)	32.11	26.69
Profit / (Loss) before tax	**653.55**	**(2.08)**	**651.47**	(5.42)	32.11	26.69
Less: Tax (benefit) / expense	**-**	**-**	**135.48**	-	-	11.69
Profit / (Loss) for the Year	**653.55**	**(2.08)**	**515.99**	(5.42)	32.11	15.00
c. Other information						
Segment assets	**13,548.95**	**108.00**	**13,656.95**	13,961.50	180.15	14,141.65
Unallocable assets	**-**	**-**	**399.76**	-	-	506.60
Total Assets	**13,548.95**	**108.00**	**14,056.71**	13,961.50	180.15	14,648.25
Segment liabilities	**4,804.37**	**-**	**4,804.37**	5,621.29	247.56	5,868.85
Unallocable liabilities	**-**	**-**	**-**	-	-	0.04
Total Liabilities	**4,804.37**	**-**	**4,804.37**	5,621.29	247.56	5,868.89
Capital employed	**8,744.58**	**108.00**	**9,252.34**	8,340.21	(67.41)	8,779.36
d. Cost incurred for :						
- Acquired assets	**47.17**	-	**47.17**	178.02	-	178.02
- Depreciation	**303.74**	-	**303.74**	294.07	-	294.07

As per Ind AS 108, the Company has two segments viz., "Aviation" and "Trading of Goods".

(i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.

(ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Tax related assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under unallocable assets and liabilities.

Major customers

Revenue from 4 customers of the Company's Aviation segment amounting to INR 2,281.95 lakhs (March 31, 2018: revenue from 3 customers amounting to INR 1,760.14 lakhs) is more than 10% of the Company's total revenue.

42 Fair values of financial assets and financial liabilities

The fair values of other current financial assets, cash and cash equivalents, trade receivables, investments, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short-term nature of these financial instruments.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

The amortized cost using Effective Interest Rate (EIR) of non-current financial liabilities consisting of security and other deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits and other financial assets.

43 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

No financial assets / liabilities have been valued using level 1 fair value measurements.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	**March 31, 2019**	March 31, 2018
Level 1 (Quoted price in active markets)		
Investments at fair value through profit and loss	**57.11**	Nil
Level 2	**Nil**	Nil
Level 3		
Financial assets measured at amortized cost		
Trade receivables	**735.48**	425.32
Cash and cash equivalents	**381.68**	514.72
Bank balances other than cash and cash equivalents	**92.11**	89.26
Loans	**25.90**	139.56
Financial liabilities measured at amortized cost		
Borrowings	**3,126.20**	3,567.20
Trade payables	**276.32**	472.15
Other financial liabilities	**356.60**	784.14
Financial assets and liabilities measured at amortized cost for which fair values are disclosed		
Deposit from lessee	**139.78**	122.61

The fair values of deposits from lessee were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

The carrying amount of cash and cash equivalents, trade receivables, margin money, trade payables, other payables and short-term borrowings are considered to be the same as their fair values.

44 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorised into market risk, credit risk and liquidity risk. The Company's risk management is co-ordinated by the Board of Directors and focuses on securing long-term and short-term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) 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 floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and floating rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. 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 basis points	Effect on profit before tax
March 31, 2019		
INR	**+45**	**(14.07)**
INR	**-45**	**14.07**
March 31, 2018		
INR	+45	(16.05)
INR	-45	16.05

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument 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 different currency from the Company's functional currency).

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in US$ rate	Effect on profit before tax
March 31, 2019		
	+2.5%	**(1.24)**
	-2.50%	**1.24**
March 31, 2018		
	+2.5%	-
	-2.50%	-

(B) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does a proper financial and credibility check on the landlords before taking any property on lease and has not had a single instance of non-refund of security deposit on vacating the leased property. The Company also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realisation risk. The Company does not foresee any credit risks on deposits with regulatory authorities.

(C) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarises the maturity profile of the Company's financial liabilities:

Particulars	less than 12 months	1 to 4 years	More than 4 years	Total
March 31, 2019				
Short-term borrowings	**592.49**	**-**	**-**	**592.49**
Long-term borrowings	**908.35**	**1,581.45**	**43.91**	**2,533.71**
Trade payables	**276.32**	**-**	**-**	**276.32**
Other financial liabilities	**356.60**	**-**	**-**	**356.60**
	2,133.76	**1,581.45**	**43.91**	**3,759.12**
March 31, 2018				
Short-term borrowings	293.71	-	-	293.71
Long-term borrowings	756.47	2,444.54	72.48	3,273.49
Trade payables	472.15	-	-	472.15
Other financial liabilities	784.14	-	-	784.14
	2,306.47	**2,444.54**	**72.48**	**4,823.49**

45 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity shareholders. The primary objective of the Company's capital management is to maximise the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current and current borrowing from banks. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Particulars	March 31, 2019	March 31, 2018
Total Equity (a)	**9,252.34**	8,779.36
Total Debt (b)	**3,126.20**	3,567.20
Overall financing (c = a+b)	**12,378.54**	12,346.56
Gearing ratio (d = b/c)	**0.25**	0.29

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2019 and March 31, 2018.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

46 A) Contingent liabilities (to the extent not provided for)

Particulars	As at March 31, 2019	As at March 31, 2018
Claims against the Company not acknowledged as debts:		
(i) Custom Duty	**622.67**	622.67
(ii) Service Tax	**124.37**	237.61
(iii) Excise Duty	**168.40**	231.80
(iv) City Civil Court	**170.00**	170.00

(i) This relates to customs duty demand received for the year 2007-08 of INR 622.67 lakhs (March 31, 2018: INR 622.67 lakhs) towards wilful misrepresentation and supression of facts for private use of the aircraft which is disputed by the Company. The Company has filed an appeal against this order and the appeal is pending with the appellate authorities.

(ii) This relates to services tax demands received of INR 124.37 lakhs (March 31, 2018: INR 124.37 lakhs) for the years 2008-09 to 2012-13 towards service tax liability on reverse charge basis for receipt of service of supply of tangible goods for use which are disputed by the Company. The Company has filed an appeal against these orders and the appeal is pending with the appellate authorities.

(iii) This relates to various excise duty demands received towards manufacture and supply of goods without payment of duty of INR 80.24 lakhs (March 31, 2018: INR 80.24 lakhs) for the years 2008-09 to 2011-12, INR 23.73 lakhs (March 31, 2018: INR 23.73 lakhs) for the year 2012-13, INR 57.50 lakhs (March 31, 2018: INR 57.50 lakhs) for the years 2013-14 to 2014-15 and INR 6.93 lakhs (March 31, 2018: INR 6.93 lakhs) which are disputed by the Company. The Company has filed an appeal against these orders and the appeal is pending with the appellate authorities.

(iv) This relates to damages claimed by a customer towards breach of contractual obligations of INR 170 lakhs (March 31, 2018: INR 170 lakhs) during the year 2005-06 which are disputed by the Company in the City Civil Court of Bangalore.

Future cash outflows in respect of the above, if any, is determined only on receipt of judgment / decisions pending with relevant authorities. The Company does not expect the outcome of matters stated above to have a material adverse effect on the Company's financial condition, result of operations or cash flows.

B) Capital and other commitments (to the extent not provided for)

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Letters of credit	**2.67**	42.40
(b) Bank guarantees	**913.01**	868.20
(c) Indemnity issued to customers	**120.38**	23.96

47 Change in accounting policy

Ind AS 115 - "Revenue from Contracts with Customers", mandatory for reporting periods beginning on or after April 1, 2018, replaces existing revenue recognition requirements. The Company applied Ind AS 115 for the first-time by using the modified retrospective method of adoption with the date of initial application as April 1, 2018. Under this method, the Company recognised the cumulative effect of initially applying Ind AS 115 as a net reduction to the opening balance of retained earnings as at April 1, 2018 of INR 50.66 lakhs with corresponding decrease in opening work-in-progress by INR 91.47 lakhs and revenue from operations by INR 40.81 lakhs. Comparative prior period has not been adjusted.

On account of adoption of new revenue standard viz., Ind AS 115 - "Revenue from Contracts with Customers", the revenue from operations and net profit has increased by INR 18.55 lakhs for the year ended March 31, 2019. Consequently, unbilled revenue has increased by INR 18.55 lakhs as at March 31, 2019.

Notes forming part of the Standalone Financial Statements for the year ended March 31, 2019

(All amounts in INR lakhs, unless otherwise stated)

48 As per Clause 9.2 of the Scheme of Arrangement as approved by honourable High Court of Madras, Taneja Aerospace and Aviation Limited (TAAL) will carry on the business and activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited (TEL) until the time TEL obtains the requisite statutory licences required for carrying on the demerged charter business. The said licences are yet to be obtained and accordingly the demerged charter business has continued to be operated by TAAL in trust for and on behalf of TEL including banking transactions, statutory compliances and all other commercial activities. Accordingly, the accounting entries pertaining to the demerged charter business are accounted in the books of account of TEL.

49 The Company considers its investment in and loan to subsidiary as strategic and long-term in nature and accordingly, in the view of the Management, any decline in the value of such long-term investment in subsidiary is considered as temporary in nature and hence no provision for diminution in value is considered necessary.

50 Deferred tax calculations result into deferred tax assets as at March 31, 2019 as well as at March 31, 2018. However, as a matter of prudence, the Company has not recognized deferred tax assets as it is not probable that the Company will have future taxable profits.

51 Previous year figures have been regrouped / reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act.

As per our report of even date
For MSKA & Associates
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 28, 2019

For and on behalf of the Board of Directors of
Taneja Aerospace and Aviation Limited
CIN: L62200TZ1988PLC014460

Muralidhar C Reddy	**Salil Taneja**	**Mahendra Nalluri**	**Sysha Kumar**
Managing Director	Director	Chief Financial Officer	Company Secreatary
DIN : 01621083	DIN : 00328668		

Place: Bengaluru
Date: May 28, 2019