Taneja Aerospace and Aviation Limited

Regd. Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli – 635 114, Tamil Nadu
Phone: 04347 - 233508, Fax: 04347 - 233414, E-mail: secretarial@taal.co.in,
Web: www.taal.co.in, CIN: L62200TZ1988PLC014460

NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the Members of Taneja Aerospace and Aviation Limited will be held on Saturday, September 29, 2018 at 2.00 p.m. at Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli-635114, Tamil Nadu to transact following business:

Ordinary Business:

1. To receive, consider and adopt:

   (a) the Audited Financial Statements of the Company for Financial Year ended March 31, 2018 including the Audited Balance Sheet as at March 31, 2018 and Statement of Profit and Loss for the year ended on that date and Reports of the Board of Directors and the Auditors thereon; and

   (b) the Audited Consolidated Financial Statements of the Company for Financial Year ended March 31, 2018 including the Audited Consolidated Balance Sheet as at March 31, 2018 and the Consolidated Statement of Profit and Loss for the year ended on that date and the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. Salil Taneja (DIN: 00328668), who retires by rotation and being eligible, offers himself for re-appointment.

Special Business:

3. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and Rules made thereunder, Mrs. Rahael Shobhana Joseph (DIN: 02427554) who was appointed as an Additional Director of the Company by the Board of Directors with effect from December 14, 2017 and who holds office holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Non-Executive Non Independent Director of the Company liable to retire by rotation."

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder read with Schedule IV of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. Prahlada Ramarao (DIN: 07548289) who was appointed as an Additional Director of the Company by the Board of Directors with effect from December 02, 2017 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the Office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office until the conclusion of 31st Annual General Meeting of the Company."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and Rules made thereunder, Mr. Muralidhar Chitteti Reddy (DIN: 01621083) who was appointed as an Additional Director of the Company by the Board of Directors with effect from December 02, 2017 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the Office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder read with Schedule IV of the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Arvind Nanda (DIN: 01846107) who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 14, 2018 and who holds office upto the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the Office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office until the conclusion of 31st Annual General Meeting of the Company."

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

"RESOLVED THAT in accordance with the provisions of Sections 197, 198 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013 ("Act") or any other statutory modification(s) or re-enactment thereof and subject to such approvals/ consent, if any, approval of the Company be and is hereby accorded to the appointment of Mr. Muralidhar Chitteti Reddy (DIN: 01621083) as Whlole Time Director designated as Managing Director of the Company, liable to retire by rotation, for a period of 2 (two) years with effect from October 1, 2018 to September 30, 2020 on the terms, conditions including remuneration and perquisites as set out in the Explanatory Statement annexed to this Notice with the liberty to the Board of Directors (hereinafter referred to as "the Board," which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions and/ or remunerations, subject to the same not exceeding the limits specified under Schedule V to the Act or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT when re-elected as Director, on account of retirement by rotation, such re-election of Mr. Muralidhar Chitteti Reddy as Director shall not be deemed to constitute a break in his appointment as a Managing Director and that upon re-election he shall continue to hold the office of Managing Director as hitherto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Sysha Kumar
Company Secretary

Pune, August 14, 2018

Registered Office:
Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu

NOTES:

1. The relative Explanatory Statement and reasons for the proposed Special Business stated pursuant to Section 102 of the Companies Act, 2013 ('Act') is annexed.

2. Members of the Company had approved the appointment of M/s. MSKA & Associates, Chartered Accountants, as the Statutory Auditors at the 28th AGM of the Company which is valid till conclusion of the 33rd AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.

3. **A Member entitled to attend and vote at the Annual General Meeting ('AGM') may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company.** A person can act as proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total Share Capital of the Company. A Member holding more than 10% of the total Share Capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. Proxy Form duly stamped and executed in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM.

4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.

5. The Register of Directors and Key Managerial Persons and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.

6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.

7. The Annual Report for FY 2017-18 and Notice of AGM of the Company inter alia indicating the process and manner of voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the aforesaid Annual Report and Notice of the AGM etc. is being sent through permitted modes.

   Members may also note that the aforesaid Notice and Annual Report will also be available for download on Company's website viz. www.taal.co.in.

8. The route map showing directions to reach the venue of AGM is annexed and forms a part of the Notice.

9. In compliance with Section 108 of the Act, read with Rules made thereunder and Listing Regulations, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be considered at the ensuing AGM by electronic means and the business may be transacted through electronic voting. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Ltd ('CDSL'). Please note that the voting through electronic means is optional for the Members.

10. The facility for voting through ballot paper shall be made available at AGM and members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the AGM through ballot paper.

11. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

12. Members can opt for only one mode of voting i.e. either by e-voting or voting through Poll at AGM. In case, Members cast their vote through both the modes, voting done by e-voting shall prevail and votes cast through Poll shall be treated as invalid.

13. The remote e-voting period commences on September 26, 2018 (9.00 a.m. IST) and ends on September 28, 2018 (5.00 p.m. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 22, 2018, may cast their vote by remote e-voting and that a person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled by CDSL for voting thereafter.

E-Voting facility:

14. The process and manner for remote e-voting are, as under :

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on "Shareholders / Members" tab.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Enter the Image Verification as displayed and Click on "Login".

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
Permanent Account Number	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/ mail) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details #	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company
OR Date of Birth (DOB)	please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on Electronic Voting Sequence Number ('EVSN') of Taneja Aerospace and Aviation Ltd.

(xi) On voting page, you will see "RESOLUTION DESCRIPTION" & against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies you assent to the Resolution & option NO implies you dissent to the Resolution.

(xii) Click on "RESOLUTIONS FILE LINK" if you wish to view entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" vote on resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then enter User ID & image verification code & click on Forgot Password & enter details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile

(xviii) Note for Non - Individual Shareholders and Custodians

a. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.

b. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

c. After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the account(s)/ folio numbers on which they wish to vote.

d. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

e. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com.

In case of members receiving the physical copy:

A. Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.

B. The voting period begins on on September 26, 2018 (9.00 a.m. IST) and ends on September 28, 2018 (5.00 p.m. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 22, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

C. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

15. The Board of Directors have appointed Mr. T G Janakiraman, Practicing Company Secretary, as Scrutinizer to scrutinize voting at AGM & remote e-voting process.

16. The Chairman shall, at AGM, at end of discussions on resolutions on which voting is to be held, allow voting with assistance of Scrutinizer by use of Ballot Paper for all those members who are present at AGM but have not cast their votes by availing remote e-voting facility.

17. The Scrutinizer shall after the conclusion of voting at the general meeting, will count the votes cast at the meeting & thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company & shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same & declare the result of the voting forthwith.

18. The Results declared along-with the report of the Scrutinizer shall be placed on the website of the Company at viz. www.taal.co.in and on the website of CDSL viz. www.evotingindia.com. The results shall also be immediately forwarded to the BSE Limited.

19. The documents, if any, referred to in accompanying Notice & Explanatory Statement shall be open for inspection at Registered Office of the Company during normal business hours (9.00 am IST to 5.00 pm IST) on all working days except Saturdays, upto and including the date of the AGM.

20. Members are further requested to :

- Intimate changes, if any, in their registered address/ bank mandate and email address to the R&T Agent for shares held in physical form and to their respective Depository Participants for shares held in Demat form.

- Quote Ledger folio number/ DP ID/ Client ID in all the correspondence with the Company or its R&T Agent.
- Intimate about consolidation of folios to the R&T Agent, if your shareholding is under multiple folios.
- Note that as per SEBI/ Stock Exchange guidelines the shares of the Company are traded compulsorily in Demat form. As per the guideline issued by SEBI there are no Demat Account opening charges. In view of this Members are requested to convert their physical share certificate into Demat form.
- Note that as per SEBI Notification dated June 08, 2018 shares in physical form will not be transferred after December 05, 2018. Hence it is advised in your interest to get your shares converted into Demat form at the earliest.
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and the by every participant in the securities market. Accordingly, members holding shares in electronic form are requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN and Bank Details to the Company/RTA.
- Bring their copies of the Annual Report and the Attendance Slip at the AGM.
- Note that the Company has designated an exclusive e-mail id viz. "secretarial@taal.co.in" to enable investors to register their complaints, if any.

IMPORTANT COMMUNICATION TO MEMBERS

Pursuant to the Companies Act, 2013, Central Government has taken "Green Initiative" by allowing companies to serve notice/ documents including Annual Reports by e-mail to its members. This will also ensure prompt receipt of communication & avoid loss in postal transit. The members can download these documents from Company's website i.e. www.taal.co.in. To support this "Green Initiative" in full measure, members who have not registered/ updated their email addresses, are requested to register/ update their e-mail addresses by sending e-mail to investor@bigshare.com with subject as 'E-mail for Green Initiative' mentioning Folio No./ Client ID. Members holding shares in Demat form may register/ update their e-mail addresses with Depository thru concerned Depository Participant(s).

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

Item No. 3:

The Board of Directors, through a resolution dated December 14, 2017 had appointed Mrs. Rahael Shobhana Joseph (DIN: 02427554) as an Additional Director of the Company in the category of Non-executive (Non-Independent Director).

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mrs. Rahael Shobhana Joseph holds office upto the date of the ensuing Annual General Meeting.

The Company has received from Mrs. Rahael Shobhana Joseph:

i. Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014

ii. Intimation in Form DIR- 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under Section 164(2) of the Companies Act, 2013.

The Company has received a notice in writing pursuant to provision of Section 160 of the Companies Act, 2013 and rules made thereunder, regarding candidature of Mrs. Rahael Shobhana Joseph for the office of Director.

According, the Board recommends the resolution as set out in Item No. 3 for approval of the Shareholders of the Company to be passed as an Ordinary Resolution.

Brief resume of Mrs. Rahael Shobhana Joseph is attached and forms part of this Notice.

Except Mrs. Rahael Shobhana Joseph and Mr. Salil Taneja, none of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested financially or otherwise in the said resolution.

The Board recommends the resolution set forth in Item no. 3 for approval of the members.

Item No. 4

The Board of Directors, through a circular resolution dated December 02, 2017 had appointed Dr. Prahlada Ramarao (DIN: 07548289) as an Additional Director of the Company in the category of Independent Director.

He meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the rules made thereunder and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. He is not dis-qualified from being appointed as director in terms of Section 164 of the Act. He has consented to act as such director. In the opinion of the Board, he fulfills the conditions specified in the Act for appointment as an Independent Director.

The Company has received a notice in writing pursuant to provision of Section 160 of the Companies Act, 2013 and the rules made thereunder, regarding candidature of Dr. Prahlada Ramarao for the office of Director.

The terms and conditions of appointment of Independent Director will be open for inspection at the Registered Office of the Company by any member during normal working hours.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his services as an Independent Director.

Brief resume of Dr. Prahlada Ramarao is attached and forms part of this Notice.

The Board recommends the resolution set out at Item No. 4 for the approval of members to be passed as an Ordinary Resolution.

Except Dr. Prahlada Ramarao, none of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the said resolution.

Item No. 5 and Item No. 7

The Board of Directors, through a circular resolution dated December 02, 2017 had appointed Mr. Muralidhar Chitteti Reddy (DIN: 01621083) as an Additional Director of the Company in the category of Independent Director.

As the Board had appointed him in its meeting held on August 14, 2018 as Whole Time Director designated as Managing Director, it is proposed to appoint him as Executive Director of the Company, liable to retire by rotation.

Mr. Reddy has 37 years of experience in Seamless Tubes, Steel, Cement and Defense Electronics Industry and has held Top Management Positions including profit centre responsibilities at Chief Executive Officer level. He is also a Founder of a Cement Grinding Unit, M/s Encore Cement & Additives Pvt Ltd, which is now a part of M/s ACC Ltd.

Mr. Muralidhar Chitteti Reddy has been associated with the Company as Director from December 02, 2017. His knowledge and expertise has been invaluable to the Company. The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his services as the Managing Director.

The Board at the meeting held on August 14, 2018, on the recommendation of the Nomination & Remuneration Committee, has appointed Mr. Muralidhar Chitteti Reddy as Whole Time Director designated as Managing Director subject to the approval of the members in General Meeting for a period of two years with effect from October 01, 2018.

(1) Tenure

Mr. Reddy will hold office as a Managing Director for a period of two (2) years from October 1, 2018 to September 30, 2020.

(2) Remuneration

In terms of Schedule V to the Companies Act, 2013 read together with Section 196, 197, 198 and other applicable provisions of the Companies Act, 2013, and subject to the approval by the Members of the Company in General Meeting and subject to other approvals, as may be required, the Managing Director shall be paid the following remuneration:

I) Salary:

The total consolidated monthly salary of the Managing Director w.e.f October 1, 2018 shall be Rs. 3,50,000/- inclusive of Provident Fund and Superannuation Fund subject to deduction of TDS as per Income Tax Act 1961.

II) Perquisites:

In addition to the above, the Managing Director shall be entitled to the following perquisites:

i. Housing: The Company would provide appropriate furnished accommodation in Bangalore/ Hosur.

ii. Gratuity at the rate of 15 days' salary for each completed year of service;

iii. Earned Leave as per rules of the Company

iv. Encashment of leave at the end of the tenure as per the rules of the Company

v. Company maintained car with driver,

vi. Reimbursement of Mobile expenses for official use and business purposes.

Remuneration in the event of loss or inadequacy of profits etc.

Notwithstanding anything contained herein, in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of MD, the aforesaid remuneration payable to him shall not, without the approval of the Central Government (if required) exceed the limits prescribed under the Act and Rules made there under or any amendment, modification, variation or re-enactment thereof.

The aforesaid terms and conditions are subject to approval of the Members and such other approvals as may be required.

Additional information required under Schedule VI of the Companies Act, 2013 forms part of this Notice.

Brief resume of Mr. Muralidhar Chitteti Reddy is attached and forms part of this Notice.

Accordingly, the Board recommends the resolution as set out in Item No. 5 and 7 for approval of the Shareholders of the Company to be passed as an Special Resolution.

Except Mr. Muralidhar Chitteti Reddy, none of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the said resolution.

Item No. 6

The Board of Directors, upon the recommendation of the Nomination and Remuneration Committee, at its Meeting held on August 14, 2018 had appointed Mr. Arvind Nanda (DIN: 01846107) as an Additional Director of the Company in the category of Independent Director.

He meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the rules made thereunder and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. He is not dis-qualified from being appointed as director in terms of Section 164 of the Act. He has consented to act as such director. In the opinion of the Board, he fulfills the conditions specified in the Act for appointment as an Independent Director.

The Company has received a notice in writing pursuant to provision of Section 160 of the Act and the rules made thereunder, regarding candidature Mr. Arvind Nanda for the office of Director.

The terms and conditions of appointment of Independent Director will be open for inspection at the Registered Office of the Company by any member during normal working hours.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail his services as an Independent Director.

Brief resume of Mr. Arvind Nanda is attached and forms part of this Notice.

The Board recommends the resolution set out at Item No. 6 for the approval of members to be passed as an Ordinary Resolution.

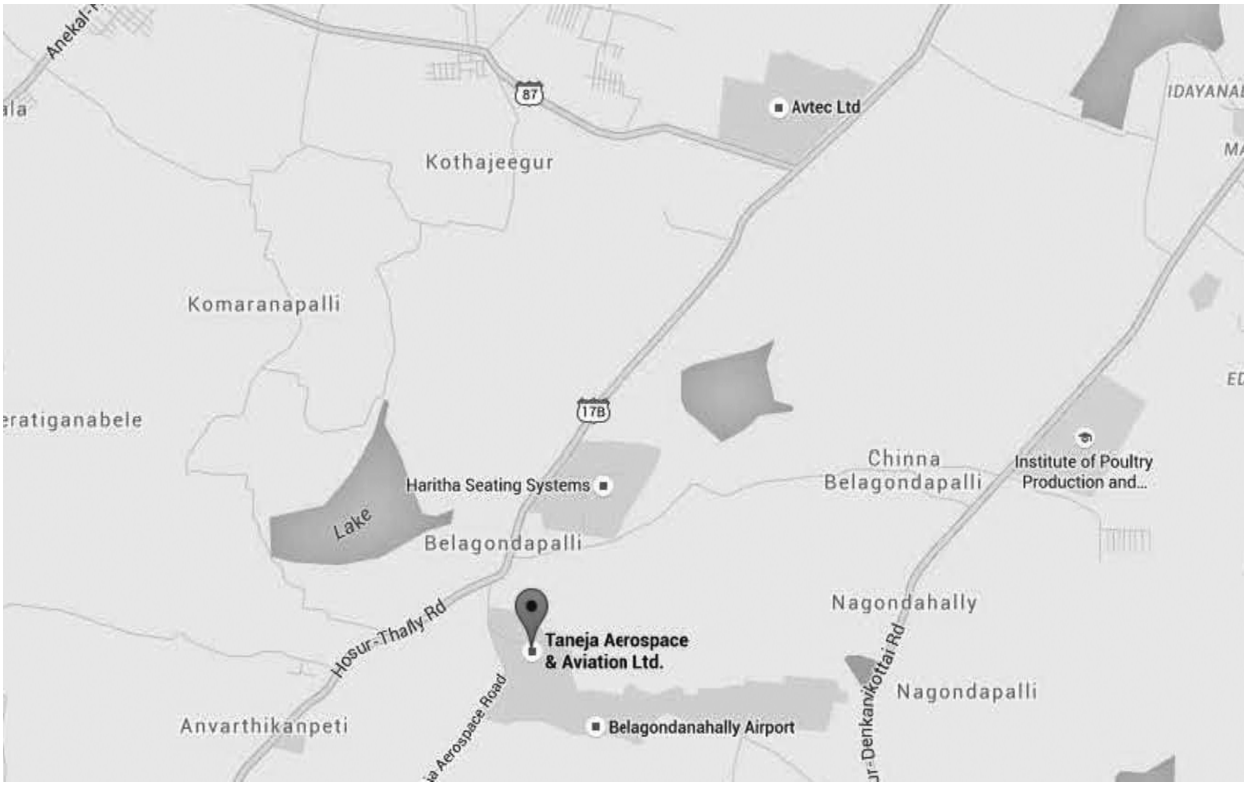
Except Mr. Arvind Nanda, none of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested financially or otherwise in the said resolution.

By Order of the Board of Directors

Sysha Kumar
Company Secretary

Pune, August 14, 2018

ROUTE MAP FOR LOCATION OF VENUE OF AGM



Taneja Aerospace and Aviation Limited

Regd. Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli – 635114, Tamil Nadu

DETAILED PROFILE OF DIRECTOR(S) SEEKING RE-APPOINTMENT/APPOINTMENT

Name of Director	**Mrs. Rahael Shobhana Joseph**	**Dr. Prahlada Ramarao**	**Mr. Arvind Nanda**	**Mr. Muralidhar Chieti Reddy**
Age	41	71	65	61
Qualification	B.Sc. - Management	B.E. in Mech. Engg. from Bangalore University M.E in Aeronautical Engineering from II Sc., Bangalore Ph.D. Mechanical Engineering from JNTU, Hyderabad	Graduate in Production Engineering from PEC, Chandigarh and MBA from IIM Bangalore	BE (Mechanical, 1978, Osmania University. MBA, 1980, IIM-Ahmedabad
Date of Re-appointment/ Appointment	December 14, 2017	December 02, 2017	August 14, 2018	December 02, 2017
Category	Non-Executive Non Independent Director	Non-Executive Independent Director	Non-Executive Independent Director	Executive Director
Experience and Expertise in specific functional Area	Mrs. Raheal Shobhana Joseph is associated with Group CSR Activities and other social activities. Mrs. Raheal Shobhana Joseph is wife of Mr. Salil Taneja, promoter of Taneja Aerospace and Aviation Limited, TAAL Enterprises Limited and other Group Companies.	Dr. Prahlada is known for his role as the Project Director for the mobile surface to air area defence missile system, AKASH. He was awarded “Padma Shri” in 2015, for his distinguished service in Science and Engineering. As the Director of DRDL, he had initiated many new projects like ASTRA air to air missile system, long range surface to air missile system etc. Since 1971, he has served in various ISRO and DRDO establishments. After his retirement as the Distinguished Scientist and Chief Controller DRDO, he was appointed as Vice-Chancellor of Defence Institute of Advanced Technology, Pune the only Defence University in the Country.	Mr. Nanda has held senior management positions in reputed companies in the course of over 30 years of experience in Automotive, Aviation & Engineering industry. He has served as the Joint Managing Director on the Board of Jessop & Company at Kolkata in 2008 - 2009. From 1998 till 2003 he was associated with the Company as its Joint Managing Director	Career sparing 37 years in Seamless Tubes, Steel, Cement and Defense Electronics Industry, having held Top Management Positions including profit centre responsibilities at Chief Executive Officer level.
Relationship with other Directors and KMP of the Company	Spouse of Mr. Salil Taneja	None	None	None
Equity Shareholding of Directors as on March 2018	Nil	Nil	Nil	200
Directorships held in other Companies	1. TAAL Enterprises Limited	1. Aarsha Dhaatu Green Nanotechnologies India Private Limited	None	1. Analogics Tech India Limited 2. TAAL Tech India Private Limited
Memberships / Chairmanship of Committees of Limited Companies	Member of Audit Committee and Nomination and Remuneration Committee of TAAL Enterprises Limited	Nil	Nil	Nil

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V TO THE ACT

I. GENERAL INFORMATION

1. Nature of the Industry: The Company is in the business of Aviation.
2. Date or expected date of commercial production: June 8, 1994.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
4. Financial performance based on given indicators as per published audited financial results for the year ended March 31, 2018:

Particulars	Rs. in Lakhs
Total Income	3246.75
Net Profit/(Loss) after Tax	28.75
Total Expenditure	3220.06

5. Foreign investments or collaborators, if any – NIL

II. INFORMATION ABOUT THE APPOINTEE

Particulars	Mr. Muralidhar Chieti Reddy		
Background details	Mr. Muralidhar Chieti Reddy, aged around 61 years has been associated with the Company since December 02, 2017 as its director.		
Past Remuneration received from the Company: Financial Year	2015-16	2016-17	2017-18
Salary and Perquisites	Nil	Nil	Nil
Recognition or awards	The Company has no information about it.		
Job Profile and his suitability	As the Whole-time Director Designated as Managing Director, Mr. Muralidhar Chieti Reddy would be responsible for all the operations and affairs of the Company. Taking into consideration his qualification and expertise in relevant fields, the Board is of the opinion that he is suited for the responsibilities assigned to him.		
Remuneration proposed	The details of Remuneration to be paid are contained in Explanatory Statement annexed to the Notice.		
Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t the country of his origin)	The Company has no information to offer but having regard to the versatile experience, performance and responsibility of the position held by him, the Board of Directors is of the opinion that the proposed remuneration is reasonable.		
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.	1) Remuneration details of Mr. Muralidhar Chieti Reddy have been provided in Explanatory Statement. 2) Mr. Muralidhar Chieti Reddy is not related to any member of the Promoter Group, any of its directors or any other managerial personnel.		

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits.

   The profitability of the Company is affected as the company is operating at sub optimal level. The turnover of the manufacturing division was affected because of delay in crystallizing new orders.

2. Steps taken or proposed to be taken for improvement.

   Cost reduction initiatives have been undertaken to improve the performance of the Company. Further, the company has received new orders from both domestic as well as export market. The Company has also bagged prestigious international order which would result in operational improvement.

3. Expected increase in productivity and profits in measurable terms.

   While the Company's performance is expected to improve in future years on the back of new orders, the future profitability cannot be predicted accurately.

Taneja Aerospace and Aviation Limited
Regd. Office: Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District,
Belagondapalli – 635114, Tamil Nadu
Phone: 04347 - 233508, Fax: 04347 - 233414,
E-mail: secretarial@taal.co.in, Web: www.taal.co.in, CIN: L62200TZ1988PLC014460

29th Annual General Meeting
PROXY FORM
[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

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

I/ We, being the member(s), holding .... shares of the above named company, hereby appoint:
Name: ______ Address: ______
E-mail ID: ______ Signature: ______ or failing him
Name: ______ Address: ______
E-mail ID: ______ Signature: ______ or failing him
Name: ______ Address: ______
E-mail ID: ______ Signature: ______

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the **ANNUAL GENERAL MEETING** of the Company, to be held on **Saturday, September 29, 2018 at 2.00 p.m.** at the Registered Office of the Company at Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli–635114, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	**Resolutions**	**Vote (Optional-See Note 2)**	
		For	**Against**
Ordinary Business			
1.	To receive, consider and adopt: a) the Audited Financial Statement of the Company for the Financial year ended March 31, 2018 together with Reports b) the Audited Consolidated Financial Statement of the Company for the Financial year ended March 31, 2018 together with Report.		
2.	Appointment of Director in place of Mr. Salil Taneja (DIN: 00328668), who retires by rotation and being eligible, offers himself for re-appointment.		
Special Business			
3.	Appointment of Mrs. Rahael Shobhana Joseph as Non-Executive director liable to retire by rotation.		
4.	Appointment of Dr. Prahlada Ramarao as an Independent Director		
5.	Appointment of Mr. Muralidhar Chitteti Reddy as Director liable to retire by rotation.		
6.	Appointment of Mr. Arvind Nanda as an Independent Director		
7.	Appointment of Mr. Muralidhar Chitteti Reddy as Whole Time Director designated as Managing Director.		

Signed this .... day of .... 2018.
Signature of shareholder:
Signature of Proxy holder(s): ______

Affix
Re 1/- Revenue
Stamp

Note:
1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. It is optional to put '√' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. For Resolutions, Explanatory Statements, please refer to the Notice of the 29th Annual General Meeting.
4. Please complete all details including details of member(s) in above box before submission.

Taneja Aerospace and Aviation Limited

Annual Report 2017-18

COMPANY INFORMATION

BOARD OF DIRECTORS

Salil Taneja	Chairman & Whole-time Director
C S Kameswaran	Director (upto February 06, 2018)
R Poornalingam	Director (upto September 26, 2017)
R Surie	Director (upto September 26, 2017)
N Chandra	Director (upto September 26, 2017)
Muralidhar Chitteti Reddy	Director (w.e.f December 02, 2017)
Prahlada Ramarao	Director (w.e.f December 02, 2017)
Rahael Shobhana Joseph	Director (w.e.f December 14, 2017)
Arvind Nanda	Director (w.e.f August 14, 2018)

COMPANY SECRETARY

Chetan Nathani (upto April 03, 2018)
Sysha Kumar (w.e.f August 14, 2018)

AUDITORS

M/s. MSKA & Associates
(Formerly known as M/s. MZSK & Associates)
Chartered Accountants

BANKERS

Allahabad Bank
Canara Bank
Vijaya Bank

REGISTERED OFFICE & WORKS

Belagondapalli Village, Thally Road, Denkanikottai Taluk, Krishnagiri District,

Belagondapalli-635114, Tamil Nadu

Phone: 04347-233508, Fax: 04347-233414

E-mail: secretarial@taal.co.in, Website: www.taal.co.in

CIN: L62200TZ1988PLC014460

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services P. Ltd.

Directors' Report

To the Members of Taneja Aerospace and Aviation Limited

Your Directors have pleasure in presenting the Twenty-Nineth Annual Report and the Audited Financial Statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	**2017-18**	2016-17
Gross Income	**3246.75**	3896.29
Expenditure	**3220.06**	3820.34
Profit/ (Loss) after Tax	**28.75**	75.81

INDIAN ACCOUNTING STANDARDS (IND AS)

The Company had adopted Ind AS with effect from April 01, 2017 pursuant to the Ministry of Corporate Affairs notification dated February 16, 2015 notifying the Companies (Indian Accounting Standard) Rules, 2015. Accordingly, the Financial Statements for the year ended March 31, 2018 of the Company was prepared with comparative data, in compliance with Ind AS.

RESERVES

There is no amount proposed to be transferred to reserves.

DIVIDEND

Your Directors do not recommend any dividend for the year ended March 31, 2018.

OPERATIONS

During the year under review the total income of the Company was Rs. 3,246.75 Lakhs as compared to 3,896.29 during the comparable previous year. The total comprehensive income for the year was Rs. 28.75 Lakhs as compared to Rs. 75.51 Lakhs during the comparable previous year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Act and Articles of Association of the Company, Mr. Salil Taneja, a Director of the Company, retires by rotation and being eligible, offers himself, for re-appointment.

During the financial year 2017-18 Mr. R Surie, Mr. R Poornalingam, Mr. N Chandra ceased to be the independent directors ceased to be the director of the company w.e.f 27.09.2017 on the expiry of their term.

Mr. C S Kameswaran ceased to be the director of the company w.e.f 27.09.2017 on the expiry of their term. Further Mr. C S Kameswaran was appointed as additional director w.e.f 27.09.2017. However, due to his sad demise, he ceased to be the director w.e.f 07.02.2018.

Mrs. Rahael Shobhana Joseph, was appointed as additional director (non-independent category) and holds office upto the conclusion of the ensuing Annual General Meeting. Member's approval shall be sought in the ensuing AGM for her appointment as director liable to retire by rotation.

Dr. Prahlada Ramarao was appointed as additional director (Independent category) during the financial year 2017-18 and holds office upto the conclusion of the ensuing Annual General Meeting. Member's approval shall be sought in the ensuing AGM for his appointment as Director, not liable to retire by rotation (Independent category) for a period of two years.

Mr. Muralidhar Chitteti Reddy was appointed as additional director (Independent category) during the financial year 2017-18 and holds office upto the conclusion of the ensuing annual general meeting. Member's approval shall be sought in the ensuing AGM for his appointment as director liable to retire by rotation.

The Independent Directors of the Company had given a declaration pursuant to Section 149(7) of the Companies Act, 2013 ('Act').

The annual performance evaluation has been done by the Board of its own performance and that of its Committees and individual Directors which the Board found to be satisfactory.

Details of familiarization programme of Independent Directors, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company & related matters are put up on its website www.taal.co.in

Mr. Arif Ahmed resigned as Chief Financial Officer w.e.f. June 14, 2018.

Mr. Chetan Nathani, Company Secretary resigned as Company Secretary and Compliance Officer with effect from April 04, 2018.

AUDITORS

M/s. MSKA & Associates (formerly known as M/s MZSK & Associates), Chartered Accountants (Firm Registration No. 105047W) was appointed as the Statutory Auditors of the Company in the AGM held on September 26, 2017 for a period of five years i.e. till the conclusion of the 33rd Annual General Meeting of the Company.

In respect of Emphasis of Matter by Auditors on the Standalone & Consolidated Financial Statement, it has been explained in Notes forming part of the Financial Statements which are self-explanatory & therefore do not call for any further comments.

SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

As on date of this report, the Company has one subsidiary. A statement containing salient features of the financial statement of the subsidiary company in Form AOC-1 is provided in financial statements forming part of this Annual Report.

A report on the performance and financial position is of the subsidiary company is provided in the Financial Statements forming part of this Annual Report.

Directors' Report (Contd.)

The Company has framed a Policy for determining Material Subsidiaries which is available on its website www.taal.co.in

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the SEBI (LODR) Regulations, 2015 ('Listing Regulations'), a separate section on Management Discussion & Analysis is forming part of this Report.

CORPORATE GOVERNANCE REPORT

Pursuant to the SEBI (LODR) Regulations, 2015 ('Listing Regulations'), a separate section on Corporate Governance Report together with Certificates is forming part of this Report.

The Whole Time Director and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8) of the aforesaid Regulations.

Certificate from practicing Company Secretary regarding compliance of conditions of Corporate Governance is annexed to this Report.

MEETINGS OF THE BOARD AND INDEPENDENT DIRECTORS MEETING

Eight Board Meetings were held during the year. The Particulars of meetings held & attended by directors are given in the Corporate Governance Report forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors make the following statement:

i) that in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) that the Directors have selected such accounting policies & applied them consistently & made judgments & estimates, that are reasonable & prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year March 31, 2018 and of the profit of the Company for that period;

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud & other irregularities;

iv) that the Directors have prepared the annual accounts on a going concern basis;

v) that the directors have laid down Internal Financial Controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

vi) that Directors have devised proper systems to ensure compliance with provisions of all applicable laws & that such systems were adequate & operating effectively.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 is forming part of this Report as Annexure 'A'.

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

The particulars as required under Section 134(3)(m) of the Companies Act, 2013 is forming part of this Report as Annexure 'B'.

POLICY ON NOMINATION & REMUNERATION OF DIRECTORS

The Nomination & Remuneration Policy of the Company on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director & other matters is available on its website www.taal.co.in

Details pertaining to remuneration of Directors and employees required under Section 197(12) of the Act read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

SECRETARIAL AUDIT REPORT

Pursant to Section 204 of the Act and the Rules made thereunder the Board has appointed M/s DVD & Associates, Company Secretaries in practice as Secretarial Auditor to undertake the secretarial audit of the Company. The Report of Secretarial Auditors in Form MR-3 is forming part of this Report as Annexure-'D'.

The approval of the statutory authority was pending / under process for the appointment of Woman Director / third director on the Board of Directors of the Company.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees & Investments covered under Section 186 of the Companies Act, 2013 has been given in Notes to Financial Statements forming part of this Annual Report.

RISK MANAGEMENT

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Company has already identified the key risk as delays in award of Government orders for its core business..

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company was not required to constitute a Corporate Social Responsibility Committee during the year under review.

Directors' Report (Contd.)

INTERNAL FINANCIAL CONTROLS

Internal controls of the Company are being strengthened by putting in place appropriate systems and processes taking into account the changing business environment and the scale of operations and the comments of the Auditor.

AUDIT COMMITTEE AND VIGIL MECHANISM

The Composition of Audit Committee is mentioned in Report on Corporate Governance forming part of this Report.

The Whistle Blower Policy/ Vigil Mechanism of the Company as established by the Board is available on its website www.taal.co.in

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year the company has not entered into any contracts with related parties which were not on arm's length basis or not in the ordinary course of business and further would be considered material in accordance with the policy of the company on Materiality of Related Party Transactions.

Hence, there is no information required to be provided in form AOC-2 while the particulars of all related party transactions in terms of Ind AS 24 are forming part of the financial statements.

Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as approved by the Board may be accessed on the Company's website www.taal.co.in

GENERAL

1. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

2. There is no change in the nature of business of the Company.

3. There have been no material changes and commitment, if any affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial report relates and the date of the report.

4. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

5. The Company has complied with applicable Secretarial standards.

ACKNOWLEDGEMENTS

The Directors express their appreciation for the continued support and co-operation received by the Company from its Customers, Bankers, Shareholders, Suppliers, Business Partners, Defence Research and Developmental Organizations, Aviation Authorities and other Indian Services and the Central and State Governments. The Directors also express their gratitude and sincere appreciation to all the employees of the Company for their contribution, hard work and commitment.

For and on behalf of the Board of Directors

Dr. Prahlada Ramarao Director	C M Reddy Director

Bengaluru,
May 29, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Aviation and Aerospace Industry is witnessing an unprecedented growth. India is regarded as the third largest domestic civil aviation market in the world.

The Company has developed new customers in Aerospace and Defence activities. Additionally the Company has also developed an overseas customer for supply of components for commercial aircrafts. The activity of Manufacturing & Services Division is linked more to overall economic growth.

OPPORTUNITIES

The impetus given by the Government at the centre to the defence sector as a whole, is expected to generate more business opportunities to the industries in the days to come.

Considering the growth in civil aviation sector, there is enormous potential and huge opportunities for collaboration and creation of joint ventures in the aerospace sector in India for establishing Maintenance Repair Overhaul (MRO) facilities for civil and military aircraft.

THREATS

Administrative policy delays by various Government agencies lead to cost escalation, unhealthy competition and business becomes economically unviable with either zero or negative return. Relaxation in FDI norms in aviation sector is also expected to create fierce competition in that sector.

OUTLOOK

While the above will create huge opportunities in the long term, there are lots of implementation issues in the short term. Thus the industry will spend initial years in streamlining and creating foundation for future growth.

RISKS AND CONCERNS

Aviation manufacturing with its complex nature and safety aspects involving prolonged tests and trial procedure, results in delayed implementation. This will have an impact on its operations & business deliverables.

INTERNAL CONTROL SYSTEMS

The Company continuously reviews its internal control systems in order to realign the same to meet the needs of entity consisting of Manufacturing & Services Division.

DIVISION WISE PERFORMANCE

The division wise revenue of the Company for FY 2017-18 as compared to previous period is given below:

(Rs. in Lakhs)

Name of the Division	**2017-18**	2016-17
Manufacturing	**552.31**	1,199.26
Services	**2,598.65**	2,524.80
Total	**3,150.96**	**3,724.06**

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Company maintained good industrial relations with its employees and staff. Human Resources remained a key focus area for your Company during the year under review. As on March 31, 2018, the Company had 162 permanent employees.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company’s expectations or predictions are ‘forward-looking statements’ within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include demand-supply conditions, raw material prices, changes in Government regulations, tax regime, economic developments within the country and other factors such as litigation and labour negotiations.

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has a strong value system comprising of honesty, integrity, secularity and equal opportunity for all. The Company strives to provide its stakeholders with maximum information relating to the affairs of the Company with an attempt to bring about total transparency in its working. We believe that good governance is the corner stone of any successful organization and we continuously endeavor to improve our standards of governance.

BOARD OF DIRECTORS

The Board consists of 4 Directors of which 2 Directors are independent as on March 31, 2018.

The composition of the Board, their attendance at the Board Meetings held during the year & at last Annual General Meeting, number of Directorships in other public companies & memberships in various committees across all public companies as on March 31, 2018 are as follows:

Name of the Director	Category	Financial Year 2017-18 Attendance at		No. of Directorships in other public companies^	Committee positions in other public companies$	
		Board Meetings	Last AGM		Member	Chairman
Salil Taneja	Promoter-ED	7	No	-	-	-
C. S. Kameswaran[1]	NED	4	Yes	-	-	-
R. Surie[2]	Independent-NED	5	Yes	-	-	-
R. Poornalingam[2]	Independent-NED	4	Yes	-	-	-
N. Chandra[2]	Independent-NED	4	Yes	-	-	-
Muralidhar Chitteti Reddy[3]	Independent-NED	2	No	-	-	-
Prahlada Ramarao[3]	Independent-NED	2	No	-	-	-
Rahael Shobhana Joseph[4]	NED	2	No	1	2	-

NED-Non-Executive Director; ED-Executive Director;

1 ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director wef 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death

2. Ceased to be a director w.e.f 27.09.2017

3. Appointed as director w.e.f 02.12.2017

4. Appointed as director w.e.f 14.12.2017

^ This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 (Act).

$ This includes only Audit and Stakeholders Relationship Committees.

Corporate Governance Report (Contd.)

During the year under review, Eight Board Meetings were held as under:

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	May 30, 2017
3.	August 16, 2017
4.	September 14, 2017
5.	September 26, 2017
6	October 13, 2017
7	December 14, 2017
8	February 14, 2018

As on March 31, 2018, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Board has complete access to all the relevant information available within the Company.

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

In terms of Articles of Association of the Company & provisions of the Act, Mr. Salil Taneja, Director of the Company retires by rotation at ensuing AGM.

AUDIT COMMITTEE

The terms of reference of Audit Committee are in conformity with the provisions of Section 177 of the Act and the stipulations of Regulation 18 of Listing Regulations.

The composition of the Audit Committee & attendance of member is as follows:

Name of Director	Chairman/ Member	No. of Meetings Attended
R. Poornalingam#	Chairman	3
N. Chandra@	Member	3
R. Surie@	Member	4
Muralidhar Chitteti Reddy[1]	Chairman	2
Prahlada Ramarao[1]	Member	2
Rahael Shobhana Joseph[2]	Member	1

Ceased to be a director wef 27.09.2017;

@ Ceased to be a director wef 27.09.2017;

1. Appointed as director wef 02.12.2017;

2.Appointed as director wef 14.12.2017

During the year under review, Six Audit Committee Meetings were held as under:

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	May 30, 2017
3.	August 16, 2017
4.	September 14, 2017
5.	December 14, 2017
6.	February 14, 2018

MANAGERIAL REMUNERATION

a) NOMINATION AND REMUNERATION COMMITTEE

The Company has a Nomination & Remuneration Committee.

The said Committee is empowered to fix, review and recommend the remuneration payable to the Whole Time Director of the Company from time to time including the annual increase in his remuneration.

The composition of Nomination & Remuneration Committee and attendance of each Member is as follows:

Name of Director	Chairman/ Member	No. of Meeting attended
R. Poornalingam#	Chairman	1
R. Surie#	Member	1
N. Chandra#	Member	1
Prahlada Ramarao[1]	Chairman	
Muralidhar Chitteti Reddy[1]	Member	
Rahael Shobhana Joseph[2]	Member	

Ceased to be a director w.e.f 27.09.2017; 1. Appointed as director w.e.f 02.12.2017; 2. appointed as director Appointed as director w.e.f 14.12.2017

During the year under review, one Nomination and Remuneration Committee Meeting were held as under:

Sr. No.	Date of Meeting
1.	September 26, 2017

The Company does not have any Employee Stock Option Scheme.

b) REMUNERATION POLICY:

Based on recommendations of Nomination & Remuneration Committee, the remuneration payable to Whole-time Director is decided by the Board which inter-alia is based on the criteria such as industry benchmarks, financial

Corporate Governance Report (Contd.)

performance of the Company, performance of the Whole-time Director etc.

The Company pays remuneration by way of salary, perquisites and allowance to its Whole-time Director. No remuneration was paid by way of commission to any Non-Executive Director.

Non-Executive Directors were paid sitting fees of Rs. 20,000/- each for attending Board and Audit Committee Meetings.

Performance evaluation of the Independent Directors shall be done by the Board of Directors on such criteria's as deemed appropriate by the Board of Directors.

The Company has framed a remuneration policy upon the recommendation of Nomination and Remuneration Committee and as approved by the Board.

c) REMUNERATION TO DIRECTORS:

A statement on the remuneration paid/ payable to the Whole-time Director and sitting fees paid to Non-Executive Directors during the year under review is given below:

Name of Director(s)	Salary & Perquisites (Rs.)	Sitting fees (Rs.)
Salil Taneja	10,200,000	-
R. Poornalingam#	-	190,000
R. Surie#	-	210,000
N. Chandra#	-	170,000
C S Kameswaran##	-	100,000
Muralidhar Chitteti Reddy[1]	-	80,000
Prahlada Ramarao[1]	-	80,000
Rahael Shobhana Joseph[2]	-	60,000
Total	**10,200,000**	**890,000**

Ceased to be a director w.e.f 27.09.2017; ## ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director w.e.f 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death; 1. Appointed as director w.e.f 02.12.2017; 2. Appointed as director w.e.f 14.12.2017

Note: Salary and perquisites includes contribution to Provident Fund and Superannuation, Leave Travel Allowance, Medical Reimbursement.

Service of the Whole-time Directors may be terminated by either party giving the other party notice as per the notice period mentioned in their Agreement or the Company paying salary for said notice period in lieu thereof. There is no separate provision for payment of severance fees.

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2018 are given below:

Name of Director	Number of Equity Shares
R. Surie$	166894
C. S. Kameswaran##	-
R. Poornalingam$	-
N. Chandra$	750
Muralidhar Chitteti Reddy[1]	200
Prahlada Ramarao[3]	-
Rahael Shobhana Joseph[2]	3200

$ Ceased to be a director w.e.f 27.09.2017; ## ceased to be a director w.e.f 27.09.2017 and was reappointed as Additional Director w.e.f 27.09.2017 and again ceased to be director w.e.f 07.02.2018 because of death; 1. Appointed as director w.e.f 02.12.2017; 2. Appointed as director w.e.f 14.12.2017. The shares are held in the name of spouse

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders Relationship Committee of the Board of Directors to look into the redressal of shareholders' and investors' complaints relating to transfer or credit of shares, non-receipt of Annual Reports/ dividends etc.

The composition of Stakeholders Relationship Committee and attendance of members is indicated alongside their names:

Name of Director	Chairman/ Member	No. of Meetings Attended
N. Chandra@	Chairman	1
C. S. Kameswaran@	Member	2
R. Poornalingam@	Member	2
Rahael Shobhana Joseph[1]	Chairman	-
Muralidhar Chitteti Reddy[2]	Member	-
Prahlada Ramarao[2]	Member	-

@ Ceased to be a director w.e.f 27.09.2017; 1. Appointed as director w.e.f 14.12.2017; 2. Appointed as director w.e.f 02.12.2017

During the year under review, Two Committee Meetings were held as under:

Sr. No.	Date of Meeting
1.	May 18, 2017
2.	September 14, 2017

INDEPENDENT DIRECTORS' MEETING

The Independent Directors met on May 18, 2017, August 16 2017 and 14 February 2018 in conformity with the stipulations in Regulation 25 of the Listing Regulations.

Corporate Governance Report (Contd.)

COMPLIANCE OFFICER

Mr. Chetan Nathani, Company Secretary was the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Regulations and under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time till April 03, 2018.

During the year under review all the complaints/ grievances that were received from the shareholders/ investors, were attended to and satisfactorily resolved. No valid transfer/ transmission of shares were pending as on March 31, 2018.

Details of investor complaints received and redressed during the financial year 2017-18:

Number of complaints pending at the beginning of the year	0
Number of complaints received during the year	2
Number of complaints disposed of during the year	2
Number of complaints remaining unresolved at the end of the year	0

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members & Senior Management Personnel of the Company. The Code of Conduct is posted on website of the Company.

CEO/ CFO CERTIFICATION

In accordance with Regulation 17(8) of the Listing Regulations, the Chairman and the CFO have given their certificate to the Board.

GENERAL BODY MEETINGS

Location and time of Annual General Meetings held in last 3 years:

Year	Date	Location	Time	No. of Special Resolutions passed
2016-17	September 26, 2017	Registered office at Belagondapalli	2.00 p.m.	-
2015-16	September 28, 2016	– do –	– do –	3
2014-15	September 30, 2015	– do –	– do –	-

The special resolutions moved at the Annual General Meeting for year 2015-16 were passed with requisite majority by way of e-voting and poll.

OTHER DISCLOSURES

(i) Details of related party transactions are furnished under Notes to Financial Statement.

(ii) There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchange or any statutory authorities on any matter related to capital markets during the last three years.

(iii) None of the Directors have any relation inter-se except Mr. Salil Taneja and Mrs. Rahael Shobhana Joseph.

(iv) The Quarterly internal auditors report is placed before the Audit Committee.

(v) The Company has established vigil mechanism and whistle blower policy. It is hereby affirmed that no personnel has been denied to the audit committee.

(vi) Following documents/policies are placed on website of the Company at www.taal.co.in:

a. Whistle blower policy

b. The policy for determining material subsidiaries;

c. The policy on dealing with related party transaction;

d. Familiarization Programme for Independent Directors;

e. Terms & conditions of appointment of Independent Directors;

f. Composition of committees of the Board of Directors; and

g. Code of Conduct for Board of Directors & senior management Personnel.

STOCK MARKET DATA & SHARE PRICE PERFORMANCE

BSE LIMITED (BSE):

The performance of Company's scrip on BSE as compared to BSE 500 Index is as under:

Month	Market Price		BSE 500 INDEX	
	High	Low	High	Low
April 2017	68.95	46.55	13,053.04	12,616.53
May 2017	61.00	50.00	13,288.81	12,781.06
June 2017	58.90	46.60	13,431.53	13,052.34
July 2017	67.40	52.40	13,947.56	13,211.19
August 2017	71.65	50.15	13,968.92	13,245.92
September 2017	76.40	60.00	14,216.92	13,427.95
October 2017	68.45	57.50	14,522.24	13,684.23
November 2017	68.65	51.70	14,741.48	14,164.90
December 2017	67.25	56.85	15,015.22	14,207.77
January 2018	76.70	56.90	15,660.94	14,837.22
February 2018	64.20	53.00	15,450.21	14,209.33
March 2018	56.00	46.00	14,727.78	13,856.31

Source: BSE website

Corporate Governance Report (Contd.)

REGISTRAR AND SHARE TRANSFER AGENT

Shareholders may contact Registrar and Share Transfer Agent at the following addresses:

Bigshare Services P. Ltd.
Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis,
Makwana Road, Marol, Andheri – East, Mumbai – 400059
Tel.: 022- 62638200 Fax.: 022- 62638299
e-mail: investor@bigshareonline.com

As regard to shareholding in electronic form shareholders are requested to write to their respective Depository Participant & provide Bank Mandate details, N-ECS particulars, email ID etc. so as to facilitate expeditious payment of Corporate Action, if any.

SHAREHOLDING DISTRIBUTION OF THE COMPANY AS ON MARCH 31, 2018:

Shareholding of nominal value of Rs		No. of Share Holder(s)	% to Total	Share Amount Rs.	% to Total
Upto	5,000	15,405	92.27	14,813,225	11.88
5,001	10,000	549	3.29	4,407,210	3.54
10,001	20,000	317	1.90	4,574,955	3.67
20,001	30,000	160	0.96	4,012,210	3.22
30,001	40,000	57	0.34	2,023,815	1.62
40,001	50,000	55	0.33	2,624,910	2.11
50,001	1,00,000	77	0.46	5,495,280	4.41
1,00,001	and above	76	0.46	86,702,075	69.55
Total		**16,696**		**124,653,680**	**100.00**

DEMATERIALISATION OF SHARES AND LIQUIDITY

96.31% of Equity Share Capital is held in demat with NSDL & CDSL as on March 31, 2018.

CORPORATE FILINGS:

The financial and other information filed by the Company with BSE (through BSE Listing Centre), from time to time is available on the website of BSE Limited at www.bseindia.com.

OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY:

The Company has not issued any GDRs/ADRs or any convertible instruments during the year under review.

PLANT LOCATION:

The Company has aircraft manufacturing & maintenance facilities at Factory at Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.

ADDRESS FOR CORRESPONDENCE:

Registered Office at Thally Road, Denkanikottai Taluk, Krishnagiri District, Belagondapalli - 635114, Tamil Nadu.

For and on behalf of the Board of Directors

Dr. Prahlada Ramarao
Director

C M Reddy
Director

Bengaluru,
May 29, 2018

Corporate Governance Report (Contd.)

DECLARATION REGARDING COMPLIANCE WITH COMPANY'S CODE OF CONDUCT

As required by Regulation 17(5)(a) of the Listing Regulations, this is to confirm that the Company has adopted a Code of Conduct for all Board Members & Senior Management. The Code of Conduct is available on the Company's website.

I confirm that the Company has in respect of Financial Year ended on March 31, 2018, received from the Senior Management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2018.

For Taneja Aerospace and Aviation Ltd

Bengaluru
May 28, 2018

Salil Taneja
Chairman

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Taneja Aerospace and Aviation Limited

We have examined the compliance of conditions of Corporate Governance by Taneja Aerospace and Aviation Limited ("Company") for the year ended March 31, 2018, as stipulated in Regulations 17 to 27 of the SEBI (LODR) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and representations made by the Directors and the Management, we certify that the Company has complied, in material respect, with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations except the following:

There was no woman director appointed till 13.12.2017 and the Board of Directors of the Company had only two Directors during the period from 27.09.2017 to 01.12.2017

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For GIRIRAJ A. MOHTA & COMPANY
COMPANY SECRETARIES

GIRIRAJ A. MOHTA
Membership No.: 50038
C. P. No: 18967

Place: Pune
Date: 29.05.2018

CEO/ CFO CERTIFICATION TO THE BOARD (U/ R 17(8) of Listing Regulations)

To,
The Board of Directors
Taneja Aerospace and Aviation Ltd

We, Salil Taneja, Whole-time Director & Arif Ahmad, Chief Financial Officer of Taneja Aerospace and Aviation Ltd, to the best of our knowledge and belief, certify that:

(A) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) These statements together present a true & fair view of Company's affairs & are in compliance with existing accounting standards, applicable laws & regulations.

(B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(C) We accept responsibility for establishing & maintaining internal controls for financial reporting and that we have evaluated effectiveness of internal control systems of the Company pertaining to financial reporting.

(D) We have indicated to Auditors and the Audit Committee:

1) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2018;

2) All significant changes in accounting policies during the financial year ended March 31, 2018 and that the same have been disclosed in the notes to the financial statements; and

3) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Salil Taneja
Whole-time Director

Arif Ahmad
Chief Financial Officer

Place: Bengaluru
Date: May 28, 2018

Annexure 'A' to the Directors Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L62200TZ1988PLC014460
ii)	Registration Date	22/07/1988
iii)	Name of the Company	Taneja Aerospace and Aviation Limited
iv)	Category/ Sub-Category	Company limited by shares/ Indian Non-Government Company
v)	Address of the Registered office & contact details	Belagondapalli Village, Thally Road, Denkanikotta, Belagondapalli-635114 (Tamil Nadu) Tel.: +91 (04347) 233508 e-mail: secretarial@taal.co.in
vi)	Whether listed company	Yes
vii)	Name, Address & Contact details of Registrar & Transfer Agent, if any	Bigshare Services Private Limited Bharat Tin Works Building, 1st Floor, (Opp. Vasant Oasis) Makwana Road, Marol, Andheri - East, Mumbai - 400059 info@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing	30305	17.53
2	Airfield and MRO Service	52231	82.47

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and address of the company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held*	Applicable Section
1	Katra Auto Engineering Pvt. Ltd. MMPDA Towers, 2nd Floor, Royapettah High Road, Chennai-600014	U50300TN2007PTC062038	Subsidiary	100	2(87)

* Includes shares held by Nominee of the Company.

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters & Promoter group									
(1) Indian									
a) Individual/ HUF	32500	-	32500	0.13	32500	-	32500	0.13	-
b) Central Government	-	-	-	-	-	-	-	-	-
c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	12699516	-	12699516	50.94	12699516	-	12699516	50.94	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	**12732016**	**-**	**12732016**	**51.07**	**12732016**	**-**	**12732016**	**51.07**	**-**
(2) Foreign	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sub-total (A) (2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**12732016**	**-**	**12732016**	**51.07**	**12732016**	**-**	**12732016**	**51.07**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	400	400	0.00		400	400	0.00	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	1318375	-	1318375	5.29	327129	-	327129	1.31	-3.98
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**1318375**	**400**	**1318775**	**5.29**	**327129**	**400**	**327529**	**1.31**	**-3.98**
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	1047217	117001	1164218	4.67	978250	97001	1075251	4.31	-0.36
ii) Overseas	26290	-	26290	0.11	0	0	0	0.00	-0.11
b) Individuals									0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5396300	828076	6224376	24.97	6061043	822476	6883519	27.61	2.64
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3278883	0	3278883	13.15	3665066	0	3665066	14.70	1.55
c) Others (specify):-									
c)(1) Trusts	1	0	1	0.00	1	0	1	0.00	0.00
c)(2) Non-Residents	185977	200	186177	0.75	247154	200	247354	0.99	0.25
Sub-total (B)(2):-	**9934668**	**945277**	**10879945**	**43.64**	**10951514**	**919677**	**11871191**	**47.62**	**3.98**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**11253043**	**945677**	**12198720**	**48.93**	**11278643**	**920077**	**12198720**	**48.93**	**-**
C. Shares held by Custodian for GDRs & ADRs									
Public	-	-	-	-	-	-	-	-	-
Sub-total (C)	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**23985059**	**945677**	**24930736**	**100**	**24010659**	**920077**	**24930736**	**100**	**-**

ii. Shareholding of Promoters & Promoter Group

Sl. No.	Shareholder's Name	Shareholding at beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Indian Seamless Enterprises Ltd	10964620	43.98	4.56	12653299	50.75	4.56	6.77
2	Vishkul Leather Garments Pvt. Ltd	1689179	6.78	-	500	0.00	-	-6.77
3	Lighto Technologies Pvt Ltd	45717	0.18	-	45717	0.18	-	0.00
4	Salil Baldev Taneja	3200	0.01	-	3200	0.01	-	0.00
5	Baldevraj Topanram Taneja	300	0.00	-	300	0.00	-	0.00
6	Alka P Mehta	29000	0.12	-	29000	0.12	-	0.00
	Total	**12732016**	**51.07**	**4.56**	**12732016**	**51.07**	**4.56**	**0.00**

iii. Change in Promoters' Shareholding (please specify, if there is no change): No change during the year

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares At the Beginning (01.04.2017/ end of year 31.03.2018)	% total Shares of the Compnay				No of Shares	% total Shares of the Compnay
1	ORANGE MAURITIUS INVESTMENT LIMITED	708898	2.84	1-Apr-17			708898	2.84
				6-Sep-17	20217	Sell	688681	2.76
				16-Jun-17	188681	Sell	500000	2.01
				23-Jun-17	10043	Sell	489957	1.97
				7-Jul-17	89957	Sell	400000	1.60
				14-Jul-17	141613	Sell	258387	1.04
				28-Jul-17	158387	Sell	100000	0.40
				4-Aug-17	50000	Sell	50000	0.20
				1-Sep-17	25000	Sell	25000	0.10
				8-Sep-17	10000	Sell	15000	0.06
				15-Sep-17	15000	Sell	0	0
		0	0	31-Mar-18				
2	BRIDGE INDIA FUND	569477	2.28	1-Apr-17			569477	2.28
				17-Nov-17	80825	Sell	488652	1.96
				24-Nov-17	20093	Sell	468559	1.88
				29-Dec-17	21130	Sell	447429	1.79
				5-Jan-08	120300	Sell	327129	1.31
		327129	1.31	31-Mar-18				
3	BHAGWANDAS K SAHU	430000	1.72	1-Apr-17			430000	1.72
				23-Jun-17	8000	Buy	438000	1.76
				1-Sep-17	62000	Buy	500000	2.01
		500000	2.01	31-Mar-18				
4	PRAKASH CHANDRA MODI	260000	1.04	1-Apr-17			260000	1.04
		260000	1.04	31-Mar-18			260000	1.04
5	TARA JAIN	247800	0.99	1-Apr-17			247800	0.99
		247800	0.99	31-Mar-18			247800	0.99
6	JAIDEEP NARENDRA SAMPAT	0	0	1-Apr-17			0	0.00
				25-Aug-17	20000	Buy	20000	0.08

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares At the Beginning (01.04.2017/ end of year 31.03.2018)	% total Shares of the Compnay				No of Shares	% total Shares of the Compnay
				1-Sep-17	30704	Buy	50704	0.20
				8-Sep-17	30750	Buy	81454	0.33
				24-Nov-17	10000	Buy	91454	0.37
				15-Dec-17	6804	Buy	98258	0.39
				26-Jan-18	98258	Sell	0	0
				9-Feb-18	26639	Buy	26639	0.11
				16-Feb-18	5000	Buy	31639	0.13
				23-Feb-18	100526	Buy	132165	0.53
				2-Mar-18	10000	Buy	142165	0.57
				9-Mar-18	32681	Buy	174846	0.70
				16-Mar-18	3300	Buy	178146	0.71
		178146	0.71	31-Mar-18				
7	RAKESH SURIE	166894	0.67	1-Apr-17			166894	0.67
				31-Mar-18	966	Sell	165928	0.67
		165928	0.67	31-3-2018				
8	K.SWAPNA	150000	0.60	1-Apr-17			150000	0.60
		150000	0.60	31-Mar-18			150000	0.60
9	UTKARSH MUNOT	116785	0.47	1-Apr-17			116785	0.47
		116785	0.47	31-Mar-18			116785	0.47
10	CHANKYA FINVEST PRIVATE LIMITED	114125	0.46	1-Apr-17			114125	0.46
				2-Jun-17	8180	Sell	105945	0.42
				9-Jun-17	40145	Sell	65800	0.26
				16-Jun-17	65800	Sell	0	0.00
		0	0.00	31-Mar-18				
11	PUSHPALATA M NAIK	999777	0.46	1-Apr-17			999777	0.40
				29-Sep-17	23	Buy	999800	0.40
				16-Mar-18	6825	Buy	1006625	0.43
				23-Mar-18	3175	Buy	1009800	0.44
		1009800	0.44	31-Mar-18				
12	ABHIJIT PRABHAKAR PHADNIS	78000	0.31	1-Apr-17			78000	0.31
				21-Apr-17	900	Sell	77100	0.31
				26-May-17	200	Buy	77300	0.31
				9-Jun-17	200	Buy	77500	0.31
				30-Jun-17	800	Buy	78300	0.31
				23-Jun-17	3292	Buy	81592	0.33
				4-Aug-17	1308	Buy	82900	0.33
				11-Aug-17	3208	Buy	86108	0.35
				18-Aug-18	2000	Buy	88108	0.35
				15-Sep-17	300	Buy	88408	0.35
				24-Nov-17	1000	Buy	89408	0.36
				9-Mar-18	1000	Buy	90408	0.36
				16-Mar-18	1000	Buy	91408	0.37
				30-Mar-18	592	Buy	92000	0.37
		92000	0.37	31-Mar-18				

v. **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of the Directors and KMP	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares at the beginning (01.04.2017)/ end of the year 31.03.2018)	% of total shares of the company				No. of shares	% of total shares of the Company
1	Mr. Salil Taneja - ED	3200	0.01	01.04.2017	-	-	3200	0.01
		3200	0.01	31.03.2018			3200	0.01
2	Mr. R. Surie-Independent -NED*	166894	0.67	01.04.2017			166894	0.67
				20.10.2017	-966	sell	165928	0.67
		165928	0.00	31.03.2018			165928	0.67
3	Mr. C. S. Kameswaran-NED**	0	0	01.04.2017	-	-	0	0
		0	0	31.03.2018			0	0
4	Mr. R. Poornalingam-Independent –NED*	0	0	01.04.2017	-	-	0	0
		0	0	31.03.2018			0	0
5	Mr. Nirmal Chandra-Independent -NED*	750	0.003	01.04.2017	-	-	750	0.003
		750	0.003	31.03.2018			750	0.003
6	Mr. Prahlada Ramarao- NED^1	0	0	01.04.2017			0	0
		0	0	31.03.2018			0	0
7	Mr. Muralidhar Chitteti Reddy - NED ^1	0	0	01.04.2017			200	0
		0	0	31.03.2018			200	0
8	Mrs. Rahael Shobhana Joseph - NED^2	0	0	01.04.2017	-	-	0	0
		0	0	31.03.2018			0	0
9	Mr. Arif Ahmad - Chief Financial Officer	5	0	01.04.2017	-	-	5	0
		5	0	31.03.2018			5	0
10	Mr. Chetan Nathani - Company Secretary^3	0	0	01.04.2017	-	-	0	0
		0	0	31.03.2018			0	0

* Ceased to be Director w.e.f. 27 September 2017 ;

** Ceased to be Director w.e.f. February 7, 2018 ;

1. was appointed as director w.e.f 02 December 2017;

2. was appointed as director w.e.f 14 December 2017 ;

3. Resigned w.e.f 04 April 2018 ;

V. INDEBTEDNESS

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

Rs. in Lacs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,600.02	189.16	111.81	3,900.99
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3,600.02**	**189.16**	**111.81**	**3,900.99**
Change in Indebtedness during the financial year				
Addition	2,059.34	-	16.56	2,075.90
Reduction	2378.78	105.49	-	2484.27
Net Change	**(319.44)**	**(105.49)**	**16.56**	**(408.37)**
Indebtedness at the end of the financial year				
i) Principal Amount	3280.58	83.67	128.37	3492.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3280.58**	**83.67**	**128.37**	**3492.62**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Rs. in Lacs

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Salil Taneja-WTD	
1	Gross salary	102.00	102.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others, please specify	-	-
	Total (A)	102.00	102.00
	Ceiling as per the Act*	-	-

* Limit of remuneration shall be in terms of schedule v to the Companies Act, 2013 and excludes contribution by the Company to provident fund and superannuations fund.

B. Remuneration to other directors:

Rs. in Lacs

Sl. No.	Particulars of Remuneration	Name of Directors					
		R.Surie	Nirmal Chandra	R. Poornalingam	Muralidhar Chitteti Reddy	Prahlada Ramarao	Total Amount
1	**Independent Directors**						
	Fee for attending board/ committee meetings	2.10	1.70	1.90	0.80	0.80	7.30
	Commission						
	Others, please specify						
	Total (1)	**2.10**	**1.70**	**1.90**	**0.80**	**0.80**	**7.30**
2	**Other Non-Executive Directors**	**Rahael Shobhana Joseph**	**C.S. Kameswaran**				
	Fee for attending board / committee meetings	0.60	1.00				1.60
	Commission						-
	Others, please specify						-
	Total (2)	**0.60**	**1.00**				**1.60**
	Total (B)=(1+2)	**2.70**	**2.70**	**1.90**	**0.80**	**0.80**	**8.90**
	Total Managerial Remuneration	-	-	-		-	
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

Rs. in Lacs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chetan Nathani - Company Secretary	Arif Ahmad - CFO	
1	Gross salary	7.56	9.29	16.85
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others, please specify	0.71	0.31	1.02
	Total	**8.27**	**9.60**	**17.87**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			Nil		
Punishment					
Compounding	117(3)(g)	non filling of Board Resolution dated 30 May 2015 in Form MGT-14	**Compounding fee - Rs. 20,000**	RD	**NA**
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment					
Compounding					

Annexure B to the Directors Report

Information required under Section 134(3)33(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for the financial year ended on March 31, 2018

I. Conservation of energy:

i. The steps taken or impact on conservation of energy: Harmonic filter installed at powerhouse which reduces the power loss.

The Company is basically a low energy consumer. During the year under review, approx.9.48lacs units of energy were consumed, costing Rs. 103.25 Lacs.

Minimizing environmental pollution by reducing carbon discharge to the atmosphere with reduced running of diesel or engine driven power sources.

ii. The steps taken by the company for utilizing alternate sources of energy:

a) Using 250 KVA genet only in case of emergency.

iii. The capital investment on energy conservation equipment's: Nil

II. Technology absorption:

i. The efforts made towards technology absorption:

Major work carried out by the Company is with Defense sector & most of these work are confidential in nature.

ii. The benefits derived like product improvement, cost reduction, product development or import substitution:

Better Quality, minimized rejections, improved production throughput, operator's knowledge enhancement and skill improvement, increased indigenization efforts for DPSUs, and armed services(IN & IAF).

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

a. The details of technology imported- Nil

b. The year of import- Nil

c. Whether the technology been fully absorbed- Nil

d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof- Nil

iv. The expenditure incurred on Research and Development.

Sr. No.	Particulars	2017-18	2016-17
i)	Capital Expenditure	**NIL**	Nil
ii)	Recurring Expenditure	**3.35**	3.48
	Total	**3.35**	3.48
	Total R&D as a percentage to turnover	**0.11**	0.09

III. Foreign exchange earnings and Outgo:

a) Activities relating to exports, initiatives taken to increase export, development of new export market for products and export plans.

Company was involved in the export process (deemed in nature) which was not generating the direct inflow of Foreign Exchange, but into INR.

b) The information on foreign exchange earnings and outgo are contained in Notes to the Accounts.

Annexure "C" to the Director Report

Details pertaining to remuneration pursuant to Section 197(12) of the Companies Act, 2013 read with Rules thereunder:

1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2017-18, Ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2017-18:

Sl. No.	Name of Directors/ KMP and Designation	% increase in remuneration in FY 2017-18	Ratio of remuneration of Director to median remuneration of employees
1	SalilTaneja, Whole-time Director	NIL	48:1
2	Chetan Nathani, Company Secretary	8.27%	NA
3	Arif Ahmad, Chief Financial Officer	NA	NA

The median remuneration of employees of the Company during the financial year was Rs. 2.13 Lakhs p.a.

2) During the year under review, the median remuneration of employees decreased by 18.13%.

3) The number of permanent employees on the rolls of the company as on March 31, 2018 is 169.

4) There was no increase in the salaries of employees other than the managerial personnel and managerial personnel in the last financial year.

5) Statement showing details of in terms of top ten employees remuneration drawn and the employees in receipt of remuneration aggregating to Rs. 8.50 lacs per month and above:

Sr. No.	Name of the Employee	Designation	Age (Yrs.)	Remuneration (Rs. in Lacs)	Qualifications	Experience (Years)	Date of commencement of employment	Last employment held
1	SalilTaneja	Whole-time Director	51	102.00	B.Sc. (Engg.), MBA (Fin.), Ohio, Yale, USA	28	December 1, 2014	ISMT Ltd.
2	BiswanathSar	EVP	58	24.55	BE (Mech.)	32	September 15, 2014	Tata Advanced Materials Limited
3	Soundrarajan	Sr. GM	51	21.60	AME	26	July 28, 1992	-
4	K Jegannath	AVP (Airport And Projects)	47	17.60	Masters in Technology in Structural Engineering	28	April 10, 2015	SYConE CPMC Ltd, Bengaluru
5	Lokesh M	DGM	44	9.00	BE (Mech.)	20	APRIL 19TH 2017	IAMPL
6	Yuvaraj Thangaraj	HEAD PLANNING	36	8.50	BE (Mech.)	10	August 1, 2017	ION EXCHANGE INDIA LTD
7	Arun ER	AME	34	6.50	B1-AME	8	July 31st, 2010	-
8	Arif Ahmad	CFO	32	9.60	B.Com, CA - Inter	8	July 13, 2015	MIS Pvt. Ltd.,
9	Chetan Nathani	CS	30	8.27	M-Com, LLB, ACS	7	August 15, 2015	ISMT Ltd.
10	Mritun Jai Kumar	AME	39	7.20	B1-AME	16	May 29th, 2017	Blue Ray Aviation

6) It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

Annexure "D" to the Director Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
Taneja Aerospace and Aviation Ltd
Belagondapalli Village, Thally Road,
Denkanikotta, Belagondapalli TN 635114

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by M/s. Taneja Aerospace and Aviation Ltd (hereinafter called "the Company").

Secretarial Audit was conducted for the period from 1st April 2017 to 31st March 2018, in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances of the Company and expressing our opinion thereon. We have been engaged as Secretarial Auditors of the Company to conduct the Audit of the Company to examine the compliance of Companies Act and the laws specifically listed below.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of the following list of laws and regulations with our observations on the same:

(i) **The Companies Act, 2013 (the Act) and the Rules made there under:** The Company has satisfactorily complied with the provisions of the Companies Act, 2013 and the Rules made there under and there are no discrepancies observed by us during the period under review except as mentioned subsequently in this report.

(ii) **The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under:** The Company has complied with the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA').

(iii) **The Depositories Act, 1996 and the Regulations and Bye-laws framed there under:**

The Company is a listed public company the shares are in dematerialised form and the Company has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

(iv) The Company has satisfactorily complied with the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings and there are no discrepancies observed by us during the period under review.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, **Not applicable**;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **Not applicable**;

(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **Not applicable**; and

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **Not applicable**;

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **Not applicable**;

The Company is a listed Company and provisions of Regulations and Guidelines mentioned above and prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are duly complied by the Company.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, the Company has complied with the following laws applicable specifically to the Company:

a. The Aircraft Act, 1934

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. The Company has duly complied with the Secretarial Standards for the period under review.

(ii) The Listing Agreement entered into by the Company with BSE Limited, Mumbai in respect of Shares issued by the Company and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. which are mentioned above.

We further report that:-

There are adequate systems and processes in the company commensurate with its size & operation to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law and environmental laws.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors as required by Section 149 of the Companies Act, 2013 except that

There was no woman director appointed till 13.12.2017 and the Board of Directors of the Company had only two Directors during the period from 27.09.2017 to 01.12.2017.

Adequate notice is given to all directors about Board Meetings held on 18.05.2017, 30.5.2017, 16.08.2017, 14.09.2017, 26.09.2017, 13.10.2017, 14.12.2017 and 14.02.2018, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting. All decisions at Board Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

We further report that during the audit period no major decisions, specific events/ actions have occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc except the following:

a. The term of 3 Independent Directors of the Company expired during the year and none of them were reappointed at the Annual General Meeting held on 26.09.2017. 2 Independent Directors were appointed by a Circular Resolution on 02.12.2017.

b. The Company has received a show cause notice from Registrar of Companies and the same has been satisfactorily replied to by the Officers of the Company.

FOR DVD & ASSOCIATES
COMPANY SECRETARIES

Place: Pune
Date: 28 May 2018

Devendra Deshpande
FCS No. 6099
CP No. 6515

ANNEXURE A

To,
The Members
Taneja Aerospace And Aviation Ltd
Belagondapalli Village, Thally Road,
Denkanikotta Belagondapalli 635114

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices & processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR DVD & ASSOCIATES
COMPANY SECRETARIES

Place: Pune
Date: 28 May 2018

Devendra Deshpande
FCS No. 6099
CP No. 6515

AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/ associate companies

PART "A": SUBSIDIARIES

Sr. No.	Name of Subsidiary	Reporting Currency in case of foreign subsidiaries	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of Shareholding*
1	Katra Auto Engineering Pvt. Ltd.	-	5.00	(2.00)	649.38	0.33	0.00	0.00	(0.13)	0.00	(0.13)	Nil	100%

* Includes share held by a Nominee of the Company.

Notes:

A Name of Subsidiaries which are yet to commence operations-

Sr. No.	Name of Subsidiary Company	2017-18	2016-17
1	Katra Auto Engineering Pvt. Ltd.	**Nil**	Nil

B Name of Subsidiaries which have been liquidated or sold during the year - Nil

PART "B": ASSOCIATES - None

For and on behalf of the Board of Directors

Dr. Prahlada Ramarao
Director

C M Reddy
Director

Arif Ahmad
Chief Financial Officer

Bengaluru, May 29, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Taneja Aerospace & Aviation Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Taneja Aerospace & Aviation Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended, and the accounting principles generally accepted in India.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Note 48 to the standalone Ind AS financial statements:

a) The Company had carried on the demerged charter business and activities including banking transactions, statutory compliances and all other commercial activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited until the time TAAL Enterprises Limited obtains the requisite statutory licences for carrying on the demerged charter business. However, the accounting entries pertaining to the demerged charter business are accounted in the books of account of TAAL Enterprises Limited.

The said matter was stated as an Emphasis of Matter in our Statutory Audit Report dated May 30, 2017 for the year ended March 31, 2017 as well as in our Statutory Audit Report dated May 30, 2016 for the year ended March 31, 2016.

Our opinion is not modified in respect of this matter.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening Balance Sheet as at 1st April, 2016 included in these standalone Ind AS financial statements are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2017 and 31st March, 2016 on which we issued an unmodified audit opinion vide our reports dated May 30th, 2017 and May 30th, 2016 respectively on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have also been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note XX to the standalone Ind AS financial statements.

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

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

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

For MSKA & Associates
(Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANEJA AEROSPACE & AVIATION LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls over financial reporting of Taneja Aerospace & Aviation Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

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

Disclaimer of Opinion

The system of internal financial controls over financial reporting with regard to the Company were not made available to us to enable us to determine if the Company has established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the financial statements of the Company.

For MSKA & Associates
(Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF TANEJA AEROSPACE & AVIATION LIMITED FOR THE YEAR ENDED MARCH 31, 2018

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stocks and the book records.

iii. The Company has granted loans, secured or unsecured to two Companies covered in the register maintained under section 189 of the Act.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the rate of interest and other terms and conditions on which the loans have been granted to the Company listed in the register maintained under Section 189 of the Act are not, prima facie, prejudicial to the interest of the Company.

(b) In case of the loans granted to the Company listed in the register maintained under section 189 of the Act, schedule of repayment of principal and payment of interest have not been stipulated. In the absence of stipulation of repayment terms are unable to comment on the regularity of repayment of principal and payment of interest.

(c) There are no amounts overdue for more than ninety days in respect of the loan granted to Company listed in the register maintained under section 189 of the Act.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2018 and the Company has not accepted any deposits during the year.

vi. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant as specified by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been regularly deposited with the appropriate authorities and there has been a delay in few cases.

According to the information and explanation given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues which were applicable to the Company were in arrears, as at March 31, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. In Lakhs	Period to which the amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	622.67	F.Y. 2007-08	CESTAT
Finance Act, 1994	Service tax	80.24*	F.Y. 2005-06 to 2009-10	CESTAT
Central Excise Act, 1944	Excise Duty	23.73	F.Y. 2012-13	CESTAT
Central Excise Act, 1944	Excise Duty	53.19*	F.Y. 2013-14 & F.Y. 2014-15	CESTAT
Central Excise Act, 1944	Excise Duty	80.24	F.Y. 2008-09 to F.Y. 2011-12	CESTAT
Finance Act, 1994	Service tax	124.37	F.Y. 2008-09 to F.Y. 2012-13	CESTAT
Central Excise Act, 1944	Excise Duty	2.56*	F.Y. 2016-17	Adjudicating Authority
Central Excise Act, 1944	Excise Duty	61.26*	F.Y. 2011-12 & F.Y. 2012-13	Commissioner Appeals

*Net of amount paid under protest

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. In our opinion, according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For MSKA & Associates
(Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

Balance Sheet as at March 31, 2018

(INR in lakhs, unless otherwise stated)

Particulars	**Note No.**	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	6	**10,063.73**	10,132.98	10,382.30
Capital work-in-progress	6	**1.08**	-	-
Investment property	7	**1,222.27**	1,269.09	1,315.93
Financial assets				
Investments	8	**651.05**	651.05	651.05
Deferred tax asset (net)	10	**134.69**	146.38	146.38
Other non-current assets	9	**205.72**	198.33	-
Total non-current assets		**12,278.54**	12,397.83	12,495.66
Current assets				
Inventories	11	**487.40**	407.37	919.66
Financial assets				
Trade receivables	12	**425.32**	890.04	2,131.44
Cash and cash equivalents	13	**514.72**	294.23	284.39
Bank balances other than cash and cash equivalent	14	**89.26**	85.03	86.98
Loans	15	**189.67**	160.74	168.87
Other Financial assets		**-**	-	-
Current tax assets (net)	16	**371.91**	413.74	570.52
Other current assets	17	**291.43**	80.03	354.75
Total current assets		**2,369.71**	2,331.18	4,516.61
Total assets		**14,648.25**	14,729.01	17,012.27
EQUITY AND LIABILITIES				
Equity				
Equity share capital	18	**1,246.54**	1,246.54	1,246.54
Other equity	19	**7,532.82**	7,504.07	7,428.25
Total equity		**8,779.36**	8,750.61	8,674.79
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	20	**2,517.02**	1,898.13	2,603.17
Other financial liabilities	21	**128.36**	111.81	98.60
Provisions	22	**202.13**	176.92	161.91
Other non-current liabilities	24	**526.67**	526.66	562.41
Total non-current liabilities		**3374.18**	2,713.52	3,426.09
Current liabilities				
Financial liabilities				
Borrowings	25	**293.71**	891.18	841.22
Trade payables	26	**472.15**	316.59	2,473.92
Other financial liabilities	27	**1,409.75**	1,302.64	1,193.57
Other current liabilities	28	**308.72**	739.39	372.29
Provisions	22	**10.34**	15.00	3.35
Current tax liabilities (net)	23	**0.04**	0.08	27.04
Total current liabilities		**2494.71**	3,264.88	4,911.39
Total liabilities		**5,868.89**	5,978.40	8,337.48
Total equity and liabilities		**14,648.25**	14,729.01	17,012.27
Summary of significant accounting policies (Refer note 2)				
The accompanying notes are an integral part of the financial statements	2-51			

As per our report of even date attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

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

Prahlada Ramarao
Director
DIN : 07548289

Place : Bengaluru
Date : May 29, 2018

C M Reddy
Director
DIN : 01621083

Place : Bengaluru
Date : May 29, 2018

Arif Ahmad
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2018

Statement of Profit and Loss for the year ended March 31, 2018

(INR in lakhs, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
Income			
Revenue from operations	29	**3,150.96**	3,724.06
Other income	30	**95.79**	172.23
Total income		**3,246.75**	3,896.29
Expenses			
Cost of materials consumed	31	**632.22**	715.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress	32	**(20.49)**	292.19
Excise duty		**0.46**	6.97
Employee benefits expense	33	**972.83**	1,050.38
Finance costs	34	**501.15**	576.06
Depreciation and amortisation expense	35	**294.07**	303.78
Other expenses	36	**839.82**	875.32
Total expenses		**3,220.06**	3,820.34
Profit /(Loss) before tax		**26.69**	75.95
Income Tax expense:			
Current tax		**-**	4.79
Deferred tax		**11.69**	-
Total income tax expense		**11.69**	4.79
Profit/(Loss) for the period		**15.00**	71.16
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		**13.75**	4.65
Income tax effect		**-**	-
Other comprehensive income for the year, net of tax		**13.75**	4.65
Total comprehensive income for the year		**28.75**	75.81
Earnings / (Loss) per share			
Basic earnings/ (loss) per share (INR)	37	**0.06**	0.29
Diluted earnings/ (loss) per share (INR)	37	**0.06**	0.29
Summary of significant accounting policies (Refer note 2) **The accompanying notes are an integral part of the financial statements**	2-51		

As per our report of even date attached

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Date : May 29, 2018

Arif Ahmad
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2018

Statement of changes in equity for the year ended March 31, 2018

(INR in lakhs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	**Amount**	No. of shares	Amount
Equity shares of INR 5 each issued, subscribed and fully paid				
Opening	**2,49,30,736**	**1,246.54**	2,49,30,736	1,246.54
Add: issue during the year	-	-	-	-
Closing	**2,49,30,736**	**1,246.54**	2,49,30,736	1,246.54

(B) Other equity

Particulars	Reserve and surplus				Total
	Securities premium reserve	Capital reserve	General reserve	Retained earnings	
Balance as at April 1, 2016	5,203.53	5.83	1,271.86	947.03	7,428.25
Profit / (Loss) for the year	-	-	-	71.16	71.16
Other comprehensive income	-	-	-	4.65	4.65
Total comprehensive income for the year	-	-	-	**75.81**	**75.81**
Balance as at March 31, 2017	**5,203.53**	**5.83**	**1,271.86**	**1,022.85**	**7,504.07**

Particulars	Reserve and surplus				Total
	Securities premium reserve	Capital reserve	General reserve	Retained earnings	
Balance as at April 1, 2017	5,203.53	5.83	1,271.86	1,022.85	7,504.07
Profit / (Loss) for the year	-	-	-	15.00	15.00
Other comprehensive income	-	-	-	13.75	13.75
Total comprehensive income for the year	-	-	-	**28.75**	**28.75**
Balance as at March 31, 2018	**5,203.53**	**5.83**	**1,271.86**	**1,051.60**	**7,532.82**

Summary of significant accounting policies (Refer note 2)

The accompanying notes are an integral part of the financial statements (Refer notes 2-51)

As per our report of even date attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
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C M Reddy
Director
DIN : 01621083

Place : Bengaluru
Date : May 29, 2018

Arif Ahmad
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2018

Statement of Cash flows for the year ended March 31, 2018

(INR in lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	**26.69**	75.95
Adjustments for:		
Depreciation and amortisation expense	**294.07**	303.78
Finance costs	**435.25**	510.61
Provision for doubtful debts	**63.00**	162.31
Sundry creditors written back	**-**	(0.11)
Interest income	**(20.58)**	(27.57)
Operating profit before working capital changes	**798.43**	1,024.97
Changes in working capital		
(Decrease)/ increase in trade payables	**(64.13)**	(1,891.98)
Decrease/ (increase) in inventories	**(80.03)**	512.29
Decrease/ (increase) in trade receivables	**174.80**	1,356.09
Cash generated used in operations	**829.07**	1,001.37
Income tax (paid) / refund (Net)	**41.79**	125.03
Net cash flows used in operating activities (A)	**870.86**	1,126.40
Cash flow from Investing activities		
Payment for property, plant and equipment and intangible assets	**(185.24)**	(205.92)
Intercorporate deposit given	**(18.06)**	5.84
Interest received	**25.23**	24.29
Net cash flow from investing activities (B)	**(178.07)**	(175.79)
Cash flow from Financing activities		
Addition/(Repayment) of non-current borrowings	**564.65**	(503.02)
Addition/(Repayment) of current borrowings	**(597.47)**	49.96
Interest paid	**(435.25)**	(489.66)
Net cash flow from financing activities (C)	**(468.07)**	(942.72)
Net increase/ (Decrease) in cash and cash equivalents (A+B+C)	**224.72**	7.89
Cash and cash equivalents at the beginning of the year	**379.26**	371.37
Cash and cash equivalents at the end of the year	**603.98**	379.26
Cash and cash equivalents comprise (Refer note 13 and 14)		
Balances with banks		
On current accounts	**506.36**	282.01
Fixed deposits with maturity of less than 3 months	**8.25**	12.19
Cash on hand	**0.11**	0.03
	514.72	294.23
Bank balances other than cash and cash equivalent (Refer note 14)		
Margin money or under lien deposits	**89.26**	85.03
Total cash and bank balances at end of the year	**603.98**	379.26
Summary of significant accounting policies (Refer note 2)		
The accompanying notes are an integral part of the financial statements 2-51		

As per our report of even date attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

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

Prahlada Ramarao
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DIN : 07548289

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DIN : 01621083

Place : Bengaluru
Date : May 29, 2018

Arif Ahmad
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2018

Notes forming part of the Financial Statements for the year ended March 31, 2018

1 General Information

Taneja Aerospace & 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.

The financial statements upto year ended March 31, 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended March 31, 2018 are the first set of financial statements prepared in accordance with Ind AS. Refer note 5 for an explanation of how the Company has adopted Ind AS.

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 Excise Duty, VAT, Service Tax and GST 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 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.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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-recognised 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.

Transition to Ind AS

On transition to Ind AS, since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment properties as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., April 1, 2016.

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

Revenue is recognised to the extent, it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from long-term fixed price contracts to manufacture aero structures, spares, etc. is recognised under proportionate completion method and the stage of completion for this purpose is determined based on technical estimate of actual work completed.

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.

Revenue from long-term fixed price contracts for supply of certain sets of components and assemblies is recognised on the basis of proportionate completion method and billed in terms of agreement with and certification by the customer. Cost of processing incurred on sets of components which are not billable is included in work-in-progress. Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amounts recognised as sale is exclusive of Sales Tax / VAT / GST and are net of returns.

Other income

Interest income is recognised on the basis of effective interest rate 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 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 a 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 are transferred 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)

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

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 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 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 likelyhood 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, amortisation of ancillary 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 equivalent 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 risk 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 amortised 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.

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

Fair Value through Other Comprehensive Income (FVOCI): 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 amounts 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 reclassified 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.

Fair value through profit or loss: Assets that do not meet the criteria for amortised 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 amortised 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

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

A financial asset is de-recognised only when

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

b) 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 amortised 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 amortised 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 amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation cost 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 amortisation.

(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 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) Other long-term employee benefit obligations

(i) 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.

(ii) 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.

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 12 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 define benefit plans can be encashed only on discontinuation of service by 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.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(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) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

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

(b) Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

(ii) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is currently evaluating the requirements of amendments.

5 First-time adoption of Ind-AS

These financial statements are the first set of Ind AS financial statements prepared by the Company. Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for the year ending on March 31, 2018, together with the comparative year data as at and for the year ended March 31, 2017, as described in the significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at April 1, 2016, being the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

5.1 Exemptions availed on first time adoption of Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions:

(a) Deemed cost

Since there is no change in the functional currency, the Company has elected to continue with carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financial statements as its deemed cost at the date of transition after making adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38. Accordingly, the management has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

(b) Investment in subsidiaries

Option to measure investments in subsidiaries, joint ventures and associate at cost as per Ind AS 27 or deemed cost is available. The deemed cost shall be its fair value on transition date or carrying amount as per previous GAAP. This exemption is availed by the Company.

(c) Business combination

Company has elected not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs).

5.2 Mandatory Exemption on first-time adoption of Ind AS

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

(i) Impairment of financial assets based on expected credit loss model;

(ii) Effective interest rate used in calculation of security deposit.

(b) De-recognition of financial assets and financial liabilities

A first-time adopter should apply the de-recognition requirements in Ind AS 109, Financial Instruments, prospectively to transactions occurring on or after the date of transition. Therefore, if a first-time adopter de-recognised non-derivative financial assets or non-derivative financial liabilities under its Indian GAAP as a result of a transaction that occurred before the date of transition, it should not recognise those financial assets and liabilities under Ind AS (unless they qualify for recognition as a result of a later transaction or event). A first-time adopter that wants to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing may only do so, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities de-recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognise provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(c) Classification and measurement of financial assets

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

5.3 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards:

(a) Reconciliation of equity as at date of transition April 1, 2016

(INR in lakhs, unless otherwise stated)

Particulars	Notes to first-time adoption	Indian GAAP*	Effect of transition to Ind AS	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		11,698.23	(1,315.93)	10,382.30
Capital work-in-progress		-	-	-
Investment property		-	1,315.93	1,315.93
Financial assets				
Investments	f(i)	5.00	646.05	651.05
Loans	f(i)	646.05	(646.05)	-
Deferred tax asset (net)	f(vi)	146.38	-	146.38
Total non-current assets		**12,495.66**	**-**	**12,495.66**
Current assets				
Inventories		919.66	-	919.66
Financial assets				
Trade receivables		2,131.44	-	2,131.44
Cash and cash equivalents		284.39	-	284.39
Bank balances other than above		86.98	-	86.98
Loans		168.87	-	168.87
Current tax assets (net)		570.52	-	570.52
Other current assets		354.75	-	354.75
Total current assets		**4,516.61**	**-**	**4,516.61**
Total assets		**17,012.27**	**-**	**17,012.27**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,246.54	-	1,246.54
Other equity	f(i),f(iii),f(iv)	7,263.62	164.63	7,428.25
Total equity		**8,510.16**	**164.63**	**8,674.79**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(ii)	2,616.67	(13.50)	2,603.17
Other financial liabilities	f(iii)	849.53	(750.93)	98.60
Provisions		161.91	-	161.91
Other non-current liabilities		-	562.41	562.41
Total non-current liabilities		**3,628.11**	**(202.02)**	**3,426.09**
Current liabilities				
Financial liabilities				
Borrowings		841.22	-	841.22
Trade payables		2,473.92	-	2,473.92
Other financial liabilities		1,191.92	1.65	1,193.57
Other current liabilities	f(iv)	336.55	35.74	372.29
Provisions		30.39	-	30.39
Total current liabilities		**4,874.00**	**37.39**	**4,911.39**
Total liabilities		**8,502.11**	**(164.63)**	**8,337.48**
Total equity and liabilities		**17,012.27**	**-**	**17,012.27**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(b) Reconciliation of equity as at March 31, 2017

(INR in lakhs, unless otherwise stated)

Particulars	Notes to first-time adoption	Indian GAAP*	Effect of transition to Ind AS	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		11,402.05	(1,269.09)	10,132.96
Capital work-in-progress		-	-	-
Investment property		-	1,269.09	1,269.09
Financial assets				
Investments	f(i)	5.00	646.05	651.05
Loans	f(i)	646.05	(646.05)	-
Other financial assets		-	-	-
Deferred tax asset (net)	f(vi)	146.38	-	146.38
Other non-current assets		198.33	-	198.33
Total non-current assets		**12,397.81**	**-**	**12,397.81**
Current assets				
Inventories		407.37	-	407.37
Financial assets				
Trade receivables		890.04	-	890.04
Cash and cash equivalents		294.23	-	294.23
Bank balances other than above		85.04	-	85.04
Loans		160.74	-	160.74
Current tax assets (net)		413.74	-	413.74
Other current assets		80.03	-	80.03
Total current assets		**2,331.19**	**-**	**2,331.19**
Total assets		**14,729.00**	**-**	**14,729.00**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,246.54	-	1,246.54
Other equity	f(i),f(iii)	7,321.36	182.70	7,504.06
Total equity		**8,567.90**	**182.70**	**8,750.60**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(ii)	1,907.16	(9.03)	1,898.13
Other financial liabilities	f(iii)	849.53	(737.72)	111.81
Provisions		176.92	-	176.92
Other non-current liabilities		-	526.66	526.66
Total non-current liabilities		**2,933.61**	**(220.09)**	**2,713.52**
Current liabilities				
Financial liabilities				
Borrowings		891.18	-	891.18
Trade payables		316.59	-	316.59
Other financial liabilities		1,300.99	1.65	1,302.64
Other current liabilities	f(iv)	703.65	35.74	739.39
Provisions		15.00	-	15.00
Current tax liabilities (net)		0.08	-	0.08
Total current liabilities		**3,227.49**	**37.39**	**3,264.88**
Total liabilities		**6,161.10**	**(182.70)**	**5,978.40**
Total equity and liabilities		**14,729.00**	**-**	**14,729.00**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

(c) Reconciliation of profit or loss for the year ended March 31, 2017

Particulars	Notes to first-time adoption	Indian GAAP*	Effect of transition to Ind AS	Ind AS
Income				
Revenue from operations	f(iii)	3,681.35	42.71	3,724.06
Other income	f(iv)	168.95	3.28	172.23
Total income		**3,850.30**	**45.99**	**3,896.29**
Expenses				
Cost of materials consumed		715.64	-	715.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress		292.19	-	292.19
Excise duty	f(v)	-	6.97	6.97
Employee benefits expense		1,045.73	4.65	1,050.38
Finance costs	f(iii),f(iv)	555.11	20.95	576.06
Depreciation and amortisation expense		303.78	-	303.78
Other expenses		875.32	-	875.32
Total expenses		**3,787.77**	**32.57**	**3,820.34**
Profit/ (Loss) before tax		**62.53**	**13.42**	**75.95**
Income tax expense:				
Current tax		4.79	-	4.79
Deferred tax		-	-	-
Total income tax expense		**4.79**	**-**	**4.79**
Profit/ (Loss) for the period		**57.74**	**13.42**	**71.16**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plans	f(ii)	-	4.65	4.65
Income tax effect		-	-	-
Other comprehensive income for the year		**-**	**4.65**	**4.65**
Total comprehensive income for the year		**57.74**	**18.07**	**75.81**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(d) Reconciliation of total equity as at March 31, 2017 and as at April 1, 2016

		Notes to first-time adoption	As at March 31, 2017	As at April 1, 2016
	Shareholder's equity as per Indian GAAP audited financial statements		**8,567.90**	**8,510.16**
	Adjustment			
(i)	Amortisation of transaction cost/ processing fees on borrowing expensed out in Indian GAAP using EIR	f(ii)	9.03	13.50
(ii)	Fair valuation of financial instruments	f(iv)	(1.65)	(1.65)
(iii)	Deposit from lessee - Interest	f(iii)	737.72	750.93
(iv)	Deferred rent income	f(iii)	(562.40)	(598.15)
	Total adjustment		182.70	164.63
	Shareholder's equity as per Ind AS		**8,750.60**	**8,674.79**

(e) Reconciliation of total comprehensive income for the year ended March 31, 2017

(INR in lakhs, unless otherwise stated)

	Particulars	Notes to first-time adoption	Year ended March 31, 2017
	Profit as per Indian GAAP		**57.74**
	Adjustment		
(i)	Increase in borrowing cost due to amortisation of processing fees	f(ii)	(4.46)
(ii)	Increase in rent income due to amortisation of advance rent pursuant to fair valuation of interest-free lease deposit received	f(iii)	35.74
(iii)	Increase in finance cost due to unwinding of lease deposit received	f(iii)	(13.21)
(iv)	Financial guarantee liability recognised charged to the Statement of Profit and Loss since no direct and indirect benefit receivable	f(iv)	(3.28)
(v)	Income due to amortisation of financial guarantee liability given to First Airways Inc.	f(iv)	3.28
(vi)	Impact of actuarial gain / (loss) transferred to OCI	f(vii)	(4.65)
	Total adjustment		**13.42**
	Profit as per Ind AS		**71.16**
	Impact on other comprehensive income of re-measurement gains/ (losses) on defined benefit plans		4.65
	Total other comprehensive income as per Ind AS		**75.81**

(f) Notes to first-time adoption

(i) Investment in subsidiary

The Company has opted to measure investment in subsidiary at deemed cost, defined as previous GAAP carrying amount as at the Ind AS transition date. Long-term loan advance to subsidiary is in nature of equity contribution for subsdiary, hence same is considered as investment in subsidiary.

(ii) Borrowing cost amortisation

Ind AS 109 requires transaction cost incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the Statement of Profit and Loss over the tenure of the borrowing as part of the interest expense by applying the EIR method, corresponding effect being in long-term borrowings and to the extent attributable to current maturity of long-term debts. Under the previous GAAP, these transaction costs were charged to the Statement of Profit and Loss as and when incurred.

The initial transaction cost incurred is recognised in term loan with effect in the opening balance of retained earnings of INR 13.49 lakhs. During financial year 2016 -17, transaction cost amounting to INR 4.46 lakhs amortised to profit and loss.

(iii) Deposit from lessee

Under Indian GAAP, interest-free deposits (which needs to be refunded in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial liabilities are required to be recognised at fair value. Accordingly, the Company has fair valued these deposits under Ind AS. Difference between the fair value and transaction value of the deposit from lessee has been recognised as deferred rent income amounting to INR 598.15 lakhs as at April 1 , 2016.

Interest expense to be recognised from the date of deposits upto April 1, 2016 amounting to INR 47.89 lakhs and deferred rent income to be amortised from the date of deposit upto April 1, 2016 amounting to INR 200.67 lakhs. The net amount of INR 152.78 lakhs has been increased in the retained earnings as at April 1, 2016.

Interest expense to be recognised amounting to INR 13.21 lakhs and deferred rent income to be amortised amounting to INR 35.74 lakhs has been adjusted with the profit and loss for the year ended March 31, 2017. Thus, profit and loss is increased by INR 22.53 lakhs during year ended March 31, 2017.

(iv) Financial guarantee

Corporate financial guarantee issued should be measured at their fair value on initial recognition. Subsequently, these contracts are measured at the higher of:

amount of impairment loss allowance as per Ind AS 109, and amount initially recognised less, where appropriate, cumulative amortisation recognised.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

The Company has assessed the fair value of the guarantee and it is amortised over the tenure of the guarantee. The fair value of guarantee of INR 3.28 lakhs has been recognised as a liability with a corresponding effect charged to retained earnings as at April 1, 2016.

(v) Excise duty

Under previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as an expense on the face of the Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses by INR 6.97 lakhs for the financial year ended March 31, 2017.

(vi) Reclassification adjustment

Under Indian GAAP, MAT credit entitlement was shown under non-current assets. Same is being re-classified under deferred tax under Ind AS amounting to INR 146.38 lakhs.

(vii) Reclassification adjustment

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the Statement of Profit and Loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefits cost for the year ended March 31, 2017 is reduced by INR 4.65 lakhs and re-measurement gains/ (losses) on defined benefit plans of the corresponding amounts has been recognised in the OCI.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

6 Property, plant and equipment

6.1 Financial Year 2017-18 **(INR in lakhs, unless otherwise stated)**

	Gross block			Depreciation			Net block	
	As at April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As at 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	460.59	-	460.59	18.43	18.40	36.83	423.76	442.16
Plant and Equipment	3622.79	150.52	3,773.31	229.61	215.45	445.06	3,328.25	3,393.18
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	12.98	3.73	3.79	7.52	5.46	6.32
Vehicles	6.69	14.29	20.98	1.31	5.15	6.46	14.52	5.38
Total	**10,389.92**	**178.00**	**10,567.92**	**256.94**	**247.25**	**504.19**	**10,063.73**	**10,132.98**

6.2 Financial Year 2016-17 **(INR in lakhs, unless otherwise stated)**

	Gross block			Depreciation			Net block	
	As at April 1, 2016	Additions/ Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2017	As at April 1, 2016
Owned assets								
Freehold Land	6,274.80	-	6,274.80	-	-	-	6,274.80	6,274.80
Buildings	460.59	-	460.59	-	18.43	18.43	442.16	460.59
Plant and Equipment	3,617.14	5.65	3,622.79	-	229.61	229.61	3,393.18	3,617.14
Furniture and fixtures	4.49	0.29	4.78	-	0.89	0.89	3.89	4.49
Office equipment	10.04	0.18	10.22	-	2.97	2.97	7.25	10.04
Computer - Hardware	8.55	1.50	10.05	-	3.73	3.73	6.32	8.55
Vehicles	6.69	-	6.69	-	1.31	1.31	5.38	6.69
Total	**10,382.30**	**7.62**	**10,389.92**	**-**	**256.94**	**256.94**	**10,132.98**	**10,382.30**

6.3 Capital work-in-progress **(INR in lakhs, unless otherwise stated)**

	As at April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As at April 1, 2016	Additions/ Adjustments	As at March 31, 2017
Capital work-in-progress	**-**	**1.08**	**1.08**	-	-	-

7 Investment property

7.1 Financial Year 2017-18 **(INR in lakhs, unless otherwise stated)**

	Gross block			Depreciation			Net block	
	As at April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As at 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**

7.2 Financial Year 2016-17 **(INR in lakhs, unless otherwise stated)**

	Gross block			Depreciation			Net block	
	As at April 1, 2016	Additions/ Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2017	As at April 1, 2016
Hangar (building)	1,315.93	-	1,315.93	-	46.84	46.84	1,269.09	1,315.93
Total	**1,315.93**	**-**	**1,315.93**	**-**	**46.84**	**46.84**	**1,269.09**	**1,315.93**

During the year, the Company has recognised rental income of INR 11.95 crores (March 31, 2017 - INR 11.28 crores) in the Statement of Profit and Loss for investment properties.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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, 2018 is INR 5600.32 lakhs (March 31, 2017 - INR 5286.30 lakhs). Fair value has been determined by an in-house expert and the valuation is classified as a level 3 valuation.

8 Non-current financial assets - investments

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Investment in equity instruments (fully paid-up)			
Unquoted equity shares (Non-trade, stated at cost)			
Katra Auto Engineering Private Limited - 50,000 shares (March 31, 2017: 50,000, April 1, 2016: 50,000) of Rs. 10/- each	**5.00**	5.00	5.00
Investment in subsidiary - Katra Auto Engineering Private Limited*	**646.05**	646.05	646.05
Total non-current financial assets - investments	**651.05**	651.05	651.05

*Long-term loan in nature of equity into 100% subsidiary.

9 Other non-current assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advance to suppliers	**205.72**	198.33	-
Total other non-current assets	**205.72**	198.33	-

10 Deferred tax asset (net)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
MAT credit entitlement			
Opening balance	**146.38**	146.38	146.38
Charged/(credited)			
– to profit and loss	**11.69**	-	-
Total deferred tax asset (net)	**134.69**	146.38	146.38

* 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, in case of inadequate profit, difference will be charged to respective years Statement of Profit and Loss.

11 Inventories

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Raw materials in stock	**216.01**	200.45	420.55
Raw material in transit	**43.97**	-	-
Work-in-progress in stock (At cost)	**227.42**	206.92	499.11
Total inventories	**487.40**	407.37	919.66

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

12 Trade receivables

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Secured, considered good	**-**	-	-
Unsecured			
- Considered good	**425.32**	890.04	2,131.44
- Considered doubtful	**482.21**	419.21	291.68
Less : Allowance for bad and doubtful debts	**(482.21)**	(419.21)	(291.68)
	425.32	890.04	2,131.44
Further classified as:			
Receivable from related parties	**180.15**	366.15	486.13
Receivable from others	**245.17**	523.89	1,645.31
Total trade receivables	**425.32**	890.04	2,131.44

13 Cash and cash equivalents

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Balances with banks			
On current accounts	**506.36**	282.01	258.94
Margin money deposits with banks (Less than 3 months maturity)	**8.25**	12.19	25.18
Cash on hand	**0.11**	0.03	0.27
Total cash and cash equivalants	**514.72**	294.23	284.39

14 Bank balances other than cash and cash equivalent

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Margin money deposits with banks (More than 3 months maturity)	**89.26**	85.03	86.98
Total bank balances other than cash and cash equivalent	**89.26**	85.03	86.98

15 Current financial assets - loans

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good:			
Loans to related parties	**122.38**	104.32	110.15
Security deposit	**67.29**	56.42	58.72
Total current financial assets - loans	**189.67**	160.74	168.87

16 Current tax assets

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Advance income tax (net of provisions amounting: INR 52.51 lakhs; (March 31, 2017: INR 68.76 lakhs; April 1, 2016: INR 90.69 lakhs))	**371.91**	413.74	570.52
Total current tax assets (net)	**371.91**	413.74	570.52

17 Other current assets

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Advance to suppliers	**210.92**	38.10	323.48
Advance to staff	**18.41**	8.47	0.85
Prepaid expenses	**59.21**	33.46	30.42
Unbilled revenue	**2.89**	-	-
Total other current assets	**291.43**	80.03	354.75

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

18 Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised			
4,00,00,000 (March 31, 2017: 4,00,00,000, April 1, 2016: 4,00,00,000) Equity Shares of INR 5/- each	**2,000**	2,000	2,000
10,00,000 (March 31, 2017: 10,00,000, April 1, 2016: 10,00,000) 15% Redeemable Cumulative Preference Shares of INR 50/- each	**500**	500	500
	2,500	2,500	2,500
Issued, subscribed and paid up			
2,49,30,736 (March 31, 2017: 2,49,30,736 April 1, 2016: 2,49,30,736) Equity Shares of INR 5/- each fully paid up	**1,246.54**	1,246.54	1,246.54
Total equity share capital	**1,246.54**	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, 2018		As at March 31, 2017	
	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.

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, 2018		As at March 31, 2017 and April 1, 2016	
	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**	1,09,64,620	43.98
Vishkul Leather Garments Private Limited	**500**	**0.002**	16,89,179	6.78

(d) As at March 31, 2018, the Company has Nil (March 31, 2017 : Nil, April 1, 2016 : 13,145) Global Depository Receipt's (GDR's) outstanding for conversion into Equity Shares [equivalent to Nil (March 31, 2017: Nil, April 1, 2016 : 26,290) Equity Shares].

(e) 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.

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

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

19 Other equity

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	**Capital reserve**			
	Opening balance	**5.83**	5.83	5.83
	Closing balance	**5.83**	5.83	5.83
(b)	**Securities premium account**			
	Opening balance	**5,203.53**	5,203.53	5,203.53
	Closing balance	**5,203.53**	5,203.53	5,203.53
(c)	**General reserve**			
	Opening balance	**1,271.86**	1,271.86	1,271.86
	Closing balance	**1,271.86**	1,271.86	1,271.86
(d)	**Surplus / (Deficit) in the Statement of Profit and Loss**			
	Opening balance	**1,022.85**	947.03	947.03
	Add: Net Profit/ (Net Loss) for the current year	**15.00**	71.16	-
	Add/Less: Re-measurement gains/ (losses) on defined benefit plans	**13.75**	4.65	-
	Closing balance	**1,051.60**	1,022.85	947.03
	Total other equity	**7,532.82**	7,504.07	7,428.25

20 Non-current borrowings

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured loans:			
Term loan from banks	**3,265.30**	2,708.84	3,207.39
Other long-term borrowings	**8.19**	-	-
Less: Current maturities	**756.47**	810.71	604.22
Total non-current borrowings	**2,517.02**	1,898.13	2,603.17

The term loan from bank outstanding as at March 31, 2018 amounting to INR 17.63 crores (March 31, 2017 : INR 11.66 crores, April 1, 2016 : INR 15.09 crores) (including current maturities of non-current borrowings) is secured by a first charge on assignment of Hangar-1 rental/ receivables from lessee and specific free hold lands to the extent of 37.47 acres (March 31, 2017 and April 1, 2016 : 36.93 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, 2018 amounting to INR 12.61 crores (March 31, 2017 : INR 15.52 crores, April 1, 2016 : INR 17.12 crores) (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, 2018 amounting to INR 2.50 crores (March 31, 2017 and April 1, 2016 : Nil) (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 long-term borrowing from bank outstanding as at March 31, 2018 amounting to INR 8.19 lakhs (March 31, 2017 and April 1, 2016 : Nil) (including current maturities of non-current borrowings) is secured by a exclusive charge on motor vehicle.

Maturity profile of secured term loans (as at March 31, 2018)

Particulars	Maturity profile			
	1-2 years	**2-3 years**	**3-4 years**	**Beyond 4 years**
Non-current borrowings	952.61	1,110.20	381.73	72.48

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

21 Other non-current financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deposit from lessee	**122.61**	107.56	94.35
Deposit from customers	**5.75**	4.25	4.25
Total other non-current financial liabilities	**128.36**	111.81	98.60

22 Provisions

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Non-current provisions			
(a)	**Provision for employee benefits**			
	Provision for gratuity	**139.33**	119.42	118.88
	Provision for leave encashment (unfunded)	**62.80**	57.50	43.03
	Total non-current provisions	**202.13**	176.92	161.91
	Current provisions			
(a)	**Provision for employee benefits**			
	Provision for gratuity	**0.78**	3.67	-
	Provision for leave encashment (unfunded)	**7.06**	7.83	-
(b)	**Other provisions**			
	Provision for audit fees	**2.50**	3.50	3.35
	Total current provisions	**10.34**	15.00	3.35
	Total provisions	**212.47**	191.92	165.26

23 Current tax liabilities (net)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current tax payable (net of provisions amounting: INR 0.03 lakhs; (March 31, 2017: INR Nil, April 1, 2016: INR 24.22 lakhs))	**0.04**	0.08	27.04
Total current tax liabilities	**0.04**	0.08	27.04

24 Other non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred rent income	**526.67**	526.66	562.41
Total other non-current liabilities	**526.67**	526.66	562.41

25 Current borrowings

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Secured			
(a)	Working capital borrowings from banks	**293.71**	891.18	841.22
	Total current borrowings	**293.71**	891.18	841.22

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, 2017 & April 1, 2016 - 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.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

26 Trade payables

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Total outstanding dues of micro enterprises and small enterprises*	**-**	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**472.15**	316.59	2,473.92
Total trade payables	**472.15**	316.59	2,473.92

*Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

27 Other Current financial liabilities

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Current maturities of non-current borrowings	**756.47**	810.71	604.22
Expenses payables	**489.86**	158.16	217.86
Employee related liabilities #	**79.76**	142.96	156.29
Other payables	**83.66**	189.16	213.55
Guarantee liability	**-**	1.65	1.65
Total other current financial liabilities	**1,409.75**	1,302.64	1,193.57

Includes INR 0.26 lakhs (March 31, 2017 : INR 72.88 lakhs, April 1, 2016 : INR 76.47 lakhs) due to Whole-time Director

28 Other current liabilities

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Statutory due payable*	**129.66**	131.52	112.46
Advance from customers	**160.34**	558.41	224.09
Deferred revenue	**18.72**	13.72	-
Deferred rent income	**-**	35.74	35.74
Total other current liabilities	**308.72**	739.39	372.29

* Includes payable towards Witholding tax, Excise duty, Service tax, VAT, GST and employee related statutory obligations.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

29 Revenue from operations

Particulars	March 31, 2018	March 31, 2017
Sales – Aviation		
Domestic sales	**190.49**	304.34
Export sales	**361.82**	894.92
Services – Aviation		
Domestic conversion charges	**957.26**	972.02
Rental income	**1,451.37**	1,456.61
Training & other services	**190.02**	96.17
Total revenue from operations	**3,150.96**	3,724.06

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. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017.

30 Other income

Particulars	March 31, 2018	March 31, 2017
Miscellaneous income	**45.92**	115.99
Sundry creditors written back	-	0.11
Interest income*	**49.87**	56.13
Total other income	**95.79**	172.23

* Includes interest on income-tax refunds of INR 10.78 lakhs (March 31, 2017: INR 25.28 lakhs).

31 Cost of raw materials consumed

Particulars	March 31, 2018	March 31, 2017
Inventory at the beginning of the year	**200.45**	420.55
Add : Purchases	**691.75**	495.54
Less : Inventory at the end of the year	**259.98**	200.45
Total cost of raw materials consumed	**632.22**	715.64

32 Changes in inventories

Particulars		March 31, 2018	March 31, 2017
Inventories at the beginning of the year:			
Opening work-in-progress		**206.93**	499.12
	(I)	**206.93**	499.12
Inventories at the end of the year:			
Closing work-in-progress		**227.42**	206.93
	(II)	**227.42**	206.93
(Increase)/ Decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(I)-(II)**	**(20.49)**	292.19

33 Employee benefits expense

Particulars	March 31, 2018	March 31, 2017
Salaries, wages, bonus and other allowances	**826.26**	870.54
Contribution to provident and other funds	**71.92**	101.37
Gratuity (Refer note 38)	**32.69**	22.22
Staff welfare expenses	**41.96**	56.25
Total employee benefits expense	**972.83**	1,050.38

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

34 Finance costs

Particulars	March 31, 2018	March 31, 2017
Interest on term loans	**316.56**	370.37
Interest on working capital	**118.69**	123.76
Other finance costs	**65.90**	78.65
Loss of interest on guarantee	**-**	3.28
Total finance costs	**501.15**	576.06

35 Depreciation and amortisation expense

Particulars	March 31, 2018	March 31, 2017
Depreciation (Refer note 6)	**247.25**	256.94
Depreciation on investment properties (Refer note 7)	**46.82**	46.84
Total depreciation and amortisation expense	**294.07**	303.78

36 Operational and other expenses

Particulars	March 31, 2018	March 31, 2017
Repairs and maintenance - Plant and Equipment	**31.62**	19.00
Power and fuel	**78.57**	92.15
Repairs and maintenance - Buildings	**4.80**	12.10
Repairs and maintenance - Others	**21.39**	48.49
Selling expenses	**20.74**	32.03
Rent	**2.58**	12.10
Rates and taxes	**39.55**	57.66
Insurance	**13.63**	10.52
Traveling and conveyance	**86.68**	83.10
Vendor charges	**103.18**	115.44
Provision for doubtful debts	**62.67**	162.31
Office and other administrative expenses*	**66.59**	67.39
Legal, Professional & Consultancy charges	**299.08**	155.85
Auditors remuneration	**8.74**	7.18
Total operational and other expenses	**839.82**	875.32

* Includes Printing and stationery expenses, Security charges, Agriculture expenses, Communication expenses, Sitting fees and Miscellaneous expenses

The following is the break-up of Auditors remuneration (exclusive of Service tax/ GST)

Particulars	March 31, 2018	March 31, 2017
As auditor:		
Statutory audit	**2.50**	2.00
In other capacity:		
Limited Review	**4.50**	4.50
Reimbursement of expenses	**1.74**	0.68
Total	**8.74**	7.18

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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.

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

Particulars	March 31, 2018	March 31, 2017
Profit/ (Loss) attributable to equity shareholders of the Company	**15.00**	71.16
Less: Preference dividend after-tax	**-**	-
Profit / (Loss) attributable to equity shareholders after preference dividend	**15.00**	71.16
Add: Interest on convertible preference shares	**-**	-
Profit/ (Loss) attributable to equity shareholders	**15.00**	71.16
Weighted average number of equity shares for basic EPS	**2,49,30,736**	2,49,30,736
Effect of dilution	**-**	-
Weighted average number of equity shares adjusted for the effect of dilution	**2,49,30,736**	2,49,30,736
Basic - Earnings/ (loss) per share (INR)	**0.06**	0.29
Diluted - Earnings/ (loss) per share (INR)	**0.06**	0.29

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, 2018	March 31, 2017
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	**61.71**	63.43

(B) Defined benefit plans

a) Gratuity payable to employees

b) Compensated absences for employees

i) Actuarial assumptions

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Discount rate (per annum)	**7.80%**	7.20%	**7.80%**	7.20%
Rate of increase in salary	**7%-10%**	7%-10%	**7%-10%**	7%-10%
Expected average remaining working lives of employees (years)	**14.20**	12.64	**14.20**	12.64
Withdrawal rate	**0%-5%**	0%-5%	**0%-5%**	0%-5%

ii) Changes in the present value of defined benefit obligation

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Present value of obligation at the beginning of the year	**65.34**	48.88	**129.53**	120.23
Interest cost	**4.58**	3.72	**9.25**	9.16
Past service cost	**-**	-	**5.95**	-
Current service cost	**17.95**	10.83	**17.95**	13.41
Curtailments	**-**	-	**-**	-
Settlements	**-**	-	**-**	-
Benefits paid	**(3.54)**	(4.22)	**(2.11)**	(8.64)
Actuarial (gain)/ loss on obligations	**(14.47)**	6.12	**(13.75)**	(4.65)
Present value of obligation at the end of the year*	**69.86**	65.33	**146.82**	129.51

*Included in provision for employee benefits (Refer note 22-(a) Actuarial (gain)/ loss on gratuity of INR 13.75 lakhs for year ended March 31, 2018 (March 31, 2017: INR 4.65 lakhs) is included in other comprehensive income.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

iii) Expenses recognised in the Statement of Profit and Loss

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Current service cost	**17.95**	10.83	**17.95**	13.41
Past service cost	**-**	-	**5.95**	-
Interest cost	**4.58**	3.72	**8.79**	8.81
Expected return on plan assets	**-**	-	**-**	-
Actuarial (gain) / loss on obligations	**(14.47)**	6.12	**-**	-
Settlements	**-**	-	**-**	-
Curtailments	**-**	-	**-**	-
Total expenses recognised in the Statement of Profit and Loss	**8.05**	20.67	**32.69**	22.22

iv) Assets and liabilities recognised in the Balance Sheet:

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Present value of unfunded obligation as at the end of the year	**69.86**	65.33	**146.82**	129.51
Less : Funded with LIC	**-**	-	**-**	6.42
Unfunded net asset / (liability) recognised in the Balance Sheet	**69.86**	65.33	**146.82**	123.09

v) Expected contribution to the fund in the next year

Particulars	Employee's gratuity fund	
	March 31, 2018	March 31, 2017
Total amount	**7.00**	6.91

vi) A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is as shown below:

Impact on defined benefit obligation	Employee's gratuity fund	
	March 31, 2018	March 31, 2017
Discount rate	**135.62**	119.14
1% increase	**159.57**	141.39
1% decrease		
Rate of increase in salary	**157.40**	139.61
1% increase	**137.35**	120.50
1% decrease		
Withdrawal rate	**147.33**	129.59
1% increase	**134.50**	129.43
1% decrease		

vii) Maturity profile of defined benefit obligation

Year	Employee's gratuity fund	
	March 31, 2018	March 31, 2017
Apr 2017- Mar 2018	**7.48**	9.18
Apr 2018- Mar 2019	**11.85**	7.02
Apr 2019- Mar 2020	**12.65**	11.04
Apr 2020- Mar 2021	**12.29**	11.76
Apr 2021- Mar 2022	**28.47**	11.49
Apr 2022 onwards	**109.88**	111.33

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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 11.96 crores (March 31, 2017: INR 11.28 crores) is included in note 29.

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

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Within one year	**1,267.59**	1,195.84	1,128.15
After one year but not more than five years	**5,877.92**	5,545.21	5,231.33
More than five years	**21,534.52**	23,134.82	24,644.53

40 Disclosure as required by Regulation 34(3) of the listing agreement

(A) Amount of investment in / loans and advances in the nature of loans to subsidiary and associates for the year ended March 31, 2018 :

Name of the company	Holding	Nature of transaction	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Katra Auto Engineering Private Limited	100%	Equity investment	**5.00**	5.00	5.00
Katra Auto Engineering Private Limited *#	100%	Long-term loan and advance in nature of equity contribution	**646.05**	646.05	646.05
Katra Auto Engineering Private Limited *	100%	Advance receivable - Current A/c	**0.25**	0.25	-

* These loans and advances fall under the category of loans and advances in the nature of loans where there is no repayment schedule and are repayable on demand.

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

41 Related party disclosures: March 31, 2018

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

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

Subsidiary company
Katra Auto Engineering Private Limited

Others:
ISMT Limited
Laurus Tradecon Private Limited (erstwhile known as Lighto Technologies Private Limited)
TAAL Tech India Private Limited
First Airways Inc.

Key management personnel (KMP)
Mr. Salil Taneja (Whole-time Director)

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

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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

	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
(i)	**Subsidiary companies**			
	Investment	**5.00**	5.00	5.00
	Balance receivable as at the year end (In nature of equity contribution)*	**646.05**	646.05	646.05
	Balance receivable as at the year end (on current account)	**0.25**	0.25	-
(ii)	**Others**			
	Inter-corporate deposits received / (paid) during the year (net)	**-**	-	831.20
	Sale of trading goods	**288.43**	-	160.74
	Sale commission on trading goods	**-**	-	3.21
	Purchase of trading goods	**277.30**	-	-
	Provision for doubtful debt	**(20.00)**	40.00	-
	Reimbursement of expenditure during the year (net)	**7.99**	8.67	-
	Rent paid	**-**	1.15	2.37
	Interest income	**15.00**	15.00	72.54
	Interest paid	**0.82**	-	-
	Guarantee given to bank on behalf of others	**-**	1,085.40	1,087.68
	Commission received for bank guarantee	**10.59**	24.04	-
	Balance payable as at the year end	**139.55**	292.50	337.47
	Balance receivable as at the year end	**214.51**	510.47	593.75
(iii)	**Key management personnel (KMP)** **Compensation of key management personnel**			
	Managerial remuneration #	**102.00**	89.50	95.40
	Director sitting fees	**8.90**	8.90	9.90
	Balance payable as at the year end	**0.26**	72.88	76.47

* 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.

Note: Amount of INR Nil (March 31, 2017 - INR 40 lakhs) pertaining to related parties have been provided for as doubtful debts during the current year. Provision for doubtful debts amounting to INR 20 lakhs (March 31, 2017 - INR Nil) have been reversed during the year.

42 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.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

Particulars	Aviation	Trading of Goods	Total 2017-18	Aviation	Trading of Goods	Total 2016-17
a. Segment revenue						
Segmental revenue from :						
External sales and services	**2,862.53**	**288.43**	**3,150.96**	3,724.06	-	3,724.06
Unallocable revenue	-	-	**95.79**	-	-	172.23
Total segment revenue	**2,862.53**	**288.43**	**3,246.75**	3,724.06	-	3,896.29
b. Segment result						
Operating Profit / (Loss)	**399.94**	**32.11**	**432.05**	519.78	(40.00)	479.78
Add: Unallocable revenue	-	-	**95.79**	-	-	172.23
Less: Finance costs	-	-	**501.15**	-	-	576.06
Less: Extraordinary items	-	-	-	-	-	-
Profit/ (Loss) before tax	**399.94**	**32.11**	**26.69**	519.78	(40.00)	75.95
Less: Tax (benefit)/ expense	-	-	**11.69**	-	-	4.79
Profit / (Loss) for the year	**399.94**	**32.11**	**15.00**	519.78	(40.00)	71.16
c. Other information						
Segment assets	**13,741.61**	**180.15**	**13,921.76**	13,601.20	366.15	13,967.35
Unallocable assets	-	-	**726.49**	-	-	761.66
Total assets	**13,741.61**	**180.15**	**14,648.25**	13,601.20	366.15	14,729.01
Segment liabilities	**1,970.47**	**247.56**	**2,218.03**	1,896.72	292.50	2,189.22
Unallocable liabilities	-	-	**3,650.86**	-	-	3,789.18
Total liabilities	**1,970.47**	**247.56**	**5,868.89**	1,896.72	292.50	5,978.40
Capital employed	**11,771.14**	**(67.41)**	**8,779.36**	11,704.47	113.65	8,750.61
d. Cost incurred for :						
- Acquiring assets	**178.00**	-	**178.00**	7.59	-	7.59
- Segment depreciation	**294.07**	-	**294.07**	303.78	-	303.78

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. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

(ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other 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 following customers of the Company’s aviation segment is more than 10% of the Company’s total revenue :
1. Customer 1 - INR 1237.65 lakhs (FY 16-17 - INR 1151.74 lakhs).
2. Customer 2 - INR 73.08 lakhs (FY 16-17 - INR 894.92 lakhs).
3. Customer 3 - INR 449.41 lakhs (FY 16-17 - INR 717.96 lakhs).

43 Fair values of financial assets and financial liabilities

The fair value 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.

The amortised cost using Effective Interest Rate (EIR) of non-current financial liabilities consisting of security and term 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.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

44 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, 2018	March 31, 2017	April 1, 2016
Level 1 (Quoted price in active markets)	**Nil**	Nil	Nil
Level 2			
Financial liabilities measured at fair value through profit or loss	**Nil**	Nil	Nil
Level 3			
Financial assets measured at amortised cost			
Trade receivables	**425.32**	890.04	2,131.44
Security deposits	**67.29**	56.42	58.72
Cash and cash equivalents	**603.98**	379.26	371.37
Other current financial assets	**122.38**	104.32	110.15
Financial liabilities measured at amortised cost			
Borrowings	**3,567.20**	3,600.02	4,048.61
Trade payables	**472.15**	316.59	2,473.92
Other financial liabilities	**781.64**	603.74	687.95
Financial assets and liabilities measured at amortised cost for which fair value are disclosed			
Deposit from lessee	**122.61**	107.56	94.35

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.

45 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.

(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.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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
2018		
INR	+45	(16.05)
INR	-45	16.05
2017		
INR	+45	(16.20)
INR	-45	16.20
2016		
INR	+45	(18.22)
INR	-45	18.22

(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
2018		
	+2.5%	-
	-2.50%	-
2017		
	+2.5%	-
	-2.50%	-
2016		
	+2.5%	54.90
	-2.50%	(54.90)

(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.

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

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

Company does a proper financial and credibility check on the landlords before taking any property on lease and hasn't 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, 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	**781.64**	**-**	**-**	**781.64**
	2,303.97	**2,444.54**	**72.48**	**4,820.99**
March 31, 2017				
Short-term borrowings	891.18	-	-	891.18
Long-term borrowings	810.71	1,401.93	496.20	2,708.84
Trade payables	316.59	-	-	316.59
Other financial liabilities	603.74	-	-	603.74
	2,622.22	1,401.93	496.20	4,520.35
April 1, 2016				
Short-term borrowings	841.22	-	-	841.22
Long-term borrowings	604.22	1,751.90	851.28	3,207.39
Trade payables	2,473.92	-	-	2,473.92
Other financial liabilities	687.95	-	-	687.95
	4,607.31	1,751.90	851.28	7,210.48

46 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 borrowings 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.

		March 31, 2018	March 31, 2017	April 1, 2016
Total equity	(i)	**8,779.36**	8,750.61	8,674.79
Total debt	(ii)	**3,567.20**	3,600.02	4,048.61
Overall financing	(iii) = (i) + (ii)	**12,346.56**	12,350.63	12,723.40
Gearing ratio	(ii)/ (iii)	**0.29**	0.29	0.32

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018, March 31, 2017 and April 1, 2016.

Notes forming part of the Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Claims against the Company not acknowledged as debts:			
(i) Custom Duty	**622.67**	622.67	622.67
(ii) Service Tax	**237.61**	124.38	204.62
(iii) Excise Duty	**231.80**	165.57	161.48
(iv) Sales Tax	-	-	44.00
(v) City Civil Court	**170.00**	170.00	-

Future cash outflows in respect of the above, if any, is determined only on receipt of judgement / 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, 2018	As at March 31, 2017	As at April 1, 2016
(a) Capital commitment towards the new project	-	-	-
(b) Letters of credit	**42.40**	25.05	71.85
(c) Bank guarantees	**868.20**	1,175.48	1,202.50
(d) Indemnity issued to customers	**23.96**	315.00	627.00
(e) EPCG export sales obligation to be fulfilled	-	-	-
(f) Guarantee given to bank on behalf of others *	-	1,087.68	1,087.68

* Given on behalf of TAAL Tech India Private Limited of INR Nil (March 31, 2017 - INR 760 lakhs, April 1, 2016 - INR 760 lakhs) and First Airways Inc., USA of INR Nil (March 31, 2017 - INR 325.40 lakhs [USD 4.94 lakhs], as at April 1, 2016 - INR 327.68 lakhs [USD 4.94 lakhs]) in respect of loans availed by them.

48 As per Clause 9.2 of the Scheme of Arrangement approved by honourable High Court, 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.

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 dimunition in value is considered necessary.

50 Deferred tax calculation results into working of deferred tax assets as at March 31, 2018, March 31, 2017 as well as at April 1, 2016. However, as a matter of prudence, the Company has not recognised deferred tax asset other than the MAT credit available to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

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 attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

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

Prahlada Ramarao
Director
DIN : 07548289
Place : Bengaluru
Date : May 29, 2018

C M Reddy
Director
DIN : 01621083
Place : Bengaluru
Date : May 29, 2018

Arif Ahmad
Chief Financial Officer
Place : Bengaluru
Date : May 29, 2018

INDEPENDENT AUDITOR'S REPORT

To The Members of Taneja Aerospace & Aviation Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated financial statements of Taneja Aerospace & Aviation Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statements of the subsidiary, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Note 48 to the consolidated Ind AS financial statements:

a) The Company had carried on the demerged charter business and activities including banking transactions, statutory compliances and all other commercial activities relating to the demerged charter business for and on account of and in trust for TAAL Enterprises Limited until the time TAAL Enterprises Limited obtains the requisite statutory licences for carrying on the demerged charter business. However, the accounting entries pertaining to the demerged charter business are accounted in the books of account of TAAL Enterprises Limited.

The said matter was stated as an Emphasis of Matter in our Statutory Audit Report dated May 30, 2017 for the year ended March 31, 2017 as well as in our Statutory Audit Report dated May 30, 2016 for the year ended March 31, 2016.

Our opinion is not modified in respect of this matter.

Other Matter

a. We did not audit the financial statements of one subsidiary company, whose financial statements reflect total assets of

Rs. 649.38 lakhs and net assets of Rs. 649.05 lakhs as at March 31, 2018, total revenues of Rs. NIL and net cash outflow amounting to Rs. 0.13 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the other auditor whose reports have been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

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

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

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

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

   (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and its subsidiary company none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2018 from being appointed as a director of that Company in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group, incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

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

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note XX to the consolidated financial statements.

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2018.

      iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended March 31, 2018.

For MSKA & Associates
(Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TANEJA AEROSPACE & AVIATION LIMITED

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Taneja Aerospace & Aviation Limited on the Financial Statements for the year ended March 31st 2018]

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Taneja Aerospace & Aviation Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding company, its subsidiary company which are companies incorporated in India, based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Holding company, its subsidiary company which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Disclaimer of Opinion

The system of internal financial controls over financial reporting with regard to the Holding company, its subsidiary company which are companies incorporated in India, were not made available to us to enable us to determine if the Holding company, its subsidiary company which are companies incorporated in India have established adequate internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Holding Company, and the disclaimer does not affect our opinion on the consolidated financial statements of the Holding Company.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company which is company incorporated in India, is based on the corresponding reports of the auditor of such company incorporated in India.

For MSKA & Associates
(Formerly known as MZSK & Associates)
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

Consolidated Balance Sheet as at March 31, 2018

(INR in lakhs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	6	**10,713.07**	10,782.31	11,031.66
Capital work-in-progress	6	**1.08**	-	-
Investment property	7	**1,222.27**	1,269.09	1,315.93
Goodwill on consolidation		**0.78**	0.78	0.78
Deferred tax asset (net)	9	**134.69**	146.38	146.38
Other non-current assets	8	**205.47**	198.33	-
Total non-current assets		**12,277.36**	12,396.89	12,494.75
Current assets				
Inventories	10	**487.40**	407.37	919.66
Financial assets				
Trade receivables	11	**425.32**	890.04	2,131.44
Cash and cash equivalents	12	**514.76**	294.40	284.45
Bank balances other than cash and cash equivalent	13	**89.26**	85.03	86.98
Loans	14	**189.67**	160.49	168.87
Other financial assets		**-**	-	-
Current tax assets (net)	15	**371.91**	413.74	570.52
Other current assets	16	**291.43**	80.03	354.75
Total current assets		**2,369.75**	2,331.10	4,516.67
Total assets		**14,647.11**	14,727.99	17,011.42
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	**1,246.54**	1,246.54	1,246.54
Other equity	18	**7,531.59**	7,502.97	7,427.25
Total equity		**8,778.13**	8,749.51	8,673.79
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	19	**2,517.02**	1,898.13	2,603.17
Other financial liabilities	20	**128.45**	111.81	98.60
Provisions	21	**202.13**	176.92	161.91
Other non-current liabilities	23	**526.67**	526.66	562.41
Total non-current liabilities		**3,374.27**	2,713.52	3,426.09
Current liabilities				
Financial liabilities				
Borrowings	24	**293.71**	891.18	841.22
Trade payables	25	**472.15**	316.59	2,473.92
Other financial liabilities	26	**1,409.75**	1,302.72	1,193.72
Other current liabilities	27	**308.72**	739.39	372.29
Provisions	21	**10.34**	15.00	3.35
Current tax liabilities (net)	22	**0.04**	0.08	27.04
Total current liabilities		**2,494.71**	3,264.96	4,911.54
Total liabilities		**5,868.98**	5,978.48	8,337.63
Total equity and liabilities		**14,647.11**	14,727.99	17,011.42
Summary of significant accounting policies (Refer note 2) **The accompanying notes are an integral part of the consolidated financial statements**	2-50			

As per our report of even date attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

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

Deepak Rao
Partner
Membership No. 113292
Place : Bengaluru
Date : May 29, 2018

Prahlada Ramarao
Director
DIN : 07548289
Place : Bengaluru
Date : May 29, 2018

C M Reddy
Director
DIN : 01621083
Place : Bengaluru
Date : May 29, 2018

Arif Ahmad
Chief Financial Officer
Place : Bengaluru
Date : May 29, 2018

Statement of Consolidated Profit and Loss for the year ended March 31, 2018

(INR in lakhs, unless otherwise stated)

Particulars	Note No.	March 31, 2018	March 31, 2017
Income			
Revenue from operations	28	**3,150.96**	3,724.06
Other income	29	**95.79**	172.23
Total income		**3,246.75**	3,896.29
Expenses			
Cost of materials consumed	30	**632.22**	715.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	**(20.49)**	292.19
Excise duty		**0.46**	6.97
Employee benefits expense	32	**972.83**	1,050.38
Finance costs	33	**501.20**	576.06
Depreciation and amortisation expense	34	**294.07**	303.79
Other expenses	35	**839.90**	875.40
Total expenses		**3,220.19**	3,820.43
Profit /(Loss) before tax		**26.56**	75.86
Income Tax expense:			
Current tax		**-**	4.79
Deferred tax		**11.69**	-
Total income tax expense		**11.69**	4.79
Profit/(Loss) for the period		**14.87**	71.07
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		**13.75**	4.65
Income tax effect		**-**	-
Other comprehensive income for the year, net of tax		**13.75**	4.65
Total comprehensive income for the year		**28.62**	75.72
Profit attributable to:			
Shareholders of the Company		**14.87**	71.07
Non-controlling interest		**-**	-
Profit for the year		**14.87**	71.07
Other comprehensive income attributable to:			
Shareholders of the Company		**13.75**	4.65
Non-controlling interest		**-**	-
Other comprehensive income for the year		**13.75**	4.65
Total comprehensive income attributable to:			
Shareholders of the Company		**28.62**	75.72
Non-controlling interest		**-**	-
Total comprehensive income for the year		**28.62**	75.72
Earnings / (Loss) per share			
Basic earnings/ (loss) per share (INR)	36	**0.06**	0.29
Diluted earnings/ (loss) per share (INR)	36	**0.06**	0.29
Summary of significant accounting policies (Refer note 2) **The accompanying notes are an integral part of the consolidated financial statements**	2-50		

As per our report of even date attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

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

Prahlada Ramarao	**C M Reddy**	**Arif Ahmad**
Director	Director	Chief Financial Officer
DIN : 07548289	DIN : 01621083	
Place : Bengaluru	Place : Bengaluru	Place : Bengaluru
Date : May 29, 2018	Date : May 29, 2018	Date : May 29, 2018

Consolidated Statement of Changes in Equity for the year ended March 31, 2018

(INR in lakhs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	**Amount**	No. of shares	Amount
Equity shares of INR 5 each issued, subscribed and fully paid				
Opening	**2,49,30,736**	**1,246.54**	2,49,30,736	1,246.54
Add: issue during the year	-	-	-	-
Closing	**2,49,30,736**	**1,246.54**	2,49,30,736	1,246.54

(B) Other equity

Particulars	**Reserve and surplus**				**Total**
	Securities premium reserve	**Capital reserve**	**General reserve**	**Retained earnings**	
Balance as at April 1, 2016	5,203.53	5.83	1,271.86	946.03	7,427.25
Profit / (Loss) for the year	-	-	-	71.07	71.07
Other comprehensive income	-	-	-	4.65	4.65
Total comprehensive income for the year	**-**	**-**	**-**	**75.72**	**75.72**
Balance as at March 31, 2017	**5,203.53**	**5.83**	**1,271.86**	**1,021.75**	**7,502.97**

Particulars	**Reserve and surplus**				**Total**
	Securities premium reserve	**Capital reserve**	**General reserve**	**Retained earnings**	
Balance as at April 1, 2017	5,203.53	5.83	1,271.86	1,021.75	7,502.97
Profit / (Loss) for the year	-	-	-	14.87	14.87
Other comprehensive income	-	-	-	13.75	13.75
Total comprehensive income for the year	**-**	**-**	**-**	**28.62**	**28.62**
Balance as at March 31, 2018	**5,203.53**	**5.83**	**1,271.86**	**1,050.37**	**7,531.59**

Summary of significant accounting policies (Refer note 2)

The accompanying notes are an integral part of the consolidated financial statements (Refer notes 2-50)

As per our report of even date attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

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

Prahlada Ramarao
Director
DIN : 07548289
Place : Bengaluru
Date : May 29, 2018

C M Reddy
Director
DIN : 01621083
Place : Bengaluru
Date : May 29, 2018

Arif Ahmad
Chief Financial Officer
Place : Bengaluru
Date : May 29, 2018

Consolidated Statement of Cash flows for the year ended March 31, 2018

(INR in lakhs, unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	**26.56**	75.86
Adjustments for:		
Depreciation and amortisation expense	**294.07**	303.78
Finance costs	**435.25**	510.61
Provision for doubtful debts	**63.00**	162.31
Sundry creditors written back	**-**	(0.11)
Interest income	**(20.58)**	(27.57)
Operating profit before working capital changes	**798.30**	1,024.88
Changes in working capital		
(Decrease)/ increase in trade payables	**(64.13)**	(1,891.98)
Decrease/ (increase) in inventories	**(80.03)**	512.29
Decrease/ (increase) in trade receivables	**174.80**	1,356.09
Cash generated used in operations	**828.94**	1,001.48
Income tax (paid) / refund (Net)	**41.79**	125.03
Net cash flows used in operating activities (A)	**870.73**	1,126.51
Cash flow from Investing activities		
Payment for property, plant and equipment and intangible assets	**(184.99)**	(205.92)
Intercorporate deposit given	**(18.31)**	5.84
Interest received	**25.23**	24.29
Net cash flow from investing activities (B)	**(178.07)**	(175.79)
Cash flow from Financing activities		
Addition/(Repayment) of non-current borrowings	**564.65**	(503.02)
Addition/(Repayment) of current borrowings	**(597.47)**	49.96
Interest paid	**(435.25)**	(489.66)
Net cash flow from financing activities (C)	**(468.07)**	(942.72)
Net increase/ (Decrease) in cash and cash equivalents (A+B+C)	**224.59**	8.00
Cash and cash equivalents at the beginning of the year	**379.43**	371.43
Cash and cash equivalents at the end of the year	**604.02**	379.43
Cash and cash equivalents comprise (Refer note 12 and 13)		
Balances with banks		
On current accounts	**506.40**	282.18
Fixed deposits with maturity of less than 3 months	**8.25**	12.19
Cash on hand	**0.11**	0.03
	514.76	294.40
Bank balances other than cash and cash equivalent (Refer note 13)		
Margin money or under lien deposits	**89.26**	85.03
Total cash and bank balances at end of the year	**604.02**	379.43
Summary of significant accounting policies (Refer note 2)		
The accompanying notes are an integral part of the financial statements 2-50		

As per our report of even date attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

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

Prahlada Ramarao	**C M Reddy**	**Arif Ahmad**
Director	Director	Chief Financial Officer
DIN : 07548289	DIN : 01621083	
Place : Bengaluru	Place : Bengaluru	Place : Bengaluru
Date : May 29, 2018	Date : May 29, 2018	Date : May 29, 2018

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018

1 General Information

Taneja Aerospace & Aviation Limited ("TAAL" or the "parent company" or "the Company") together with its subsidiary (collectively, the "Group") 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 Group are as under:

2.1 Basis of preparation of consolidated financial statements

(a) Statement of compliance with Ind AS

These consolidated 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.

The consolidated financial statements upto year ended March 31, 2017 were prepared in accordance with the accounting standards notified under the section 133 of the Act, read with with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These consolidated financial statements for the year ended March 31, 2018 are the first set of consolidated financial statements prepared in accordance with Ind AS. Refer note 5 for an explanation of how the Company has adopted Ind AS.

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 consolidated 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.

Group 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.

Group 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 consolidated 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 amount 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 consolidated financial statements are based upon the management's evaluation of the relevant facts and circumstances as at the date of the consolidated 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.

(d) Principal of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

► Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

► Exposure, or rights, to variable returns from its involvement with the investee; and

► The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

► The contractual arrangement with the other vote holders of the investee;

► Rights arising from other contractual arrangements;

► The Group's voting rights and potential voting rights;

► The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity shareholders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Name of the Company	Katra Auto Engineering Private Limited
Relationship	Direct Subsidiary
Country of Incorporation	India
Ownership Interest held by the Parent	As at March 31, 2018 : 100% (March 31, 2017 : 100%)
Accounting Period	April 1, 2017- March 31, 2018 (April 1, 2016- March 31, 2017)
Audited/ Unaudited	Audited

2.2 Business combination and goodwill

In accordance with Ind AS 101 provisions related to first-time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from April 1, 2016 (if any). As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.3 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 Excise duty, VAT, Service tax and GST 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 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.

Transition to Ind AS

On transition to Ind AS, Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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.

2.4 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-recognised 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.

Transition to Ind AS

On transition to Ind AS, since there is no change in the functional currency, Group has elected to continue with the carrying value for all of its investment properties as recognised in its Indian GAAP consolidated financial statements as deemed cost at the transition date, viz., April 1, 2016.

2.5 Foreign currency transactions

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Group'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.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their Statements of Profit and Loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the Statements of Profit and Loss.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2016.

2.6 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 Group.

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

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

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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

2.7 Revenue recognition

Revenue is recognised to the extent, it is probable that the economic benefits will flow to Group and the revenue can be reliably measured.

Revenue from long-term fixed price contracts to manufacture aero structures, spares, etc. is recognised under proportionate completion method and the stage of completion for this purpose is determined based on technical estimate of actual work completed.

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 Statements of Profit and Loss due to its operating nature.

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

Revenue from long-term fixed price contracts for supply of certain sets of components and assemblies is recognised on the basis of proportionate completion method and billed in terms of agreement with and certification by the customer. Cost of processing incurred on sets of components which are not billable is included in work-in-progress. Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer. The amounts recognised as sale is exclusive of Sales Tax/VAT/GST and are net of returns.

Other income

Interest income is recognised on basis of effective interest rate method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists. Group 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 duty credit scrips will be received. Commission income is recognised when the right to receive payment is established.

2.8 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 Group 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 a 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 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.

2.9 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Group 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 Group, as a 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 Group 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 Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group'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.

2.10 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.

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.

2.11 Impairment of non-financial assets

Group assesses at each year end 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, Group 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 Group 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 in flows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

2.12 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 Group 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 consolidated financial statements.

2.13 Borrowing costs

Borrowing costs includes interest, amortisation of ancillary 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.

2.14 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 risk of changes in value.

Cash and cash equivalents includes deposits maintained by Group with banks, which can be withdrawn by Group 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.

2.15 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 amortised 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>Amortised 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 amortised 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 reclassified 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 amortised 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, Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortised cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve 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 twelve months ECL.

ECL is the difference between all contractual cash flows that are due to Group 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 pre-payment, 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, Group 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) 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 amortised 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 amortised 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 amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Financial guarantee contracts

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

(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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

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 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 Group 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) Other long-term employee benefit obligations

(i) Defined contribution plan

Group 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. Group 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 Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as Group 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.

(ii) Defined benefit plans

Gratuity: Group 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. Group'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.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encased 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 encased beyond twelve months from the end of the year are treated as other long-term employee benefits. Group'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 define benefit plans can be encashed only on discontinuation of service by 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 Group'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. Group has considered business segments as the primary segments for disclosure. The business segments are 'Aviation' and 'Trading of Goods'. Group does not have any geographical segment. The accounting principles used in the preparation of the consolidated 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", Group'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 consolidated 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 consolidated 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. Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Group. 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 consolidated financial statements are disclosed below. Group intends to adopt these standards, if applicable, when they become effective.

(a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

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

(b) Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs (“MCA”) has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The standard permits two possible methods of transition:

(i) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

(ii) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch - up approach) The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

Group is currently evaluating the requirements of amendments.

5 First-time adoption of Ind-AS

These consolidated financial statements are the first set of Ind AS consolidated financial statements prepared by Group. Accordingly, Group has prepared consolidated financial statements which comply with Ind AS applicable for the year ending on March 31, 2018, together with the comparative year data as at and for the year ended March 31, 2017, as described in the significant accounting policies. In preparing these consolidated financial statements, Group’s opening Balance Sheet was prepared as at April 1, 2016, being Group’s date of transition to

Ind AS. This note explains the principal adjustments made by Group in restating its Indian GAAP consolidated financial statements, including the Balance Sheet as at April 1, 2016 and the consolidated financial statements as at and for the year ended March 31, 2017.

5.1 Exemptions availed on first time adoption of Ind AS

Ind AS 101, First-time Adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. Group has accordingly applied the following exemptions:

(a) Deemed cost

Since there is no change in the functional currency, Group has elected to continue with carrying value for all of its property, plant and equipment as recognised in its Indian GAAP consolidated financial statements as its deemed cost at the date of transition after making adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38. Accordingly the management has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

(b) Business combination

Company has elected not to apply Ind AS 103 retrospectively to past business combinations (business combinations that occurred before the date of transition to Ind ASs).

5.2 Mandatory Exemption on first-time adoption of Ind AS

(a) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP. Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

(i) Impairment of financial assets based on expected credit loss model;

(ii) Effective interest rate used in calculation of security deposit.

(b) De-recognition of financial assets and financial liabilities

A first-time adopter should apply the de-recognition requirements in Ind AS 109, Financial Instruments, prospectively to transactions occurring on or after the date of transition. Therefore, if a first-time adopter de-recognised non-derivative financial assets or non-derivative financial liabilities under its Indian GAAP as a result of a transaction that occurred before the date of transition, it should not recognise those financial assets and liabilities under Ind AS (unless they qualify for recognition as a result of a later transaction or event). A first-time adopter that wants to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing may only do so, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities de-recognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

Group has elected to apply the de-recognise provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(c) Classification and measurement of financial assets

Ind AS 101, First-time Adoption of Indian Accounting Standards, requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

5.3 Reconciliations

The following reconciliations provides the effect of transition to Ind AS from Indian GAAP in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards:

(a) Reconciliation of equity as at date of transition April 1, 2016

(INR in lakhs, unless otherwise stated)

Particulars	Notes to first-time adoption	Indian GAAP*	Effect of transition to Ind AS	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		12,347.59	(1,315.93)	11,031.66
Capital work-in-progress		-	-	-
Investment property		-	1,315.93	1,315.93
Goodwill on consolidation		0.78	-	0.78
Financial assets		-	-	-
Deferred tax asset (net)	f(v)	146.38	-	146.38
Total non-current assets		**12,494.75**	**-**	**12,494.75**
Current assets				
Inventories		919.66	-	919.66
Financial assets				
Trade receivables		2,131.44	-	2,131.44
Cash and cash equivalents		284.45	-	284.45
Bank balances other than above		86.98	-	86.98
Loans		168.87	-	168.87
Current tax assets (net)		570.52	-	570.52
Other current assets		354.75	-	354.75
Total current assets		**4,516.67**	**-**	**4,516.67**
Total assets		**17,011.42**	**-**	**17,011.42**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,246.54	-	1,246.54
Other equity	f(i),f(ii),f(iii)	7,262.62	164.63	7,427.25
Total equity		**8,509.16**	**164.63**	**8,673.79**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(i)	2,616.67	(13.50)	2,603.17
Other financial liabilities	f(ii)	849.53	(750.93)	98.60
Provisions		161.91	-	161.91
Other non-current liabilities		-	562.41	562.41
Total non-current liabilities		**3,628.11**	**(202.02)**	**3,426.09**
Current liabilities				
Financial liabilities				
Borrowings		841.22	-	841.22
Trade payables		2,473.92	-	2,473.92
Other financial liabilities		1,192.07	1.65	1,193.72
Other current liabilities	f(iii)	336.55	35.74	372.29
Provisions		30.39	-	30.39
Total current liabilities		**4,874.15**	**37.39**	**4,911.54**
Total liabilities		**8,502.26**	**(164.63)**	**8,337.63**
Total equity and liabilities		**17,011.42**	**-**	**17,011.42**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(b) Reconciliation of equity as at March 31, 2017

(INR in lakhs, unless otherwise stated)

Particulars	Notes to first-time adoption	Indian GAAP*	Effect of transition to Ind AS	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		12,051.40	(1,269.09)	10,782.31
Capital work-in-progress		-	-	-
Investment property		-	1,269.09	1,269.09
Goodwill on consolidation		0.78	-	0.78
Financial assets		-	-	-
Deferred tax asset (net)	f(v)	146.38	-	146.38
Other non-current assets		198.33	-	198.33
Total non-current assets		**12,396.89**	**-**	**12,396.89**
Current assets				
Inventories		407.37	-	407.37
Financial assets				
Trade receivables		890.04	-	890.04
Cash and cash equivalents		294.40	-	294.40
Bank balances other than above		85.03	-	85.03
Loans		160.49	-	160.49
Current tax assets (net)		413.74	-	413.74
Other current assets		80.03	-	80.03
Total current assets		**2,331.10**	**-**	**2,331.10**
Total assets		**14,727.99**	**-**	**14,727.99**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,246.54	-	1,246.54
Other equity	f(i),f(ii)	7,320.27	182.70	7,502.97
Total equity		**8,566.81**	**182.70**	**8,749.51**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	f(i)	1,907.16	(9.03)	1,898.13
Other financial liabilities	f(ii)	849.53	(737.72)	111.81
Provisions		176.92	-	176.92
Other non-current liabilities		-	526.66	526.66
Total non-current liabilities		**2,933.61**	**(220.09)**	**2,713.52**
Current liabilities				
Financial liabilities				
Borrowings		891.18	-	891.18
Trade payables		316.59	-	316.59
Other financial liabilities		1,301.07	1.65	1,302.72
Other current liabilities	f(iii)	703.65	35.74	739.39
Provisions		15.00	-	15.00
Current tax liabilities (net)		0.08	-	0.08
Total current liabilities		**3,227.57**	**37.39**	**3,264.96**
Total liabilities		**6,161.18**	**(182.70)**	**5,978.48**
Total equity and liabilities		**14,727.99**	**-**	**14,727.99**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

(c) Reconciliation of profit or loss for the year ended March 31, 2017

Particulars	Notes to first-time adoption	Indian GAAP*	Effect of transition to Ind AS	Ind AS
Income				
Revenue from operations	f(ii)	3,681.35	42.71	3,724.06
Other income	f(iii)	168.95	3.28	172.23
Total income		**3,850.30**	**45.99**	**3,896.29**
Expenses				
Cost of materials consumed		715.64	-	715.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress		292.19	-	292.19
Excise duty	f(iv)	-	6.97	6.97
Employee benefits expense		1,045.73	4.65	1,050.38
Finance costs	f(ii),f(iii)	555.11	20.95	576.06
Depreciation and amortisation expense		303.79	-	303.79
Other expenses		875.40	-	875.40
Total expenses		**3,787.86**	**32.57**	**3,820.43**
Profit/ (Loss) before tax		**62.44**	**13.42**	**75.86**
Income tax expense:				
Current tax		4.79	-	4.79
Deferred tax		-	-	-
Total income tax expense		**4.79**	**-**	**4.79**
Profit/ (Loss) for the period		**57.65**	**13.42**	**71.07**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurement gains/ (losses) on defined benefit plans	f(vi)	-	4.65	4.65
Income tax effect		-	-	-
Other comprehensive income for the year		**-**	**4.65**	**4.65**
Total comprehensive income for the year		**57.65**	**18.07**	**75.72**

* The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(d) Reconciliation of total equity as at March 31, 2017 and as at April 1, 2016

	Particulars	Notes to first-time adoption	As at March 31, 2017	As at April 1, 2016
	Shareholder's equity as per Indian GAAP audited consolidated financial statements		**8,566.81**	**8,509.16**
	Adjustment			
(i)	Amortisation of transaction cost/ processing fees on borrowing expensed out in Indian GAAP using EIR	f(i)	9.03	13.50
(ii)	Fair valuation of financial instruments	f(iii)	(1.65)	(1.65)
(iii)	Deposit from lessee - Interest	f(ii)	737.72	750.93
(iv)	Deferred rent income	f(ii)	(562.40)	(598.15)
	Total adjustment		182.70	164.63
	Shareholder's equity as per Ind AS		**8,749.51**	**8,673.79**

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(e) Reconciliation of total comprehensive income for the year ended March 31, 2017

(INR in lakhs, unless otherwise stated)

	Particulars	Notes to first-time adoption	Year ended March 31, 2017
	Profit as per Indian GAAP		**57.65**
	Adjustment		
(i)	Increase in borrowing costs due to amortisation of processing fees	f(i)	(4.46)
(ii)	Increase in rent income due to amortisation of advance rent pursuant to fair valuation of interest-free lease deposit received	f(ii)	35.74
(iii)	Increase in finance cost due to unwinding of lease deposit received	f(ii)	(13.21)
(iv)	Financial guarantee liability recognised charged to the Statement of Profit and Loss since no direct and indirect benefit receivable	f(iii)	(3.28)
(v)	Income due to amortisation of financial guarantee liability given to First Airways Inc.	f(iii)	3.28
(vi)	Impact of actuarial gain / (loss) transferred to OCI	f(vi)	(4.65)
	Total adjustment		**13.42**
	Profit as per Ind AS		**71.07**
	Impact on other comprehensive income of re-measurement gains/ (losses) on defined benefit plans		4.65
	Total other comprehensive income as per Ind AS		**75.72**

(f) Notes to first-time adoption

(i) Borrowing cost amortisation

Ind AS 109 requires transaction cost incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the Statement of Profit and Loss over the tenure of the borrowing as part of the interest expense by applying the EIR method, corresponding effect being in long-term borrowings and to the extent attributable to current maturity of long-term debts. Under the previous GAAP, these transaction costs were charged to the Statement of Profit and Loss as and when incurred.

The initial transaction cost incurred is recognised in term loan with effect in the opening balance of retained earnings of INR 13.49 lakhs. During financial year 2016 -17, transaction cost amounting to INR 4.46 lakhs amortised to profit and loss.

(ii) Deposit from lessee

Under Indian GAAP, interest-free deposits (which needs to be refunded in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial liabilities are required to be recognised at fair value. Accordingly, Group has fair valued these deposits under Ind AS. Difference between the fair value and transaction value of the deposit from lessee has been recognised as deferred rent income amounting to INR 598.15 lakhs as at April 1 , 2016.

Interest expense to be recognised from the date of deposits upto April 1, 2016 amounting to INR 47.89 lakhs and deferred rent income to be amortised from the date of deposits upto April 1, 2016 amounting to INR 200.67 lakhs. The net amount of INR 152.78 lakhs has been increased in the retained earnings as at April 1, 2016.

Interest expense to be recognised amounting to INR 13.21 lakhs and deferred rent income to be amortised amounting to INR 35.74 lakhs has been adjusted with the profit and loss for the year ended March 31, 2017. Thus profit and loss is increased by INR 22.53 lakhs for the year ended March 31, 2017.

(iii) Financial guarantee

Corporate financial guarantee issued should be measured at their fair value on initial recognition. Subsequently, these contracts are measured at the higher of:

amount of impairment loss allowance as per Ind AS 109, and amount initially recognised less, where appropriate, cumulative amortisation recognised.

Group has assessed the fair value of the guarantee and it is amortised over the tenure of the guarantee. The fair value of guarantee of INR 3.28 lakhs has been recognised as a liability with a corresponding effect charged to retained earnings as at April 1, 2016.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(iv) Excise duty

Under Previous GAAP, excise duty was netted off against sale of goods. However, under Ind AS, excise duty is included in sale of goods and is separately presented as expense on the face of the Statement of Profit and Loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses by INR 6.97 lakhs for the financial year ended March 31, 2017.

(v) Reclassification adjustment

Under Indian GAAP, MAT credit entitlement was shown under non-current assets. Same is being re-classified under deferred tax under Ind AS amounting to INR 146.38 lakhs.

(vi) Reclassification adjustment

Both under Indian GAAP and Ind AS, Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to the Statement of Profit and Loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost for the year ended March 31, 2017 is reduced by INR 4.65 lakhs and re-measurement gains/ (losses) on defined benefit plans of the corresponding amount has been recognised in the OCI.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

6 Property, plant and equipment

6.1 Financial Year 2017-18

(INR in lakhs, unless otherwise stated)

	Gross block			Depreciation			Net block	
	As at April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As at 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	6,924.15	-	6,924.15	-	-	-	6,924.15	6,924.15
Buildings	460.59	-	460.59	18.43	18.40	36.83	423.76	442.16
Plant and Equipment	3622.77	150.53	3,773.30	229.61	215.45	445.06	3,328.24	3,393.16
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	12.98	3.73	3.79	7.52	5.46	6.32
Vehicles	6.69	14.29	20.98	1.31	5.15	6.46	14.52	5.38
Total	**11,039.25**	**178.01**	**11,217.26**	**256.94**	**247.25**	**504.19**	**10,713.07**	**10,782.31**

6.2 Financial Year 2016-17

(INR in lakhs, unless otherwise stated)

	Gross block			Depreciation			Net block	
	As at April 1, 2016	Additions/ Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2017	As at April 1, 2016
Owned assets								
Freehold Land	6,924.15	-	6,924.15	-	-	-	6,924.15	6,924.15
Buildings	460.59	-	460.59	-	18.43	18.43	442.16	460.59
Plant and Equipment	3,617.14	5.63	3,622.77	-	229.61	229.61	3,393.16	3,617.14
Furniture and fixtures	4.49	0.29	4.78	-	0.89	0.89	3.89	4.49
Office equipment	10.04	0.18	10.22	-	2.97	2.97	7.25	10.04
Computer - Hardware	8.55	1.50	10.05	-	3.73	3.73	6.32	8.55
Vehicles	6.69	-	6.69	-	1.31	1.31	5.38	6.69
Total	**11,031.65**	**7.60**	**11,039.25**	**-**	**256.94**	**256.94**	**10,782.31**	**11,031.65**

6.3 Capital work-in-progress

(INR in lakhs, unless otherwise stated)

	As at April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As at April 1, 2016	Additions/ Adjustments	As at March 31, 2017
Capital work-in-progress	-	**1.08**	**1.08**	-	-	-

7 Investment property

7.1 Financial Year 2017-18

(INR in lakhs, unless otherwise stated)

	Gross block			Depreciation			Net block	
	As at April 1, 2017	Additions/ Adjustments	As at March 31, 2018	As at 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**

7.2 Financial Year 2016-17

(INR in lakhs, unless otherwise stated)

	Gross block			Depreciation			Net block	
	As at April 1, 2016	Additions/ Adjustments	As at March 31, 2017	As at April 1, 2016	For the year	As at March 31, 2017	As at March 31, 2017	As at April 1, 2016
Hangar (building)	1,315.93	-	1,315.93	-	46.84	46.84	1,269.09	1,315.93
Total	**1,315.93**	**-**	**1,315.93**	**-**	**46.84**	**46.84**	**1,269.09**	**1,315.93**

During the year, the Company has recognised rental income of INR 11.95 crores (March 31, 2017 - INR 11.28 crores) in the Statement of Profit and Loss for investment properties.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

Investment properties is leased out under operating leases. Disclosure on future rent receivable is included in note 38.

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, 2018 is INR 5600.32 lakhs (March 31, 2017 - INR 5286.30 lakhs). Fair value has been determined by an in-house expert and the valuation is classified as a level 3 valuation.

8 Other non-current assets

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Capital advance to suppliers	**205.47**	198.33	-
Total other non-current assets	**205.47**	198.33	-

9 Deferred tax asset (net)

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
MAT credit entitlement			
Opening balance	**146.38**	146.38	146.38
Charged/(credited)			
– to profit and loss	**11.69**	-	-
Total deferred tax asset (net)	**134.69**	146.38	146.38

* 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, in case of inadequate profit, difference will be charged to respective years Statement of Profit and Loss.

10 Inventories

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Raw materials in stock	**216.01**	200.45	420.55
Raw material in transit	**43.97**	-	-
Work-in-progress in stock (At cost)	**227.42**	206.92	499.11
Total inventories	**487.40**	407.37	919.66

11 Trade receivables

Particulars	**As at March 31, 2018**	As at March 31, 2017	As at April 1, 2016
Secured, considered good	-	-	-
Unsecured			
- Considered good	**425.32**	890.04	2,131.44
- Considered doubtful	**482.21**	419.21	291.68
Less : Allowance for bad and doubtful debts	**(482.21)**	(419.21)	(291.68)
	425.32	890.04	2,131.44
Further classified as:			
Receivable from related parties	**180.15**	366.15	486.13
Receivable from others	**245.17**	523.89	1,645.31
Total trade receivables	**425.32**	890.04	2,131.44

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

12 Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balances with banks			
On current accounts	**506.40**	282.18	259.00
Margin money deposits with banks (Less than 3 months maturity)	**8.25**	12.19	25.18
Cash on hand	**0.11**	0.03	0.27
Total cash and cash equivalants	**514.76**	294.40	284.45

13 Bank balances other than cash and cash equivalent

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Margin money deposits with banks (More than 3 months maturity)	**89.26**	85.03	86.98
Total bank balances other than cash and cash equivalent	**89.26**	85.03	86.98

14 Current financial assets - loans

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured, considered good:			
Loans to related parties	**122.38**	104.07	110.15
Security deposit	**67.29**	56.42	58.72
Total current financial assets - loans	**189.67**	160.49	168.87

15 Current tax assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance income tax (net of provisions amounting: INR 52.51 lakhs; (March 31, 2017: INR 68.76 lakhs; April 1, 2016: INR 90.69 lakhs))	**371.91**	413.74	570.52
Total current tax assets (net)	**371.91**	413.74	570.52

16 Other current assets

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance to suppliers	**210.92**	38.10	323.48
Advance to staff	**18.41**	8.47	0.85
Prepaid expenses	**59.21**	33.46	30.42
Unbilled revenue	**2.89**	-	-
Total other current assets	**291.43**	80.03	354.75

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

17 Equity share capital

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Authorised			
4,00,00,000 (March 31, 2017: 4,00,00,000, April 1, 2016: 4,00,00,000) Equity Shares of INR 5/- each	**2,000**	2,000	2,000
10,00,000 (March 31, 2017: 10,00,000, April 1, 2016: 10,00,000) 15% Redeemable Cumulative Preference Shares of INR 50/- each	**500**	500	500
	2,500	2,500	2,500
Issued, subscribed and paid up			
2,49,30,736 (March 31, 2017: 2,49,30,736 April 1, 2016: 2,49,30,736) Equity Shares of INR 5/- each fully paid up	**1,246.54**	1,246.54	1,246.54
Total equity share capital	**1,246.54**	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, 2018		As at March 31, 2017	
	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.

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, 2018		As at March 31, 2017 and April 1, 2016	
	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**	1,09,64,620	43.98
Vishkul Leather Garments Private Limited	**500**	**0.002**	16,89,179	6.78

(d) As at March 31, 2018, the Company has Nil (March 31, 2017 : Nil, April 1, 2016 : 13,145) Global Depository Receipt's (GDR's) outstanding for conversion into Equity Shares [equivalent to Nil (March 31, 2017: Nil, April 1, 2016 : 26,290) Equity Shares].

(e) 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.

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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

18 Other equity

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a)	**Capital reserve**			
	Opening balance	**5.83**	5.83	5.83
	Closing balance	**5.83**	5.83	5.83
(b)	**Securities premium account**			
	Opening balance	**5,203.53**	5,203.53	5,203.53
	Closing balance	**5,203.53**	5,203.53	5,203.53
(c)	**General reserve**			
	Opening balance	**1,271.86**	1,271.86	1,271.86
	Closing balance	**1,271.86**	1,271.86	1,271.86
(d)	**Surplus / (Deficit) in the Statement of Profit and Loss**			
	Opening balance	**1,021.75**	946.03	946.03
	Add: Net Profit/ (Net Loss) for the current year	**14.87**	71.07	-
	Add/Less: Re-measurement gains/ (losses) on defined benefit plans	**13.75**	4.65	-
	Closing balance	**1,050.37**	1,021.75	946.03
	Total other equity	**7,531.89**	7,502.97	7,427.25

19 Non-current borrowings

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured loans:			
Term loan from banks	**3,265.30**	2,708.84	3,207.39
Other long-term borrowings	**8.19**	-	-
Less: Current maturities	**756.47**	810.71	604.22
Total non-current borrowings	**2,517.02**	1,898.13	2,603.17

The term loan from bank outstanding as at March 31, 2018 amounting to INR 17.63 crores (March 31, 2017 : INR 11.66 crores, April 1, 2016 : INR 15.09 crores) (including current maturities of non-current borrowings) is secured by a first charge on assignment of Hangar-1 rental/ receivables from lessee and specific free hold lands to the extent of 37.47 acres (March 31, 2017 and April 1, 2016 : 36.93 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, 2018 amounting to INR 12.61 crores (March 31, 2017 : INR 15.52 crores, April 1, 2016 : INR 17.12 crores) (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, 2018 amounting to INR 2.50 crores (March 31, 2017 and April 1, 2016 : Nil) (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 long-term borrowing from bank outstanding as at March 31, 2018 amounting to INR 8.19 lakhs (March 31, 2017 and April 1, 2016 : Nil) (including current maturities of non-current borrowings) is secured by a exclusive charge on motor vehicle.

Maturity profile of secured term loans (as at March 31, 2018)

Particulars	Maturity profile			
	1-2 years	**2-3 years**	**3-4 years**	**Beyond 4 years**
Non-current borrowings	952.61	1,110.20	381.73	72.48

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

20 Other non-current financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deposit from lessee	**122.61**	107.56	94.35
Deposit from customers	**5.75**	4.25	4.25
Other payable	**0.08**	-	-
Total other non-current financial liabilities	**128.45**	111.81	98.60

21 Provisions

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Non-current provisions			
(a)	**Provision for employee benefits**			
	Provision for gratuity	**139.33**	119.42	118.88
	Provision for leave encashment (unfunded)	**62.80**	57.50	43.03
	Total non-current provisions	**202.13**	176.92	161.91
	Current provisions			
(a)	**Provision for employee benefits**			
	Provision for gratuity	**0.78**	3.67	-
	Provision for leave encashment (unfunded)	**7.06**	7.83	-
(b)	**Other provisions**			
	Provision for audit fees	**2.50**	3.50	3.35
	Total current provisions	**10.34**	15.00	3.35
	Total Provisions	**212.47**	191.92	165.26

22 Current tax liabilities (net)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current tax payable (net of provisions amounting: INR 0.03 lakhs; (March 31, 2017: INR Nil, April 1, 2016: INR 24.22 lakhs))	**0.04**	0.08	27.04
Total current tax liabilities	**0.04**	0.08	27.04

23 Other non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deferred rent income	**526.67**	526.66	562.41
Total other non-current liabilities	**526.67**	526.66	562.41

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

24 Current borrowings

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	Secured			
(a)	Working capital borrowings from banks	**293.71**	891.18	841.22
	Total current borrowings	**293.71**	891.18	841.22

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, 2017 & April 1, 2016 - 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, 2018	As at March 31, 2017	As at April 1, 2016
Total outstanding dues of micro enterprises and small enterprises*	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**472.15**	316.59	2,473.92
Total trade payables	**472.15**	316.59	2,473.92

*Based on the information available with the Group, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

26 Other Current financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current maturities of non-current borrowings	**756.47**	810.71	604.22
Expenses payables	**489.86**	158.24	218.01
Employee related liabilities #	**79.76**	142.96	156.29
Other payables	**83.66**	189.16	213.55
Guarantee liability	-	1.65	1.65
Total other current financial liabilities	**1,409.75**	1,302.72	1,193.72

Includes INR 0.26 lakhs (March 31, 2017 : INR 72.88 lakhs, April 1, 2016 : INR 76.47 lakhs) due to Whole-time Director

27 Other current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Statutory due payable*	**129.66**	131.52	112.46
Advance from customers	**160.34**	558.41	224.09
Deferred revenue	**18.72**	13.72	-
Deferred rent income	-	35.74	35.74
Total other current liabilities	**308.72**	739.39	372.29

* Includes payable towards Witholding tax, Excise duty, Service tax, VAT, GST and employee related statutory obligations.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

28 Revenue from operations

Particulars	March 31, 2018	March 31, 2017
Sales – Aviation		
Domestic sales	**190.49**	304.34
Export sales	**361.82**	894.92
Services – Aviation		
Domestic conversion charges	**957.26**	972.02
Rental income	**1,451.37**	1,456.61
Training & other services	**190.02**	96.17
Total revenue from operations	**3,150.96**	3,724.06

Revenue from operations for periods upto June 30, 2017 includes excise duty. From July 1, 2017 onwards, excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). Group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017.

29 Other income

Particulars	March 31, 2018	March 31, 2017
Miscellaneous income	**45.92**	115.99
Sundry creditors written back	**-**	0.11
Interest income*	**49.87**	56.13
Total other income	**95.79**	172.23

* Includes interest on income-tax refunds of INR 10.78 lakhs (March 31, 2017: INR 25.28 lakhs).

30 Cost of raw materials consumed

Particulars	March 31, 2018	March 31, 2017
Inventory at the beginning of the year	**200.45**	420.55
Add : Purchases	**691.75**	495.54
Less : Inventory at the end of the year	**259.98**	200.45
Total Cost of raw materials consumed	**632.22**	715.64

31 Changes in inventories

Particulars		March 31, 2018	March 31, 2017
Inventories at the beginning of the year:			
Opening work-in-progress		**206.93**	499.12
	(I)	**206.93**	499.12
Inventories at the end of the year:			
Closing work-in-progress		**227.42**	206.93
	(II)	**227.42**	206.93
(Increase)/ Decrease in inventories of finished goods, work-in-progress and stock-in-trade	**(I)-(II)**	**(20.49)**	292.19

32 Employee benefits expense

Particulars	March 31, 2018	March 31, 2017
Salaries, wages, bonus and other allowances	**826.26**	870.54
Contribution to provident and other funds	**71.92**	101.37
Gratuity (Refer note 37)	**32.69**	22.22
Staff welfare expenses	**41.96**	56.25
Total employee benefits expense	**972.83**	1,050.38

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

33 Finance costs

Particulars	March 31, 2018	March 31, 2017
Interest on term loans	**316.56**	370.37
Interest on working capital	**118.69**	123.76
Other finance costs	**65.95**	78.65
Loss of interest on guarantee	**-**	3.28
Total finance costs	**501.20**	576.06

34 Depreciation and amortisation expense

Particulars	March 31, 2018	March 31, 2017
Depreciation (Refer note 6)	**247.25**	256.95
Depreciation on investment properties (Refer note 7)	**46.82**	46.84
Total depreciation and amortisation expense	**294.07**	303.79

35 Operational and other expenses

Particulars	March 31, 2018	March 31, 2017
Repairs and maintenance - Plant and Equipment	**31.62**	19.00
Power and fuel	**78.57**	92.15
Repairs and maintenance - Buildings	**4.80**	12.10
Repairs and maintenance - Others	**21.39**	48.49
Selling expenses	**20.74**	32.03
Rent	**2.58**	12.10
Rates and taxes	**39.55**	57.66
Insurance	**13.63**	10.52
Traveling and conveyance	**86.68**	83.10
Vendor charges	**103.18**	115.44
Provision for doubtful debts	**62.67**	162.31
Office and other administrative expenses*	**66.59**	67.39
Legal, Professional & Consultancy charges	**299.07**	155.85
Auditors remuneration	**8.83**	7.26
Total operational and other expenses	**839.90**	875.40

* Includes Printing and stationery expenses, Security charges, Agriculture expenses, Communication expenses, Sitting fees and Miscellaneous expenses

The following is the break-up of Auditors remuneration (exclusive of Service tax/ GST)

Particulars	March 31, 2018	March 31, 2017
As auditor:		
Statutory audit	**2.58**	2.08
In other capacity:		
Limited Review	**4.50**	4.50
Reimbursement of expenses	**1.74**	0.68
Total	**8.83**	7.26

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

36 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.

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

Particulars	March 31, 2018	March 31, 2017
Profit/ (Loss) attributable to equity shareholders of the Company	**14.87**	71.07
Less: Preference dividend after-tax	**-**	-
Profit / (Loss) attributable to equity shareholders after preference dividend	**14.87**	71.07
Add: Interest on convertible preference shares	**-**	-
Profit/ (Loss) attributable to equity shareholders	**14.87**	71.07
Weighted average number of equity shares for basic EPS	**2,49,30,736**	2,49,30,736
Effect of dilution:	**-**	-
Weighted average number of equity shares adjusted for the effect of dilution	**2,49,30,736**	2,49,30,736
Basic - Earnings/ (loss) per share (INR)	**0.06**	0.29
Diluted - Earnings/ (loss) per share (INR)	**0.06**	0.29

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.

37 Employee benefits

(A) Defined contribution plans

Particulars	March 31, 2018	March 31, 2017
During the year, Group has recognised the following amounts in the Statement of Profit and Loss –		
Employer's contribution to provident fund, family pension fund and other funds	**61.71**	63.43

(B) Defined benefit plans

a) Gratuity payable to employees

b) Compensated absences for employees

i) Actuarial assumptions

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount rate (per annum)	**7.80%**	7.20%	**7.80%**	7.20%
Rate of increase in salary	**7%-10%**	7%-10%	**7%-10%**	7%-10%
Expected average remaining working lives of employees (years)	**14.20**	12.64	**14.20**	12.64
Withdrawal rate	**0%-5%**	0%-5%	**0%-5%**	0%-5%

ii) Changes in the present value of defined benefit obligation

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Present value of obligation at the beginning of the year	**65.34**	48.88	**129.53**	120.23
Interest cost	**4.58**	3.72	**9.25**	9.16
Past service cost	**-**	-	**5.95**	-
Current service cost	**17.95**	10.83	**17.95**	13.41
Curtailments	**-**	-	**-**	-
Settlements	**-**	-	**-**	-
Benefits paid	**(3.54)**	(4.22)	**(2.11)**	(8.64)
Actuarial (gain)/ loss on obligations	**(14.47)**	6.12	**(13.75)**	(4.65)
Present value of obligation at the end of the year*	**69.86**	65.33	**146.82**	129.51

*Included in provision for employee benefits (Refer note 21-(a) Actuarial (gain)/ loss on gratuity of INR 13.75 lakhs for the year ended March 31, 2018 (March 31, 2017: INR 4.65 lakhs) is included in other comprehensive income.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

iii) Expenses recognised in the Statement of Profit and Loss

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Current service cost	**17.95**	10.83	**17.95**	13.41
Past service cost	**-**	-	**5.95**	-
Interest cost	**4.58**	3.72	**8.79**	8.81
Expected return on plan assets	**-**	-	**-**	-
Actuarial (gain) / loss on obligations	**(14.47)**	6.12	**-**	-
Settlements	**-**	-	**-**	-
Curtailments	**-**	-	**-**	-
Total expenses recognised in the Statement of Profit and Loss	**8.05**	20.67	**32.69**	22.22

iv) Assets and liabilities recognised in the Balance Sheet:

Particulars	Leave encashment (unfunded)		Employee's gratuity fund	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Present value of unfunded obligation as at the end of the year	**69.86**	65.33	**146.82**	129.51
Less : Funded with LIC	**-**	-	**-**	6.42
Unfunded net asset / (liability) recognised in the Balance Sheet	**69.86**	65.33	**146.82**	123.09

v) Expected contribution to the fund in the next year

Particulars	Employee's gratuity fund	
	March 31, 2018	March 31, 2017
Total amount	**7.00**	6.91

vi) A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is as shown below:

Impact on defined benefit obligation	Employee's gratuity fund	
	March 31, 2018	March 31, 2017
Discount rate	**135.62**	119.14
1% increase	**159.57**	141.39
1% decrease		
Rate of increase in salary	**157.40**	139.61
1% increase	**137.35**	120.50
1% decrease		
Withdrawal rate	**147.33**	129.59
1% increase	**134.50**	129.43
1% decrease		

vii) Maturity profile of defined benefit obligation

Year	Employee's gratuity fund	
	March 31, 2018	March 31, 2017
Apr 2017- Mar 2018	**7.48**	9.18
Apr 2018- Mar 2019	**11.85**	7.02
Apr 2019- Mar 2020	**12.65**	11.04
Apr 2020- Mar 2021	**12.29**	11.76
Apr 2021- Mar 2022	**28.47**	11.49
Apr 2022 onwards	**109.88**	111.33

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

38 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 in line with general inflation and terms of cancellation. The operating lease payments recognised in the Statement of Profit and Loss amounting to INR 11.96 crores (March 31, 2017: INR 11.28 crores) is included in note 29.

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

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Within one year	**1,267.59**	1,195.84	1,128.15
After one year but not more than five years	**5,877.92**	5,545.21	5,231.33
More than five years	**21,534.52**	23,134.82	24,644.53

39 Disclosure as required by Regulation 34(3) of the listing agreement

(A) Amount of investment in / loans and advances in the nature of loans to subsidiary and associates for the year ended March 31, 2018 :

There are no details to be diclosed for the financial year ended March 31, 2018, March 31, 2017 and April 1, 2016.

40 Related party disclosures: March 31, 2018

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

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

Others:
ISMT Limited
Laurus Tradecon Private Limited (erstwhile known as Lighto Technologies Private Limited)
TAAL Tech India Private Limited
First Airways Inc.

Key management personnel (KMP)
Mr. Salil Taneja (Whole-time Director)

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

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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

	Particulars	March 31, 2018	March 31, 2017	April 1, 2016
(i)	**Others**			
	Inter-corporate deposits received / (paid) during the year (net)	**-**	-	831.20
	Sale of trading goods	**288.43**	-	160.74
	Sale commission on trading goods	**-**	-	3.21
	Purchase of trading goods	**277.30**	-	-
	Provision for doubtful debt	**(20.00)**	40.00	-
	Reimbursement of expenditure during the year (net)	**7.99**	8.67	-
	Rent paid	**-**	1.15	2.37
	Interest income	**15.00**	15.00	72.54
	Interest paid	**0.82**	-	-
	Guarantee given to bank on behalf of others	**-**	1,085.40	1,087.68
	Commission received for bank guarantee	**10.59**	24.04	-
	Balance payable as at the year end	**139.55**	292.50	337.47
	Balance receivable as at the year end	**214.51**	510.47	593.75
(ii)	**Key management personnel (KMP)**			
	Compensation of key management personnel			
	Managerial remuneration #	**102.00**	89.50	95.40
	Director sitting fees	**8.90**	8.90	9.90
	Balance payable as at the year end	**0.26**	72.88	76.47

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

Note: Amount of INR Nil (March 31, 2017 - INR 40 lakhs) pertaining to related parties have been provided for as doubtful debts during the current year. Provision for doubtful debts amounting to INR 20 lakhs (March 31, 2017 - INR Nil) have been reversed during the year.

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. Group has considered business segments as the primary segments for disclosure. The business segments are ‘Aviation’ and ‘Trading of Goods’. Group does not have any geographical segment. The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

Particulars	Aviation	Trading of Goods	Total 2017-18	Aviation	Trading of Goods	Total 2016-17
a. Segment revenue						
Segmental revenue from :						
External sales and services	**2,862.53**	**288.43**	**3,150.96**	3,724.06	-	3,724.06
Unallocable revenue	-	-	**95.79**	-	-	172.23
Total segment revenue	**2,862.53**	**288.43**	**3,246.75**	3,724.06	-	3,896.29
b. Segment result						
Operating Profit / (Loss)	**399.86**	**32.11**	**431.97**	519.69	(40.00)	479.69
Add: Unallocable revenue	-	-	**95.79**	-	-	172.23
Less: Finance costs	-	-	**501.20**	-	-	576.06
Less: Extraordinary items	-	-	-	-	-	-
Profit/ (Loss) before tax	**399.86**	**32.11**	**26.56**	519.69	(40.00)	75.86
Less: Tax (benefit)/ expense	-	-	**11.69**	-	-	4.79
Profit / (Loss) for the year	**399.86**	**32.11**	**14.87**	519.69	(40.00)	71.07
c. Other information						
Segment assets	**13,740.47**	**180.15**	**13,920.62**	13,600.43	366.15	13,966.58
Unallocable assets	-	-	**726.49**	-	-	761.41
Total assets	**13,740.47**	**180.15**	**14,647.11**	13,600.43	366.15	14,727.99
Segment liabilities	**1,970.56**	**247.56**	**2,218.12**	1,896.80	292.50	2,189.30
Unallocable liabilities	-	-	**3,650.86**	-	-	3,789.18
Total liabilities	**1,970.56**	**247.56**	**5,868.98**	1,896.80	292.50	5,978.48
Capital employed	**11,769.91**	**(67.41)**	**8,778.13**	11,703.63	113.65	8,749.51
d. Cost incurred for :						
- Acquiring assets	**178.01**	-	**178.01**	7.59	-	7.59
- Segment depreciation	**294.07**	-	**294.07**	303.78	-	303.78

As per Ind AS 108, Group 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. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

(ii) Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other 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 following customers of Group’s aviation segment is more than 10% of Group’s total revenue :

1. Customer 1 - INR 1237.65 lakhs (FY 16-17 - INR 1151.74 lakhs).
2. Customer 2 - INR 73.08 lakhs (FY 16-17 - INR 894.92 lakhs).
3. Customer 3 - INR 449.41 lakhs (FY 16-17 - INR 717.96 lakhs).

42 Fair values of financial assets and financial liabilities

The fair value 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.

The amortised cost using Effective Interest Rate (EIR) of non-current financial liabilities consisting of security and term 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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

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, 2018	March 31, 2017	April 1, 2016
Level 1 (Quoted price in active markets)	**Nil**	Nil	Nil
Level 2			
Financial liabilities measured at fair value through profit or loss	**Nil**	Nil	Nil
Level 3			
Financial assets measured at amortised cost			
Trade receivables	**425.32**	890.04	2,131.44
Security deposits	**67.29**	56.42	58.72
Cash and cash equivalents	**604.02**	379.43	371.43
Other current financial assets	**122.38**	104.07	110.15
Financial liabilities measured at amortised cost			
Borrowings	**3,567.20**	3,600.02	4,048.61
Trade payables	**472.15**	316.59	2,473.92
Other financial liabilities	**781.73**	603.82	688.10
Financial assets and liabilities measured at amortised cost for which fair value are disclosed			
Deposits from lessee	**122.62**	107.56	94.35

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

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

(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. Group's exposure to the risk of changes in market interest rates relates primarily to Group's long-term debt obligations with floating interest rates.

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

(INR in lakhs, unless otherwise stated)

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, Group'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
2018		
INR	+45	(16.05)
INR	-45	16.05
2017		
INR	+45	(16.20)
INR	-45	16.20
2016		
INR	+45	(18.22)
INR	-45	18.22

(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. Group's exposure to the risk of changes in foreign exchange rates relates primarily to Group's operating activities (when revenue or expense is denominated in a different currency from Group'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 Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). Group's exposure to foreign currency changes for all other currencies is not material.

	Change in US$ rate	Effect on profit before tax
2018		
	+2.5%	-
	-2.50%	-
2017		
	+2.5%	-
	-2.50%	-
2016		
	+2.5%	54.90
	-2.50%	(54.90)

(B) Credit risk

Credit risk is the risk of financial loss to Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from Group'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. Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Group 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. Group does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. Group 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. Group does not foresee any credit risks on deposits with regulatory authorities.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

(C) Liquidity risk

Liquidity risk is the risk that Group will not be able to meet its financial obligations as they become due. Group 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 Group's financial liabilities:

Particulars	less than 12 months	1 to 4 years	More than 4 years	Total
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	**781.73**	**-**	**-**	**781.73**
	2,304.06	**2,444.54**	**72.48**	**4,821.08**
March 31, 2017				
Short-term borrowings	891.18	-	-	891.18
Long-term borrowings	810.71	1,401.93	496.20	2,708.84
Trade payables	316.59	-	-	316.59
Other financial liabilities	603.82	-	-	603.82
	2,622.30	1,401.93	496.20	4,520.43
April 1, 2016				
Short-term borrowings	841.22	-	-	841.22
Long-term borrowings	604.22	1,751.90	851.28	3,207.39
Trade payables	2,473.92	-	-	2,473.92
Other financial liabilities	688.10	-	-	688.10
	4,607.46	1,751.90	851.28	7,210.63

45 Capital management

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

Group has not distributed any dividend to its shareholders. Group 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 borrowings from banks. Group 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.

		March 31, 2018	March 31, 2017	April 1, 2016
Total equity	(i)	**8,778.13**	8,749.51	8,673.79
Total debt	(ii)	**3,567.20**	3,600.02	4,048.61
Overall financing	(iii) = (i) + (ii)	**12,345.33**	12,349.53	12,722.40
Gearing ratio	(ii)/ (iii)	**0.29**	0.29	0.32

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018, March 31, 2017 and April 1, 2016.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

46 Disclosure of additional information, as required under Schedule III to the Companies Act, 2013, pertaining to the Parent Company and Subsidiaries:

(i) Net Assets (Total Assets – Total Liabilities)

Name of the Company	**As at March 31, 2018**		As at March 31, 2017	
	Net Assets (Total Assets - Total Liabilities)		Net Assets (Total Assets - Total Liabilities)	
	As % of Consolidated Net Assets	**Net Assets**	As % of Consolidated Net Assets	Net Assets
Parent Company				
Taneja Aerospace and Aviation Limited	**92.60%**	**8,128.83**	92.58%	8,100.08
Indian Subsidiary				
Direct Subsidiary				
Katra Auto Engineering Private Limited	**7.40%**	**649.30**	7.42%	649.43
TOTAL	**100%**	**8,778.13**	100%	8,749.51

Note: The above figures are stated at net values after eliminating intra-group transactions, intra-group balances and investment in subsidiary as at March 31, 2018 and March 31, 2017.

(ii) Share in Profit or Loss

Name of the Company	**As at March 31, 2018**		As at March 31, 2017	
	Share in Profit or Loss		Share in Profit or Loss	
	As % of Consolidated Profit and Loss	**Profit / (Loss)**	As % of Consolidated Profit and Loss	Profit / (Loss)
Parent Company				
Taneja Aerospace and Aviation Limited	**100.88%**	**15.00**	100.12%	71.16
Indian Subsidiary				
Direct Subsidiary				
Katra Auto Engineering Private Limited	**(0.88%)**	**(0.13)**	(0.12%)	(0.08)
TOTAL	**100%**	**14.87**	100%	71.07

Note: The above figures are stated at net values after eliminating intra-group transactions for the financial year ended March 31, 2018 and March 31, 2017.

(iii) Share in Other Comprehensive income

Name of the Company	**March 31, 2018**		March 31, 2017	
	As % of Consolidated Other Comprehensive Income	**Amount**	As % of Consolidated Other Comprehensive Income	Amount
Parent Company				
Taneja Aerospace and Aviation Limited	**100%**	**13.75**	100%	4.65
Indian Subsidiary				
Direct Subsidiary				
Katra Auto Engineering Private Limited	-	-	-	-
TOTAL	**100%**	**13.75**	100%	4.65

Note: The above figures are stated at net values after eliminating intra-group transactions for the financial year ended March 31, 2018 and March 31, 2017.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

(INR in lakhs, unless otherwise stated)

(iv) Share in Total Comprehensive income

Name of the Company	March 31, 2018		March 31, 2017	
	As % of Total Other Comprehensive Income	Amount	As % of Total Other Comprehensive Income	Amount
Parent Company				
Taneja Aerospace and Aviation Limited	**100.46%**	**28.75**	100.11%	75.81
Indian Subsidiary				
Direct Subsidiary				
Katra Auto Engineering Private Limited	**(0.46%)**	**(0.13)**	(0.11%)	(0.08)
TOTAL	**100%**	**28.62**	100%	75.72

Note: The above figures are stated at net values after eliminating intra-group transactions for the financial year ended March 31, 2018 and March 31, 2017.

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

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Claims against Group not acknowledged as debts:			
(i) Custom Duty	**622.67**	622.67	622.67
(ii) Service Tax	**237.61**	124.38	204.62
(iii) Excise Duty	**231.80**	165.57	161.48
(iv) Sales Tax	**-**	-	44.00
(v) City Civil Court	**170.00**	170.00	-

Future cash outflows in respect of the above, if any, is determined only on receipt of judgement / decisions pending with relevant authorities. Group does not expect the outcome of matters stated above to have a material adverse effect on Group'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, 2018	As at March 31, 2017	As at April 1, 2016
(a) Capital commitment towards the new project	**-**	-	-
(b) Letters of credit	**42.40**	25.05	71.85
(c) Bank guarantees	**868.20**	1,175.48	1,202.50
(d) Indemnity issued to customers	**23.96**	315.00	627.00
(e) EPCG export sales obligation to be fulfilled	**-**	-	-
(f) Guarantee given to bank on behalf of others *	**-**	1,087.68	1,087.68

* Given on behalf of TAAL Tech India Private Limited of INR Nil (March 31, 2017 - INR 760 lakhs, April 1, 2016 - INR 760 lakhs) and First Airways Inc., USA of INR Nil (March 31, 2017 - INR 325.40 lakhs [USD 4.94 lakhs], as at April 1, 2016 - INR 327.68 lakhs [USD 4.94 lakhs]) in respect of loans availed by them.

48 As per Clause 9.2 of the Scheme of Arrangement approved by honourable High Court, 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.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2018 (Contd.)

49 Deferred tax calculation results into working of deferred tax assets as at March 31, 2018, March 31, 2017 as well as at April 1, 2016. However as a matter of prudence, Group has not recognised deferred tax asset other than the MAT credit available to the extent that it is probable that Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward.

50 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 attached

For MSKA & Associates
(formerly known as "MZSK & Associates")
Chartered Accountants
Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292

Place : Bengaluru
Date : May 29, 2018

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

Prahlada Ramarao
Director
DIN : 07548289

Place : Bengaluru
Date : May 29, 2018

C M Reddy
Director
DIN : 01621083

Place : Bengaluru
Date : May 29, 2018

Arif Ahmad
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2018

Taneja Aerospace and Aviation Limited

If undelivered please return to

Bigshare Services Pvt. Ltd.
Unit: Taneja Aerospace and Aviation Ltd.
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments (Next to Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai 400059
Ph. No. : (022) 62638200